**OFFICIAL STATEMENT DATED NOVEMBER 18, 2026**

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District has designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations" herein.

**NEW ISSUE—BOOK-ENTRY ONLY** **RATING: BAM Insured "AA" (stable outlook) S&P**

**CUSIP No. 41424P** **See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein**

# $2,065,000
# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
(A political subdivision of the State of Texas, located in Harris County, Texas)
## UNLIMITED TAX ROAD BONDS
## SERIES 2026

**Dated: December 1, 2026** **Due: April 1 (as shown below)**

Interest on the $2,065,000 Unlimited Tax Road Bonds, Series 2026 (the "Bonds") will accrue from December 1, 2026, and will be payable on April 1 and October 1 of each year, commencing April 1, 2027. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS – Paying Agent/Registrar."

**The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM").**

**MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS**

| Principal Amount | Maturity | Interest Rate | Yield to Maturity(a) | Principal Amount | Maturity | Interest Rate | Yield to Maturity(a) |
|---|---|---|---|---|---|---|---|
| $35,000 | 2030 | 8.50% | 4.10% | $65,000 | 2040 (b) | 5.50% | 5.15% |
| $40,000 | 2031 | 8.50% | 4.15% | *** | *** | *** | *** |
| $40,000 | 2032 (b) | 8.50% | 4.20% | $100,000 | 2047 (b) | 5.50% | 5.26% |
| $45,000 | 2033 (b) | 8.50% | 4.25% | $110,000 | 2048 (b) | 5.50% | 5.28% |
| $45,000 | 2034 (b) | 8.50% | 4.30% | $115,000 | 2049 (b) | 5.50% | 5.30% |
| $50,000 | 2035 (b) | 8.50% | 4.40% | $120,000 | 2050 (b) | 5.50% | 5.31% |
| $55,000 | 2036 (b) | 5.75% | 4.55% | $130,000 | 2051 (b) | 5.50% | 5.32% |
| $55,000 | 2037 (b) | 5.50% | 4.70% | $140,000 | 2052 (b) | 5.50% | 5.33% |
| $60,000 | 2038 (b) | 5.50% | 4.85% | $145,000 | 2053 (b) | 5.50% | 5.34% |
| $65,000 | 2039 (b) | 5.50% | 5.00% | $155,000 | 2054 (b) | 5.50% | 5.35% |

$145,000 5.50% Term Bond Due April 1, 2042 to Yield 5.15% (a) (b) (c)
$165,000 5.50% Term Bond Due April 1, 2044 to Yield 5.20% (a) (b) (c)
$185,000 5.50% Term Bond Due April 1, 2046 to Yield 5.24% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed.

(b) The Bonds maturing on or after April 1, 2032, are subject to redemption in whole, or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2031, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 580 (the "District") to: (1) reimburse certain of the Developers (hereinafter defined) for certain paving improvements serving the District and associated engineering; (2) fund 18 months of capitalized interest on the Bonds; (3) fund developer interest related to the advancement of funds for certain construction costs; and (4) pay issuance expenses associated with the sale and delivery of the Bonds. See "USE OF BOND PROCEEDS."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about December 22, 2026.

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## USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesperson 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.

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

Any information and expressions of opinion herein contained are subject to change 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.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056, upon payment of duplication costs.

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

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

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

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.012177% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 5.787696%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

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

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

### Prices and Marketability

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY

OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

**Securities Laws**

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

## CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the SEC regarding the District's continuing disclosure obligations because the District does not have more than $10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the order adopted by the Board of Directors of the District authorizing the issuance of the Bonds (the "Bond Order"), the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the Bond Order, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

**Annual Reports**

The District will provide certain updated financial information and operating data to the MSRB. In addition, the District has agreed to provide information with respect to the Developers, any person or entity whom the Developers voluntarily assigns (except as collateral) the right to receive a payment out of the proceeds from the sale of the bonds of the District, and each other person or entity, if any, to whom the District voluntarily makes or agrees or has agreed to make a payment out of such proceeds. The District will be obligated to provide information concerning the Developers and any such other person or entity only if and so long as (1) such person owns more than 20% of the taxable property within the District by value, as reflected by the most recently certified tax rolls (and without effect to special valuation provisions), (2) such person has made tax or other payments to the District which were used or available to pay more than 20% of the District's debt service requirements in the applicable fiscal year, or (3) at the end of such fiscal year such person is obligated to the District to pay the District an amount which exceeds 20% of the District's debt service requirements in the applicable fiscal year.

The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "APPENDIX A" (Audited Financial Statements of the District), and with respect to the Developers in APPENDIX B (Financial Information Concerning the Developers) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2027. The District will provide the updated information to EMMA. The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12. The updated information will include audited financial statements if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, the District will provide unaudited financial statements for the applicable fiscal year to the MSRB via EMMA within such six-month period and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

**Event Notices**

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release,

substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, or 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. The term "financial obligation" in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provisions for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

**Availability of Information from MSRB**

The District has agreed to provide the foregoing updated information only to the MSRB via EMMA. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB. The MSRB makes this information available to the public without charge through the EMMA internet portal 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, if, 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 Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but, in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**Compliance with Prior Undertakings**

Since its first issuance in 2024, the District has complied in all material aspects with its continuing disclosure agreements in accordance with Rule 15c2-12.

## MUNICIPAL BOND RATING

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

## BOND INSURANCE

### Bond Insurance Policy

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

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

### Build America Mutual Assurance Company

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

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

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

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

*Capitalization of BAM*

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

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

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

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

*Additional Information Available from BAM*

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

***Credit Profiles.*** Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at https://bambonds.com/credit-profiles/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a

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

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

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

## OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

## THE BONDS

**Description:** The $2,065,000 Unlimited Tax Road Bonds, Series 2026 (the “Bonds”), are dated December 1, 2026. The Bonds represent the second series of bonds to be issued by Harris County Municipal Utility District No. 580 (the “District”). The Bonds mature on April 1 in the years as shown in the table on the cover page of this Official Statement. The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended; an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District; Chapter 7923A, Special District Local Laws Code, as amended; and an election held within the District on May 7, 2022. See “THE DISTRICT.”

**Redemption Provisions:** The Bonds maturing on or after April 1, 2032, are subject to redemption at the option of the District, prior to maturity, in whole or from time to time in part, on April 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the years 2042, 2044, and 2046 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on April 1 in the years 2041, 2043, and 2045, respectively. See “THE BONDS – Mandatory Redemption.”

**Source of Payment:** The Bonds are payable from a continuing direct annual ad valorem tax levied upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any other political subdivision or agency. See "THE BONDS – Source of and Security for Payment."

**Book-Entry-Only System:** The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

**Payment Record:** The Bonds represent the second series of bonds to be issued by the District. The District has previously issued one (1) series of unlimited tax bonds, of which $1,755,000 principal amount will be outstanding as of the delivery of the Bonds (the “Outstanding Bonds”). The District has never defaulted on the payment of principal of or interest on the Outstanding Bonds. See “DISTRICT DEBT.”

**Use of Proceeds:** The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 580 (the “District”) to: (1) reimburse certain of the Developers (hereinafter defined) for certain paving improvements serving the District and associated engineering; (2) fund 18 months of capitalized interest on the Bonds; (3) fund developer interest related to the advancement of funds for certain construction costs; and (4) pay issuance expenses associated with the sale and delivery of the Bonds. See “USE OF BOND PROCEEDS.”

**Risk Factors:** The Bonds are subject to certain investment considerations, as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and “LEGAL MATTERS.”

**Qualified Tax Exempt Obligations:** The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986 and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by the District during calendar year 2026 is not reasonably expected to exceed $10,000,000. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

**Municipal Bond Rating and Insurance:** S&P assigned its municipal bond insured rating of “AA” (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. See “MUNICIPAL BOND RATING,” “BOND INSURANCE,” and “APPENDIX C – Specimen Municipal Bond Insurance Policy.”

**Bond Counsel:** Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See “LEGAL MATTERS” and “TAX MATTERS.”

**Paying Agent/Registrar:** The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See “THE BONDS – Paying Agent/Registrar.”

## THE DISTRICT

**Description:** The District is a municipal utility district created by an act of the 87th Texas Legislature effective June 16, 2021, codified at Texas Special District Local Laws Code, Chapter 7923A. The District is subject to the jurisdiction of the Texas Commission on Environmental Quality (the "TCEQ"). The District was created pursuant to the authority of Chapters 49 and 54, Texas Water Code, as amended, and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District, as it was originally created, included approximately 105 acres. Since its creation, the District has completed one annexation and presently includes approximately 127 acres. The District is located entirely within Harris County, Texas, and within the corporate limits of the City of Houston, Texas (the "City"). The District is located in southern Harris County and lies approximately ten (10) miles south of the central business district of the City. The District currently has six tracts of land and is bounded by Sam Houston Parkway on the south, Cullen Boulevard on the west, Mykawa Road on the east, and Orem Drive on the north. See "THE DISTRICT – Description and Location" and "– Location Map."

**Development of the District:** The District is being developed for single-family residential purposes in the subdivision known as Allison Park. Homebuilding in the District has taken place in Allison Park, Sections 1 – 7, Allison Park Annexation and Allison Park Heights. As of November 1, 2026, the District included approximately 243 completed homes (approximately 170 of which were occupied), 27 homes under construction, and 370 vacant developed lots. See "THE DISTRICT – Status of Residential Development."

**Summary of Land Uses:** As of November 1, 2026, land development in the District included approximately 87.5 acres that are served with utilities and have single-family improvements constructed on site, 0 acres that are in the process of being developed with utilities or improved with single-family residential lots, 16.5 additional developable acres, and 23 undevelopable acres, which include drainage easements, detention ponds, road rights-of-way, a lift station site, park facilities, and open spaces. See "THE DISTRICT – Land Uses and Status of Land Development."

**The System:** Water supply and wastewater treatment services for the District's residents are provided directly from the City. The District does not own or operate the water supply or wastewater treatment facilities serving the land within the District. The District is to make water and wastewater reservation requests for capacity by sections according to plats approved by the Houston Planning Commission. Prior to development, the City reserves capacity before development proceeds; therefore, the City's water supply and wastewater treatment capacity is sufficient to serve the 738 equivalent single-family connections ("ESFCs") to the developments within the District.

The District's tracts are located within various watersheds, including Sims Bayou and Clear Creek. The District's storm drainage collection system consists of curb and gutter streets with inlets and underground reinforced concrete storm sewers and detention basins. The District's storm drainage collection systems will serve the entire District drainage area and will convey flows to existing drainage channels, which will be improved as necessary. Additional detention pond capacity will be excavated as required to develop land within the District. See "THE SYSTEM" and "WATER CAPACITY RESERVATION LETTERS WITH THE CITY OF HOUSTON."

**The Developers:** The initial landowner within the District was HomeSite Residential, LLC ("HomeSite Residential"), a Texas limited liability company. Effective June 29, 2021, HomeSite Residential assigned its development reimbursement agreement (the "Reimbursement Agreement") with the District to Allison Park Partners, LLC ("Allison Park Partners"), a Texas limited liability company. Allison Park Partners was established for the sole purpose of developing approximately 34 acres of land in the District located in Allison Park, Sections 1 – 3, and Allison Park Annexation. HomeSite Residential is a majority shareholder of Allison Park Partners. Allison Park Partners is developing its land holdings into 223 single-family residential lots and has contracted with Colina Homes to construct single-family homes on all such lots. See "THE DISTRICT – Status of Residential Development." All lots and homes located in Allison Park, Sections 1 – 3, and Allison Park Annexation are being developed and constructed with the intention of creating a contiguous rental community. The rental community is owned and operated by Allison Park Partners. See "RISK FACTORS – Economic Factors" and "– Dependence on Principal Taxpayers."

HomeSite Residential also assigned a separate Reimbursement Agreement, effective June 29, 2021, to Allison 64 Partners, LLC ("Allison 64 Partners"), a Texas limited liability company. Allison 64 Partners was established for the sole purpose of developing approximately 87 acres of land in the District located in Allison Park, Sections 4 – 8. Allison 64 Partners has completed the development of 350 single-family residential lots in Allison Park, Sections 4 – 7, with homebuilding currently taking place in Section 4 and homebuilding currently anticipated to commence during the first quarter of 2027. Once substantial competition of Allison Park, Sections 5-7 is complete, development of Allison Park, Section 8 will commence. Based on current land plans, Allison Park, Sections 8 is expected to contain 98 single-family residential lots. HomeSite Residential has developed 303 lots, known as Allison Park Heights. These lots are under contract with Cyrene Homes and expect homebuilding to commence in December of 2026. See "– Future Development" herein and "THE DISTRICT – Status of Residential Development." HomeSite Residential is a majority shareholder of Allison 64 Partners. Allison Park Partners and Allison 64 Partners are collectively referred to herein as the "Developers." See "THE DEVELOPERS."

Allison Park Partners and Allison 64 Partners (collectively the "Developers") have each entered into separate management agreements (the "Management Agreements") with Walker Residential, LLC and Luton Development Co., LLC to provide for management of the day-to-day land development activities associated with the initiation and completion of their respective land development projects within the District. These management activities include, but are not limited to, pre-development coordination and supervision of the consultants and professionals of Allison Park Partners and Allison 64 Partners, execution of the approved project plans and specifications, and supervising lot marketing and sales. The Management Agreements provide for Walker Residential, LLC and Luton Development Co., LLC to receive reimbursement for direct expenses, a monthly management fee, a developer override fee based on a percentage of gross lot sale prices, and provides for certain additional compensation based on the profitability of the projects. Allison Park Partners and Allison 64 Partners report that Walker Residential, LLC and Luton Development Co., LLC have performed in accordance with the terms of the Management Agreements to date and that there has been no default under the terms of the Management Agreements.

**Homebuilders:** Homes in Allison Park, Sections 1 – 3, and Allison Park Annexation are being constructed on 35-foot and 40-foot lots by Colina Homes. Allison Park Partners has contracted with Colina Homes to construct single-family homes, averaging approximately 1,700 square feet in size, all of which will be included in the rental community. See "THE DEVELOPERS – Homebuilders."

Allison 64 Partners has entered into a lot sale contract for the sale of the 350 lots in Allison Park, Sections 4 – 7 with D.R. Horton Homes ("D.R. Horton"). The lot sale contract includes business terms and conditions that required D.R. Horton to put down certain amounts in earnest money deposit. The lot sale contract provides for a lot price escalation provision of 6% per year. Additionally, D.R. Horton is responsible for paying to the City certain fees for water and wastewater availability on a per lot basis. Under the terms of the lot sale contract, D.R. Horton is responsible for taking down lots pursuant to a certain schedule from the initial delivery date of the lots. The schedule calls for an initial take down of 50 lots and 30 lots per quarter thereafter until all of such lots have been taken down. Once homebuilding commences, the homes in Allison Park, Sections 4 – 7 are expected to be marketed in the $300,000 - $400,000 price range. See "THE DEVELOPERS – Lot Sale Contracts."

Allison Park Heights has 67 substantially completed lots and Cyrene Homes has all of 67 lots under contract to purchase with homebuilding to commence in December of 2026.

**Major Property Owners:** According to the District's 2026 certified tax roll, eight principal taxpayers own 100% of the District's 2026 Certified Taxable Value. Three of the Developers, Allison Park Partners, Allison 64 Partners, LLC, and HomeSite Residential LLC represents approximately $33,452,608 of taxable assessed valuation, or approximately 96.37% of the District's 2026 Certified Taxable Value. See "RISK FACTORS – Economic Factors," "– Dependence on Principal Taxpayers," and "DISTRICT TAX DATA – Principal Taxpayers."

**SELECTED FINANCIAL INFORMATION**
**(Unaudited)**

| | | |
|---|---|---|
| 9/15/2026 Estimated Taxable Value | $52,430,690 | (a) |
| 2026 Certified Taxable Value | $34,713,456 | (b) |
| | | |
| Direct Debt: | | |
| Outstanding Bonds (as of November 1, 2026) | $1,755,000 | |
| The Bonds | $2,065,000 | |
| Total Direct Debt | $3,820,000 | |
| See “DISTRICT DEBT” | | |
| | | |
| Estimated Overlapping Debt | $914,373 | (c) |
| Direct and Estimated Overlapping Debt | $4,734,373 | |
| | | |
| Percentage of Direct Debt to: | | |
| 9/15/2026 Estimated Taxable Value | 7.29% | |
| 2026 Certified Taxable Value | 11.00% | |
| See “DISTRICT DEBT” | | |
| | | |
| Percentage of Direct and Estimated Overlapping Debt to: | | |
| 9/15/2026 Estimated Taxable Value | 9.03% | |
| 2026 Certified Taxable Value | 13.64% | |
| See “DISTRICT DEBT” | | |
| | | |
| 2026 Tax Rate Per $100 of Assessed Value: | | |
| Debt Service Tax | $0.23 | |
| Maintenance and Operations Tax | $0.62 | |
| Total 2026 Tax Rate | $0.85 | (d) |
| | | |
| Cash and Temporary Investment Balances: | | |
| General Fund (as of October 21, 2026) | $24,273 | |
| Debt Service Fund (as of October 21, 2026) | $15,375 | (e) |
| Road Debt Service Fund | $185,850 | (e) (f) |

(a) Reflects data supplied by the Harris Central Appraisal District (“HCAD” or the “Appraisal District”). The Estimated Taxable Value as of September 15, 2026, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any value resulting from homebuilding and construction in the District since January 1, 2026, will not be included on the District’s tax roll until the 2027 certified tax roll is prepared during the second half of 2027. The District is authorized by law to only levy taxes against certified values. See “DISTRICT TAX DATA” and “TAXING PROCEDURES.”

(b) Reflects the January 1, 2026 Certified Taxable Value according to data supplied to the District by HCAD. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

(c) See “DISTRICT DEBT – Estimated Overlapping Debt.”

(d) See “RISK FACTORS – Operating Funds,” “– Dependence on Principal Taxpayers and the Developers” and “DISTRICT TAX DATA.”

(e) Unaudited figures per the District’s records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Road Debt Service Fund or the Debt Service Fund. The cash and investment balances in the Debt Service Fund are not available to make debt service payments on any funds in the Road Debt Service Fund, or the Bonds. See "DISTRICT TAX DATA – Adequacy of Tax Revenue” and “THE BONDS – Funds.”

(f) The cash and investment balance in the Road Debt Service Fund does not include eighteen (18) months of capitalized interest to be funded with proceeds of the Bonds; such amount will be deposited into such fund on the date of delivery of the Bonds. See “USE OF BOND PROCEEDS.”

## DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements on the Outstanding Bonds and the debt service requirements for the Bonds. The table does not reflect that eighteen (18) months of interest will be capitalized from proceeds of the Bonds.

| Year | Outstanding Debt Service | Debt Service Requirements on the Bonds | | Total Debt Service Requirements |
|---|---|---|---|---|
| | | Principal | Interest | |
| 2027 | $78,606 | $- | $101,135 | $179,742 |
| 2028 | $117,506 | $- | $121,363 | $238,869 |
| 2029 | $115,306 | $- | $121,363 | $236,669 |
| 2030 | $113,406 | $35,000 | $119,875 | $268,281 |
| 2031 | $116,706 | $40,000 | $116,688 | $273,394 |
| 2032 | $114,906 | $40,000 | $113,288 | $268,194 |
| 2033 | $118,006 | $45,000 | $109,675 | $272,681 |
| 2034 | $116,006 | $45,000 | $105,850 | $266,856 |
| 2035 | $118,906 | $50,000 | $101,813 | $270,719 |
| 2036 | $116,638 | $55,000 | $98,106 | $269,744 |
| 2037 | $119,194 | $55,000 | $95,013 | $269,206 |
| 2038 | $121,538 | $60,000 | $91,850 | $273,388 |
| 2039 | $118,694 | $65,000 | $88,413 | $272,106 |
| 2040 | $120,656 | $65,000 | $84,838 | $270,494 |
| 2041 | $122,394 | $70,000 | $81,125 | $273,519 |
| 2042 | $123,906 | $75,000 | $77,138 | $276,044 |
| 2043 | $125,194 | $80,000 | $72,875 | $278,069 |
| 2044 | $121,369 | $85,000 | $68,338 | $274,706 |
| 2045 | $122,431 | $90,000 | $63,525 | $275,956 |
| 2046 | $123,269 | $95,000 | $58,438 | $276,706 |
| 2047 | $123,819 | $100,000 | $53,075 | $276,894 |
| 2048 | $124,078 | $110,000 | $47,300 | $281,378 |
| 2049 | $128,991 | $115,000 | $41,113 | $285,103 |
| 2050 | $128,556 | $120,000 | $34,650 | $283,206 |
| 2051 | $127,891 | $130,000 | $27,775 | $285,666 |
| 2052 | $0 | $140,000 | $20,350 | $160,350 |
| 2053 | $0 | $145,000 | $12,513 | $157,513 |
| 2054 | $0 | $155,000 | $4,263 | $159,263 |
| ***TOTALS*** | **$2,977,972** | **$2,065,000** | **$2,131,742** | **$7,174,714** |

Maximum Annual Debt Service Requirements (2051) ..... $285,666

Requires a $0.58 debt service tax rate on the September 15, 2026 Estimated Taxable Value of $52,430,690 at 95% collections ..... $288,893

Requires a $0.87 debt service tax rate on the 2026 Certified Taxable Value of $34,713,456 at 95% collections ..... $286,907

**OFFICIAL STATEMENT**

**relating to**

**$2,065,000**

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580**
**(A political subdivision of the State of Texas located within Harris County, Texas)**

**UNLIMITED TAX ROAD BONDS**
**SERIES 2026**

## INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $2,065,000 Harris County Municipal Utility District No. 580 Unlimited Tax Road Bonds, Series 2026 (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended; an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of Harris County Municipal Utility District No. 580 (the "District") Chapter 7923A, Special District Local Laws Code, as amended; and an election held within the District on May 7, 2022.

This Official Statement includes descriptions of the Bonds, the Bond Order, certain information about the District, the District's financial condition, and the developers in the District. 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, upon payment of duplication costs thereof.

## RISK FACTORS

### General

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

### Economic Factors

A substantial percentage of the taxable value in the District results from the current market value of single-family residences, land and developed lots. The Houston area economy is particularly tied to the energy industry, and fluctuations in oil and natural gas prices could adversely affect the demand for housing and the assessed values of properties located in the District.

The continued growth of taxable values in the District is directly related to the housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by the Developers or other homebuilders for lots within the District.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates at which developers and builders are able to obtain financing for land development or homebuilding costs. Interest rate levels may affect the Developer's ability to complete development or building plans. Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space. These factors, if they recur, could affect the demand for new residential home construction and commercial development and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon homebuilding plans altogether.

The housing industry in the Houston area is competitive and the District can give no assurance that current homebuilding programs will be completed. The competitive position of the Developer and that of other prospective builders in the construction of single-

family residential houses, is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Alternative sites are available for the construction of single-family residential improvements within the market area in which the District is located. Such sites could pose competition to the continued home-building development on comparable sites within the District.

**Dependence on Principal Taxpayers and the Developers**

There is a high concentration of ownership of taxable value in the District. The District is in early stages of development. According to the District's 2026 certified tax rolls as provided by the Appraisal District, the top 8 taxpayers represent 100% of taxable assessed valuation. The District's principal taxpayers include the Developers, which represents $33,452,608 of taxable assessed valuation, or approximately 96.37% of the District's 2026 Certified Taxable Value.

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

The District's 2026 tax rate of $0.85 per $100 of assessed valuation, when combined with the City's 2025 tax rate of $0.519190 per $100 of assessed valuation, is slightly higher than the tax rate that is common among many other similar utility districts providing water, sanitary sewer, and storm drainage services in Harris County. An increase in the District's tax rate substantially above such a level could have an adverse impact on future development in the District and on the District's ability to collect such tax.

Assuming no further construction of residential, or commercial projects within the District other than those that have been constructed, the value of such land and improvements within the District could be a major determinant of the ability of the District to collect and the willingness of property owners to pay ad valorem taxes levied by the District. After issuance of the Bonds, the District's Maximum Annual Debt Service Requirement will be $285,666 (2051). The September 15, 2026 Estimated Taxable Valuation of property within the District is $52,430,690. Assuming no increase or decrease in the September 15, 2026 Estimated Taxable Valuation and no use of other District funds, a debt service tax rate of $0.58 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The 2026 Certified Taxable Valuation of property within the District is $34,713,456. Assuming no increase or decrease in the 2026 Certified Taxable Valuation and no use of other District funds, a debt service tax rate of $0.87 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "DISTRICT TAX DATA – Adequacy of Tax Revenue."

**Landowners/Developers Under No Obligation to the District**

The Developers have informed the District of their current plans to continue to develop land in the District for residential purposes. However, neither the Developers nor any other landowner within the District have any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes or commercial improvements in the District. Currently, there is no restriction on any landowner's right (including the Developers) to sell their land. Failure to construct taxable improvements on developed lots (currently existing lots or lots anticipated to be created by the Developers) and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District as it has in the past. The District is also dependent upon certain principal taxpayers, including the Developers, for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – Principal Taxpayers."

**Risks Related to Rental Home Development**

Approximately 170 homes of the 243 completed homes are rental homes in a rental home community. The success of Allison Park Partners in renting these units will affect their market value. The rental housing market is competitive in the area in which the District is located. There can be no assurance that the current taxable value of the houses will be maintained.

The value of individual housing units and housing developments can be significantly affected by a variety of risks, as described above under "Economic Factors." Additional risks include: levels of consumer spending and changes in consumer confidence; increased operating costs; perceptions by consumers of the safety, convenience and attractiveness of the properties; decreases in rental rates and creditworthiness of tenants for rental housing; casualties and other natural or manmade disasters. A rental home community owned by a single entity is dependent for its success on the willingness and ability of the owner to maintain the homes and community facilities and attract stable credit worthy tenants to the property.

Occupancy rates and rental rates may be taken into account in establishing the taxable value of income producing properties, such as rental homes, so lower occupancy and rental rates may result in lower taxable values for such establishments. See "– Dependence on Principal Taxpayers and the Developers" herein and "DISTRICT TAX DATA – Principal Taxpayers."

**Marketability**

The District has no understanding (other than the initial reoffering yields) with the Underwriter (defined herein) regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

**Limitations on Tax Collections and Foreclosure Remedies**

The District's ability to make debt service payments on the Bonds may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by a taxing entity such as the District constitutes a lien on the property against which taxes are levied and such lien may be enforced by foreclosure. Foreclosure must be effected through a judicial proceeding. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by cumbersome, time-consuming and expensive collection procedures or economic and market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the current aggregate tax rate being levied against the property and by other factors, including the taxpayers' right to redeem property within two years of foreclosure for residential homestead and agricultural use property and within six months of foreclosure for other property. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the United States Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years, and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES."

**Registered Owners' Remedies**

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

**Bankruptcy Limitation to Registered Owners' Rights**

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

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a district could file a voluntary bankruptcy petition under Chapter 9, thereby invoking the protection of the automatic stay until the bankruptcy court, after a hearing, dismisses the petition. A federal bankruptcy court is a court of equity and federal bankruptcy judges have considerable discretion in the conduct of bankruptcy proceedings and in making the decision of whether to grant the petitioning district relief from its creditors. While such a decision might be appealable, the concomitant delay and loss of remedies to the Registered Owners could potentially and adversely impair the value of the Registered Owners' claim.

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

A district cannot be placed into bankruptcy involuntarily.

**Approval of the Bonds**

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

**Potential Effects of Oil Prices 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.

**Development Risk**

Future increases in taxable value in the District, if any, are expected to result principally from the construction of new single-family homes. Construction of such improvements may be constrained by many factors, currently known and unknown, and include difficulty obtaining governmental approvals, the lack of infrastructure to support new construction, high interest rates, and labor shortages. The District cannot predict how much, if any, new taxable value will be created in the District after the date hereof.

**Operating Funds**

Landowners within the District receive water and sewer service from the City of Houston. The District does not operate the water and sewer system and therefore does not receive payments from customers for water and sewer service. The District levied a 2026 maintenance tax in the amount of $0.62. The District's General Fund balance as of October 21, 2026 was $24,273. Since inception of the District, The Developers have made operating advances for the District totaling approximately $76,000, which could be reimbursed to the Developers from future bond issues. Continued maintenance of a positive General Fund balance will depend upon (1) cash subsidies from the Developers, and (2) development and increased amounts of maintenance tax revenue. The inability of the Developers to subsidize the District's operations, if necessary, could result in a tax rate increase in the District. If the District's General Fund is depleted the District will be required to levy a maintenance tax at a rate sufficient to fund operating expenses. Such tax when added to the District's debt service tax, may result in a total District tax which could adversely affect continued development of the District, as well as the willingness of the taxpayers to pay taxes on their property. See "THE SYSTEM – General Fund Operating History."

**Future Debt**

The District's voters have authorized the issuance of a total of $102,000,000 of unlimited tax bonds for the purposes of providing water, sewer, and drainage facilities and $153,000,000 of unlimited tax bonds for the purpose of refunding water, sewer, and drainage bonds previously issued; $73,000,000 of unlimited tax bonds for the purposes of providing road facilities and $109,500,000 of unlimited tax bonds for the purpose of refunding road bonds previously issued; and $42,000,000 of unlimited tax bonds for the purposes of providing park and recreational facilities and $63,000,000 of unlimited tax bonds for the purpose of refunding park bonds previously issued. The District could authorize additional amounts in the future. Following the issuance of the Bonds, $100,245,000 of unlimited tax bonds for water, sewer and drainage facilities and $153,000,000 of unlimited tax bonds for refunding water, sewer, and drainage bonds; $70,935,000 of unlimited tax bonds for road facilities and $109,500,000 of unlimited tax bonds for refunding road bonds; and $42,000,000 of unlimited tax bonds for park and recreational facilities and $63,000,000 of unlimited tax bonds for refunding park bonds will remain authorized, but unissued. The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Any future new money bonds, other than road bonds, to be issued by the District must also be approved by the TCEQ. Such additional new money bonds or refunding bonds would be issued on a parity with the Bonds.

Generally, the Board of Directors has indicated that new money bonds will be issued in amounts and in timeframes depending upon: (i) the rate of growth of taxable improvements in the District, and (ii) the District's ability to maintain the total tax rate at approximately $0.85 per $100 of assessed valuation. See "THE BONDS – Issuance of Additional Debt."

**Financing Parks and Recreational Facilities**

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue

park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, 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 but not three percent of the value of the taxable property in the District. The District's voters authorized $42,000,000 of park bonds and $63,000,000 of unlimited tax bonds for the purpose of refunding park bonds previously issued at an election held on May 7, 2022.

The current law may be changed in a manner to increase the amount of bonds that may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

**Financing Road Facilities**

The District is authorized to develop road facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue road bonds payable from taxes, approval of the bonds by the Attorney General of Texas would be required. The outstanding principal amount of any road bonds issued by the District may not exceed an amount equal to twenty-five percent of the value of taxable real property in the District. The District conducted a road bond election that authorized $73,000,000 of unlimited tax bonds for the purposes of providing road facilities and $109,500,000 of unlimited tax bonds for the purpose of refunding road bonds previously issued at an election held on May 7, 2022.

**Continuing Compliance with Certain Covenants**

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

**Environmental and Air Quality 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, if enacted, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, and whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

**The 90th Texas Legislature**

The regular sessions 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.

**Severe Weather**

The District is located approximately 60 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

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

If a future weather event significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance). Flood casualties are usually excepted from coverage unless specific flood insurance is purchased. The District cannot provide assurance that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damages to improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

**Hurricane Beryl**

Hurricane Beryl made landfall along the Texas Gulf Coast on July 8, 2024, and brought high levels of wind and rainfall to the Houston metropolitan area, including the District. According to the District's Engineer, there were no interruptions of water and sewer service as a result of Hurricane Beryl. According to District's Engineer, the District's system did not sustain any material damage from Hurricane Beryl. The District did not receive reports that any homes or improvements within the District experienced structural flooding or other significant damage as a result of Hurricane Beryl.

**National Weather Service Atlas 14 Study**

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). The atlas is updated periodically and in 2026 or 2027 a new atlas ("Atlas 15") is expected to be released. These precipitation frequency studies are used to redraw floodplain boundaries using the most current rainfall data. In conjunction with FEMA, Harris County Flood Control District has released a new flood plain map for Harris County based on updated data and advanced modeling tools. This map is now subject to public comment and appeal. 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.

**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 is limited.

**Specific Flood Type Risks**

The District may be subject to the following flood risks:

*Ponding (or Pluvial) Flooding* – Ponding, or pluvial, flooding occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can exceed the drainage capacity of a drainage system, which

may result in water within the drainage system becoming trapped and diverted onto streets and nearby property until it is able to reach a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam, levee or reservoir.

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

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

**Increase in Costs of Building Materials**

As a result of low supply and high demand, shipping constraints, and the ongoing trade war (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing developers, homebuilders, and general contractors to experience budget overruns. Further, the federal administration's impositions and threatened impositions of tariffs and the imposition or threatened impositions of retaliatory tariffs against the United States will impact the ability of developers, homebuilders, general contractors, and district consultants to estimate costs, which could have a direct effect on the District's ability to finance water, sanitary, and detention facilities. Furthermore, the federal administration's immigration policies may impact the Texas' workforce.

**Temporary Tax Exemption for Property Damaged by Disaster**

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

**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 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 has been damaged as a direct result of the disaster or emergency.

**Tax Exemption Provided to Lessees of Public Facility Corporations**

As described in "TAXING PROCEDURES – Tax Exemption Provided to Lessees of Public Facility Corporations" herein, a multifamily residential development owned or leased by a Public Facility Corporation ("PFC") is exempt from ad valorem taxation by the State and any other political subdivision of the State, including a municipal utility district such as the District. Chapter 303 of the Texas Local Government Code (the "PFC Act"), does not require any notice to, or consent by, any taxing jurisdictions that may be impacted by such exemption prior to the exemption being implemented. This tax-exempt lease structure has been utilized by the Houston Housing Authority for the creation of affordable multifamily apartments in the greater Houston area, both through the development of new apartment projects and the acquisition of existing (and previously taxable) apartment projects. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC. The District makes no representations or predictions regarding whether future public facilities will be created or established within the District's boundaries by the Houston Housing Authority or by any other Sponsor (as defined herein) pursuant to the PFC Act.

**Harris County and City of Houston Floodplain Regulations**

As a direct result of Hurricane Harvey, Harris County and the City adopted new rules and amended existing regulations relating to minimizing the potential impact of new development on drainage and mitigating flooding risks. The new and amended Harris County regulations took effect on January 1, 2018, and the new and amended City regulations took effect on September 1, 2018.

The Harris County floodplain regulations govern construction projects in unincorporated Harris County and include regulations governing the elevation of structures in the 100-year and 500-year floodplains. Additionally, the Harris County regulations govern the minimum finished floor elevations as well as specific foundation construction requirements and windstorm construction requirements for properties located both above and below the 100-year flood elevation.

The City floodplain regulations govern construction projects in the corporate jurisdiction of the City and include regulations governing the elevation of structures in the 100-year and 500-year floodplains and the elevation of residential additions greater than one-third the footprint of the existing structure and non-residential additions. Additionally, the City regulations require an improved structure whose new market value exceeds 50% of the market value of the structure prior to the start of improvements meet the new and amended regulations of the City.

The new and amended Harris County and City regulations may have a negative impact on new development in and around the District as well as on the rehabilitation of existing homes impacted by flooding or other natural disasters.

**Bond Insurance Risk Factors**

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

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

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

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

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

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

## USE OF BOND PROCEEDS

The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 580 (the "District") to: (1) reimburse certain of the Developers (hereinafter defined) for paving improvements serving the District and associated engineering; (2) fund 18 months of capitalized interest on the Bonds; (3) fund developer interest related to the advancement of funds for certain construction costs; and (4) pay issuance expenses associated with the sale and delivery of the Bonds.

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

| **CONSTRUCTION COSTS** | **Total Amount** | |
|---|---|---|
| ***Developer Contribution Items*** | | |
| WS&D and Paving - Allison Park, Sections 1 – 4 | $1,128,207 | |
| Engineering | $217,998 | |
| Surveying and Geotechnical Testing | $24,846 | |
| ***Total Developer Contribution Items*** | **$1,371,051** | |
| **TOTAL CONSTRUCTION COSTS** | **$1,371,051** | |
| **NON-CONSTRUCTION COSTS** | | |
| Legal Fees | $61,625 | |
| Fiscal Agent Fees | $41,300 | |
| Interest Costs: | | |
| Capitalized Interest (18 months) | $182,043 | |
| Developer Interest | $270,770 | |
| Bond Discount | $61,698 | |
| Bond Issuance Expenses | $50,389 | |
| Bond Engineering Report Costs | $20,000 | |
| Attorney General Fee | $2,065 | |
| Contingency | $4,059 | (a) |
| **TOTAL NON-CONSTRUCTION COSTS** | **$693,949** | |
| **TOTAL BOND ISSUE REQUIREMENT** | **$2,065,000** | |

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

## WATER CAPACITY RESERVATION LETTERS WITH THE CITY OF HOUSTON

The District does not have any wells or water plant facilities of its own. Capacity from the City is reserved through the payment of impact fees as defined by City ordinances.

The District is to make water reservation requests for capacity by sections according to plats approved by the Houston Planning Commission. The District is to pay impact fees, if required, under the City's ordinances for each water reservation. The District can be exempt from payment of the impact fees if the value of a home does not exceed the average home price as published by the Real Estate Center at Texas A&M University at the time of payment. The District reserves the right to reimburse the developer for impact fees incurred in the future for homes that exceed the average home price.

## THE SYSTEM

### Regulation

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

Operation of the District's water supply and wastewater treatment facilities is provided by the City, and is subject to regulation by, among others, the EPA and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

### Water System

The District receives potable water from the City of Houston regional distribution system. Prior to development, the City reserves capacity before development proceeds; therefore, the water supply is sufficient to serve the 738 ESFCs necessary to support the feasibility of this proposed bond issue.

**Wastewater System**

The District receives wastewater treatment services from the City. The District will not have any wastewater treatment facilities of its own. Capacity from the City is reserved through the payment of impact fees as defined by City ordinances. The District is to pay impact fees, if required, under the City's ordinances for each wastewater reservation.

The District is served by the City of Houston regional gravity sewer trunk lines. Wastewater generated by the District is conveyed to City of Houston regional wastewater treatment plants through a series of lift station and force mains. The District is served by the City of Houston Chocolate Bayou Wastewater Treatment Plant.

**Drainage and Detention System**

The District's storm drainage collection system consists of curb and gutter streets with inlets and underground reinforced concrete storm sewers and detention basins. The District's storm drainage collection systems will serve the entire District drainage area and will convey flows to existing drainage channels, which will be improved as necessary. Additional detention pond capacity will be excavated as required to develop land within the District. Additionally, natural drainage patterns within the District generally drain north to south to Oyster Creek.

**100-Year Floodplain**

"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 rainstorm 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 no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards. See "RISK FACTORS – Severe Weather."

According to the District's Engineer, no areas in the District are located in the official 100-year floodplain.

**General Fund Operating History**

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's water and sewer system operations is provided for information purposes only.

| | As of May 31, | | | |
|---|---|---|---|---|
| **GENERAL FUND** | **2026** | **2025** | **2024** | **2023** |
| **REVENUES** | | | | |
| Property Taxes | $187,819 | $164,124 | $85,051 | $- |
| Investment and Misc. Revenues | $2,932 | $1,149 | $1 | $- |
| **TOTAL REVENUES** | **$190,751** | **$165,273** | **$85,052** | **$-** |
| **EXPENDITURES** | | | | |
| Professional Fees | $90,037 | $22,725 | $35,559 | $8,404 |
| Contracted Services | $54,556 | $19,323 | $17,545 | $6,408 |
| Repairs and Maintenance | $58,349 | $19,028 | $6,229 | $- |
| Other | $19,455 | $13,534 | $7,731 | $7,713 |
| **TOTAL EXPENDITURES** | **$222,397** | **$74,610** | **$67,064** | **$22,525** |
| **EXCESS (DEFICIENCY)** | **($31,646)** | **$90,663** | **$17,988** | **($22,525)** |
| **Other Financing Sources** | | | | |
| Developer Advances | - | $25,000 | $18,000 | $13,000 |
| **NET CHANGE IN FUND BALANCE** | **($31,646)** | **$115,663** | **$35,988** | **($9,525)** |
| **BEGINNING FUND BALANCE** | **$145,731** | **$30,068** | **($5,920)** | **$3,605** |
| **ENDING FUND BALANCE** (b) | **$114,085** | **$145,731** | **$30,068** | **($5,920)** |

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

(b) As of October 21, 2026, the District's General Fund had an unaudited cash and investment balance of $24,273. For the fiscal year ending May 31, 2027, the District's General Fund is currently budgeting revenues of $186,799, and expenditures of $214,420.

## THE DISTRICT

**Authority**

The District is a municipal utility district created by an act of the 87th Legislature, Regular Session Senate Bill 2166, effective June 16, 2021 (codified at Chapter 7923A, Texas Special District Local Laws Code), in accordance with Article XVI, Section 59 of the Texas Constitution, confirmed at an election held on May 7, 2022, and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended, and Article III, Section 52 and Article XVI, Section 59 of the Texas Constitution. 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 to purchase, construct, operate, and maintain all works, improvements, and facilities necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District has certain road powers and, under certain limited circumstances, the District is also authorized to construct, develop, and maintain park and recreational facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent of the City, within whose corporate limits the District lies, the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of the District's construction plans and specifications.

**Description and Location**

The District, as it was originally created, included approximately 105 acres. Since its creation, the District has completed one annexation and presently includes approximately 127 acres. The District is located entirely within Harris County, Texas, and within the corporate limits of the City. The District is located in southern Harris County and lies approximately ten (10) miles south of the central business district of the City. The District currently has six tracts of land and is bounded by Sam Houston Parkway on the south, Cullen Boulevard on the west, Mykawa Road on the east, and Orem Drive on the north.

**Land Uses and Status of Land Development**

A summary of the approximate land use in the District as of November 1, 2026, appears in the table below:

| Type of Land Use | Approximate Acres |
|---|---|
| Developed and Improved Acres (a) | 87.5 |
| Acres Under Development (b) | 0 |
| Remaining Developable Acres (c) | 16.5 |
| Undevelopable Acres (d) | 23 |
| **Total Approximate Acres** | **127** |

(a) Represents land that is served with utilities and has single-family improvements constructed on site.

(b) Represents land that is in the process of being developed with utilities or improved with single-family residential lots.

(c) Represents land available for future development; such acreage includes land that may be used for road rights-of-way, detention ponds, drainage easements, open spaces, or other undevelopable acres. The District makes no representation that the development of such acreage will ever be undertaken.

(d) Includes drainage easements, detention ponds, road rights-of-way, a lift station site, park facilities, and open spaces.

**Status of Residential Development**

The approximate status of single-family residential development in the District as of November 1, 2026, is summarized in the table below:

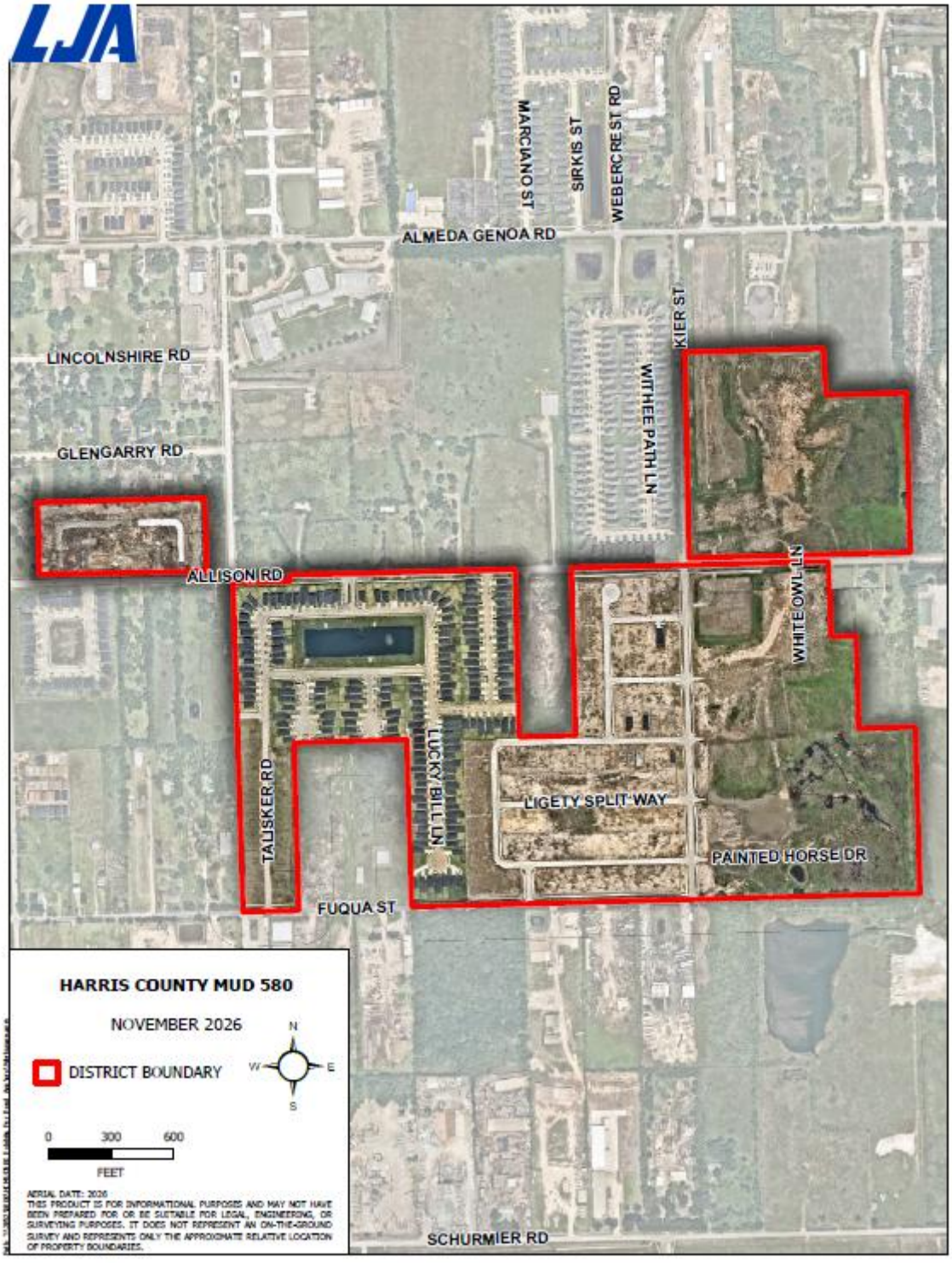
| | | Homes | | |
|---|---|---|---|---|
| Subdivision/Section | Total Lots | Completed | Under Construction | Vacant Lots |
| Allison Park, Sections 1 – 3 (a) | 182 | 162 | 20 | 0 |
| Allison Park Annexation (a) | 41 | 41 | 0 | 0 |
| Allison Park, Sections 4 – 8 (b) | 350 | 40 | 7 | 303 |
| Allison Park Heights (c) | 67 | 0 | 0 | 67 |
| ***TOTALS*** | **640** | **243** | **27** | **370** |

(a) The homes located in Allison Park, Sections 1 – 3, and Allison Park Annexation are being constructed by Colina Homes. All lots and homes in Allison Park, Sections 1 – 3, and Allison Park Annexation (223 lots) are being developed and constructed with the intention of creating a contiguous rental community. As of November 1, 2026, 203 of the homes are currently completed with 170 occupied and the remaining balance to be occupied by December 31,2026 by tenants subject to annual rental agreements. See “RISK FACTORS – Economic Factors” and “THE DEVELOPERS – Descriptions of the Developers.”

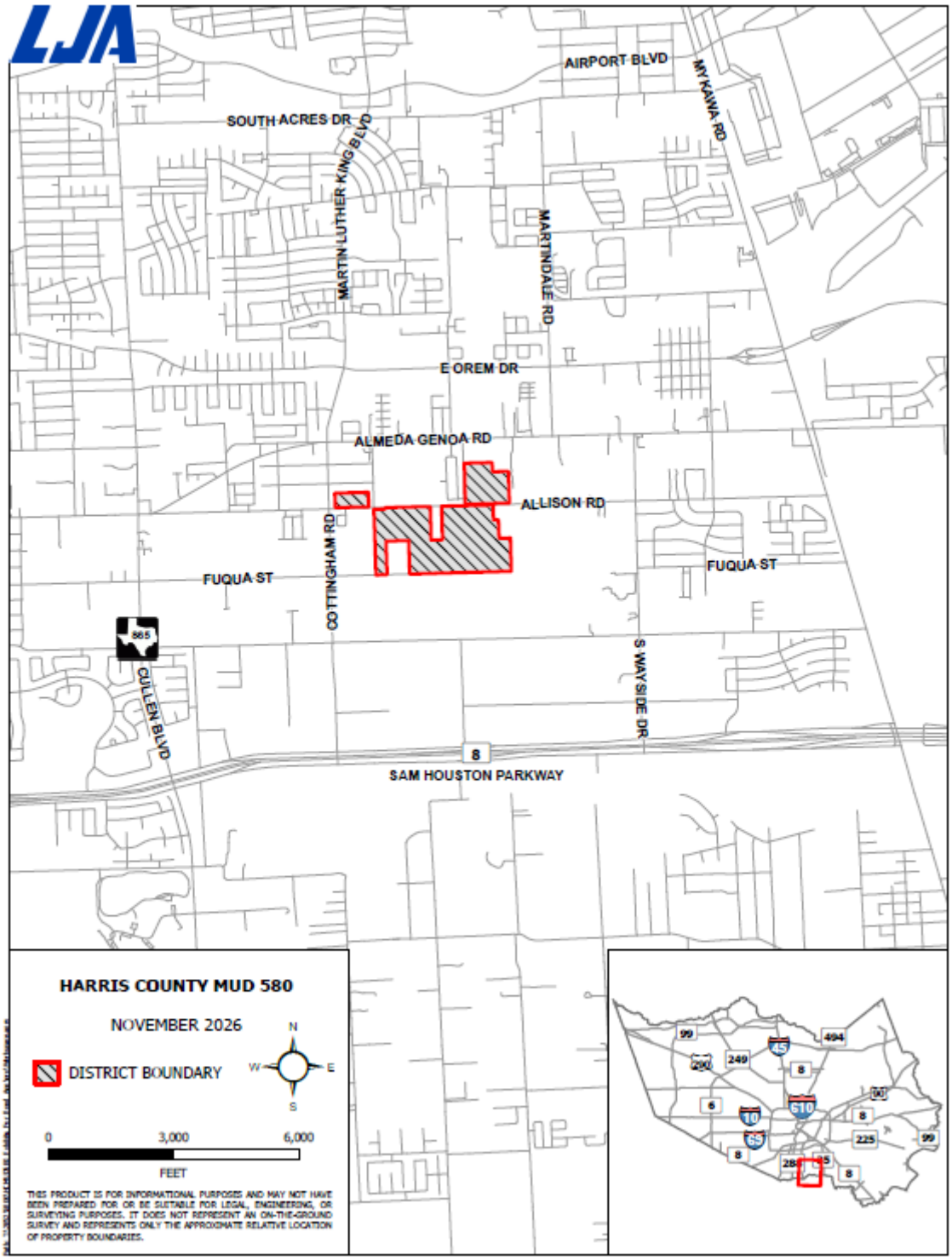
(b) Allison Park, Sections 4 – 7 is substantially complete and under contract with DR Horton. Allison Park, Section 8 is in the design phase and will have 98 lots. The 98 lots are not included in the table above. See “THE DEVELOPERS – Descriptions of the Developers”

(c) The 67 lots in Allison Park Heights have been completed and sold to Cyrene Homes, with the first closing anticipated on December 1, 2026. See “THE DEVELOPERS – Future Development.”

**Aerial Photograph**



**Location Map**



## THE DEVELOPERS

### Role of a Developer

In general, the activities of developers in a municipal utility district such as the District include purchasing the land within a district, designing the utilities and streets 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 TCEQ, as well as gas, telephone and electric service), and selling improved lots and commercial reserves to builders, other developers or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater and drainage facilities in the utility district exclusive of water and sewage treatment plants, unless a waiver from this requirement is requested and obtained from the TCEQ by the District, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district.

### Descriptions of the Developers

The initial landowner within the District was HomeSite Residential, LLC ("HomeSite Residential"), a Texas limited liability company. Effective June 29, 2021, HomeSite Residential assigned its development reimbursement agreement (the "Reimbursement Agreement") with the District to Allison Park Partners, LLC ("Allison Park Partners"), a Texas limited liability company. Allison Park Partners was established for the sole purpose of developing approximately 34 acres of land in the District located in Allison Park, Sections 1 – 3, and Allison Park Annexation. HomeSite Residential is a majority shareholder of Allison Park Partners. Allison Park Partners is developing its land holdings into 223 single-family residential lots and has contracted with Colina Homes to construct single-family homes on all such lots. See "THE DISTRICT – Status of Residential Development." All lots and homes located in Allison Park, Sections 1 – 3, and Allison Park Annexation are being developed and constructed with the intention of creating a contiguous rental community. The rental community is owned and operated by Allison Park Partners. See "RISK FACTORS – Economic Factors" and "– Dependence on Principal Taxpayers."

HomeSite Residential also assigned a separate Reimbursement Agreement, effective June 29, 2021, to Allison 64 Partners, LLC ("Allison 64 Partners"), a Texas limited liability company. Allison 64 Partners was established for the sole purpose of developing approximately 87 acres of land in the District located in Allison Park, Sections 4 – 8. Allison 64 Partners has completed the development of 350 single-family residential lots in Allison Park, Sections 4 – 7, with homebuilding currently taking place in Section 4 and homebuilding in Sections 5-7 to commence in first quarter of 2027. Once substantial completion of Allison Park, Sections 5-7 is complete, development of Allison Park, Section 8 will commence. Based on current land plans, Allison Park, Sections 8 is expected to contain 98 single-family residential lots. HomeSite Residential also owns Allison Park Heights which has 67 substantially completed lots and Cyrene Homes has all of 67 lots under contract to purchase with homebuilding to commence in December of 2026. See "– Future Development" herein and "THE DISTRICT – Status of Residential Development." HomeSite Residential is a majority shareholder of Allison 64 Partners.

Allison Park Partners and Allison 64 Partners (collectively the "Developers") have each entered into separate management agreements (the "Management Agreements") with Walker Residential, LLC and Luton Development Co., LLC to provide for management of the day-to-day land development activities associated with the initiation and completion of their respective land development projects within the District. These management activities include, but are not limited to, pre-development coordination and supervision of the consultants and professionals of Allison Park Partners and Allison 64 Partners, execution of the approved project plans and specifications, and supervising lot marketing and sales. The Management Agreements provide for Walker Residential, LLC and Luton Development Co., LLC to receive reimbursement for direct expenses, a monthly management fee, a developer override fee based on a percentage of gross lot sale prices, and provides for certain additional compensation based on the profitability of the projects. Allison Park Partners and Allison 64 Partners report that Walker Residential, LLC and Luton Development Co., LLC have performed in accordance with the terms of the Management Agreements to date and that there has been no default under the terms of the Management Agreements.

### Developer Financing

Allison Park Partners currently has two development loans with Origin Bank for Allison Park Sections 1-3 and the Annex. As of November 1, 2026, Loan 1 had an original principal amount of $17,400,000, of which $17,175,534 remains outstanding, known as APP Loan 1 ("APP Loan 1"). The APP Loan 1 is a variable-rate loan and provides for a specified release price for each lot sold, and has a final maturity of February 20, 2030. As of November 1, 2026, Loan 2 had an original principal amount of $28,804,120, of which $23,883,837 remains outstanding ("APP Loan 2" and together with APP Loan 1, referred to as the "APP Loans"). The APP Loan 2 is a variable-rate loan and provides for a specified release price for each lot sold, and has a final maturity of March 5, 2030. The APP Loans are secured by a note and deed of trust in favor of the lender and includes, among other terms, a lien on any undeveloped land, and the assignment of the right to future developer reimbursements from the District. Additionally, the APP Loan is secured by the personal guarantee of Rickey Williams, Rickey Williams Jr., Christopher Williams, and James Bartell. According to Allison Park Partners and a representative of Origin Bank, the APP Loans are current and have never been in default. See "APPENDIX B – Financial Information Concerning the Developers."

Allison 64 Partners currently has a development loan (the "A64P Loan") with City Bank Texas. As of November 1, 2026, the A64P Loan had a balance of $23,100,035, of which $9,776,120 remains outstanding. A64P Loan is a variable-rate loan and provides for a specified release price for each lot sold, and has a final maturity of May 17, 2027. The A64P Loan is secured by a note and deed of trust in favor of the lender and includes, among other terms, a lien on any undeveloped land, and the assignment of the right to future developer reimbursements from the District. Additionally, the A64P Loan is secured by the personal guarantee of Rickey Williams and Joe Swinbank. According to Allison 64 Partners and a representative of City Bank Texas, the A64P Loan is current and has never been in default. See "APPENDIX B – Financial Information Concerning the Developers."

Allison Park Heights has a loan in the amount of $105,475,070.29.

The Developers have prepared and delivered the unaudited financial information included in APPENDIX B (the "Financial Information") to the District for publication in connection with the District's offer and sale of the Bonds. The Financial Information for the Developers has been included therein solely as additional information concerning the financial condition and capability of the Developers. Such Financial Information is relevant, among other reasons, to the Developers' ability to pay ad valorem taxes thereon and to preserve its respective financial investments in the District.

Each of the Developers have represented to the District that the Financial Information relating to it has been prepared from its books and records and fairly presents its financial condition and does not fail to disclose any material fact or omit to state any material adverse change in its financial condition since the date on which the Financial Information is presented. The Developers have agreed to inform the District prior to delivery of the Bonds of any material adverse change in its financial condition since the dates of the Financial Information provided therein.

The Developers are not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District and the inclusion of the Financial Information therein should not be construed as an implication to that effect. The Developers have not made any legal commitment to the District or owners of the Bonds regarding their ability to sell or otherwise dispose of property within the District, or any other assets, at any time. Therefore, the District cautions that the Financial Information should not be construed or interpreted in any way as an indication of the investment security of the Bonds. See "APPENDIX B – Financial Information Concerning the Developers."

**Homebuilders**

Homes in Allison Park, Sections 1 – 3, and Allison Park Annexation are being constructed on 35-foot and 40-foot lots by Colina Homes and DR Horton is the sole homebuilder in Allison Park, Section 4. Allison Park Partners has contracted with Colina Homes and DR Horton to construct single-family homes, averaging approximately 1,700 square feet in size, of which Allison Park, Sections 1 – 3, and Allison Park Annexation will be included in the rental community and Allison Park, Section 4 will be homes for sale. See "– Descriptions of the Developers" herein.

**Lot Sale Contracts**

Allison 64 Partners has entered into a lot sale contract for the sale of the 350 lots in Allison Park, Sections 4 – 7 with D.R. Horton Homes ("D.R. Horton"). The lot sale contract includes business terms and conditions that required D.R. Horton to put down certain amounts in earnest money deposit. The lot sale contract provides for a lot price escalation provision of 6% per year. Additionally, D.R. Horton is responsible for paying to the City certain fees for water and wastewater availability on a per lot basis. Under the terms of the lot sale contract, D.R. Horton is responsible for taking down lots pursuant to a certain schedule from the initial delivery date of the lots. The schedule calls for an initial take down of 50 lots and 30 lots per quarter thereafter until all of such lots have been taken down. Once homebuilding commences, the homes in Allison Park, Sections 4 – 7 are expected to be marketed in the $300,000 - $400,000 price range.

**Future Development**

Allison 64 Partners owns approximately 87 acres of land within the District, for future development. According to Allison 64 Partners, it is anticipated that approximately an additional 10 acres will be developed for single-family residential purposes in Allison Park, Section 8. Future development and homebuilding depend, in part, upon short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. See "RISK FACTORS – Economic Factors" and "– Landowners/Developers Under No Obligation to the District."

## MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board") which has control over and management supervision of all of the affairs of the District. Each of the directors owns a parcel of land in the District. A directors' election is held within the District in May in even-numbered years. Directors are elected to serve four-year staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below.

| Name | Title | Expires May |
|---|---|---|
| David Cohen | President | 2030 |
| Marisa Maria Ramirez | Vice President | 2030 |
| Jonathan Blanscet | Secretary | 2030 |
| Blain Blanchard | Assistant Secretary | 2028 |
| Lynton Smith | Assistant Secretary | 2028 |

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

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

*Bookkeeper* – The District has contracted with Municipal Accounts & Consulting, L.P. for bookkeeping services.

*Auditor* – The District's annual financial statements as of and for the year ended May 31, 2026, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's May 31, 2026, audited financial statements.

*Utility System Operator* – The operator for the Facilities serving the District is the City of Houston.

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

*Financial Advisor* – The GMS Group, L.L.C., serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of the bonds, if and when such bonds are delivered.

*Bond Counsel* – Sanford Kuhl Hagan Kugle Parker Kahn LLP serves as Bond Counsel to the District and as counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

*Disclosure Counsel* – Norton Rose Fulbright US LLP, Houston, Texas, has been engaged by the District to serve as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

## DISTRICT DEBT

| | | |
|---|---|---|
| 9/15/2026 Estimated Taxable Value | $52,430,690 | (a) |
| 2026 Certified Taxable Value | $34,713,456 | (b) |
| | | |
| Direct Debt: | | |
| Outstanding Bonds (as of November 1, 2026) | $1,755,000 | |
| The Bonds | $2,065,000 | |
| Total Direct Debt | $3,820,000 | |
| See “DISTRICT DEBT” | | |
| | | |
| Estimated Overlapping Debt | $914,373 | (c) |
| Direct and Estimated Overlapping Debt | $4,734,373 | |
| | | |
| Percentage of Direct Debt to: | | |
| 9/15/2026 Estimated Taxable Value | 7.29% | |
| 2026 Certified Taxable Value | 11.00% | |
| See “DISTRICT DEBT” | | |
| | | |
| Percentage of Direct and Estimated Overlapping Debt to: | | |
| 9/15/2026 Estimated Taxable Value | 9.03% | |
| 2026 Certified Taxable Value | 13.64% | |
| See “DISTRICT DEBT” | | |
| | | |
| 2026 Tax Rate Per $100 of Assessed Value: | | |
| Debt Service Tax | $0.23 | |
| Maintenance and Operations Tax | $0.62 | |
| Total 2026 Tax Rate | $0.85 | (d) |
| | | |
| Cash and Temporary Investment Balances: | | |
| General Fund (as of October 21, 2026) | $24,273 | |
| Debt Service Fund (as of October 21, 2026) | $15,375 | (e) |
| Road Debt Service Fund | $185,850 | (e) (f) |

(a) Reflects data supplied by the Harris Central Appraisal District (“HCAD” or the “Appraisal District”). The Estimated Taxable Value as of September 15, 2026, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any value resulting from homebuilding and construction in the District since January 1, 2026, will not be included on the District’s tax roll until the 2027 certified tax roll is prepared during the second half of 2027. The District is authorized by law to only levy taxes against certified values. See “DISTRICT TAX DATA” and “TAXING PROCEDURES.”

(b) Reflects the January 1, 2026 Certified Taxable Value according to data supplied to the District by HCAD. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

(c) See “DISTRICT DEBT – Estimated Overlapping Debt.”

(d) See “RISK FACTORS – Operating Funds,” “– Dependence on Principal Taxpayers and the Developers” and “DISTRICT TAX DATA.”

(e) Unaudited figures per the District’s records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Road Debt Service Fund or the Debt Service Fund. The cash and investment balances in the Debt Service Fund are not available to make debt service payments on any funds in the Road Debt Service Fund, or the Bonds. See "DISTRICT TAX DATA – Adequacy of Tax Revenue” and “THE BONDS – Funds.”

(f) The cash and investment balance in the Road Debt Service Fund does not include eighteen (18) months of capitalized interest to be funded with proceeds of the Bonds; such amount will be deposited into such fund on the date of delivery of the Bonds. See “USE OF BOND PROCEEDS.”

**Estimated Overlapping Debt**

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

| | | Overlapping Debt | |
|---|---|---|---|
| **Taxing Jurisdiction** | **Outstanding Debt** | **Overlapping %** | **Amount** |
| Houston Independent School District | $1,239,595,000 | 0.01% | $182,344 |
| Harris County | $2,952,415,112 | 0.00% | $147,414 |
| Harris County Flood Control District | $1,001,580,000 | 0.01% | $51,082 |
| Port of Houston Authority | $364,789,397 | 0.01% | $18,606 |
| Harris County Hospital District | $1,644,825,000 | 0.01% | $83,876 |
| Harris County Department of Education | $28,960,000 | 0.00% | $1,445 |
| Houston City College | $371,540,000 | 0.01% | $45,797 |
| City of Houston | $3,735,320,000 | 0.01% | $383,808 |
| **Total Estimated Overlapping Debt** | | | **$914,373** |
| The District (a) | | | $3,820,000 |
| **Total Direct and Estimated Overlapping Debt** | | | **$4,734,373** |

(a) Represents the Bonds and Outstanding Bonds.

## DISTRICT TAX DATA

**Tax Rate and Collections**

The following table sets forth the historical tax information collection experienced in the District for the years 2023 through 2026. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

| Tax Year | Taxable Valuation (a) | Tax Rate (b) | Tax Levy | Cumulative Tax Collections (c) | Tax Year Ended September 30 |
|---|---|---|---|---|---|
| 2026 | $34,713,456 | $0.85 | $295,064 | (d) | 2027 |
| 2025 | $27,658,998 | $0.85 | $235,101 | 99.99% | 2026 |
| 2024 | $19,312,632 | $0.85 | $164,157 | 100% | 2025 |
| 2023 | $9,973,816 | $0.85 | $84,777 | 100% | 2024 |

(a) See "– Analysis of Tax Base" herein.

(b) See "– Tax Rate Distribution" herein.

(c) Represents cumulative collections as of September 30, 2026.

(d) In the process of collections. See "TAXING PROCEDURES."

**Maintenance Tax**

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, and any bonds that may be issued in the future. The District's voters have authorized a maintenance tax of up to $1.50 per $100.00 of assessed valuation at an election held on May 7, 2022. The District levied a maintenance and operations tax for the 2026 tax year at a rate of $0.62 per $100 of assessed valuation. See "– Tax Rate Distribution" herein.

**Debt Service Tax**

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds.

**Tax Rate Distribution**

The following table sets forth the tax rate distribution of the District for the years 2023 through 2026.

| | 2026 | 2025 | 2024 | 2023 |
|---|---|---|---|---|
| Debt Service | $0.23 | $0.17 | $0.00 | $0.00 |
| Maintenance/Operation | $0.62 | $0.68 | $0.85 | $0.85 |
| **Total** | **$0.85** | **$0.85** | **$0.85** | **$0.85** |

**Additional Penalties**

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

**Principal Taxpayers**

The list of principal taxpayers for 2026 and the other information provided by this table were provided by HCAD to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of HCAD.

| Property Owner | Property Description | Property Value | % of Total |
|---|---|---|---|
| Allison Park Partners, LLC (a) | Land & Improvements | $26,568,522 | 76.54% |
| Allison 64 Partners, LLC (a) | Land | $5,804,515 | 16.72% |
| HomeSite Residential, LLC (a) | Land & Improvements | $1,079,571 | 3.11% |
| DR Horton - Texas LTD | Land | $738,051 | 2.13% |
| DRH Energy Inc. | Land | $475,997 | 1.37% |
| Sergio Garza Jr. | Land | $15,600 | 0.04% |
| Tanya Jefferson | Land | $15,600 | 0.04% |
| Maria T. Medrano | Land | $15,600 | 0.04% |
| | ***TOTALS*** | **$34,713,456** | **100.00%** |

(a) See "THE DEVELOPERS," "RISK FACTORS – Economic Factors," "– Dependence on Principal Taxpayers and the Developers," and "– Landowners/Developers Under No Obligation to the District."

**Analysis of Tax Base**

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the exemptions for 2022 through 2026 and includes the September 15, 2026 Estimated Taxable Value.

| Year | Land | Improvements | Personal Property | Gross Valuations | Exemptions | Taxable Valuations |
|---|---|---|---|---|---|---|
| 9/15/2026 | | | | | | $52,430,690 (a) |
| 2026 | $14,444,423 | $20,292,121 | $161,350 | $34,897,894 | ($184,438) | $34,713,456 |
| 2025 | $13,839,239 | $13,785,548 | $57,927 | $27,682,714 | ($23,716) | $27,658,998 |
| 2024 | $12,143,205 | $7,189,853 | $3,390 | $19,336,448 | ($23,816) | $19,312,632 |
| 2023 | $9,427,276 | $575,073 | $3,199 | $10,005,548 | ($31,732) | $9,973,816 |
| 2022 | $7,224,008 | $554,506 | $0 | $7,778,514 | $0 | $7,778,514 |

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of September 15, 2026, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. The District is authorized by law to only levy taxes against certified values. See "TAXING PROCEDURES."

**Estimated Overlapping Taxes**

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

| Taxing Entities | 2025 Tax Rates |
|---|---|
| Houston Independent School District | $0.878300 |
| Harris County (a) | $0.628928 |
| Houston Community College | $0.098802 |
| City of Houston | $0.519190 |
| **Overlapping Taxes** | **$2.125220** |
| The District | $0.850000 |
| **Total Direct & Overlapping Taxes** | **$2.975220** |

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

**Adequacy of Tax Revenue**

The calculations shown below are solely for the purpose of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District's Operating Fund to the Debt Service Fund, no increase or decrease in assessed valuation over the values listed below, and utilizes a tax rate adequate to service the District's total debt service requirements after the issuance of the Bonds.

Maximum Annual Debt Service Requirements (2051) ..... $285,666

Requires a $0.58 debt service tax rate on the September 15, 2026 Estimated Taxable Value at 95% collections produces..... $288,893

Requires a $0.87 debt service tax rate on the 2026 Certified Taxable Value at 95% collections produces..... $286,907

## TAXING PROCEDURES

**Authority to Levy Taxes**

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes that the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Order to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS – Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by the voters in the District. See "DISTRICT TAX DATA – Maintenance Tax." The District is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of park and recreational facilities; the Board has never levied a park and recreational facilities tax and currently has no plans to levy such tax.

**Tax Code and County-Wide Appraisal District**

Title I of the Texas Property Tax Code (the "Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Tax Code are complex and are not fully summarized here. The Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units in 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 ("HCAD" or the "Appraisal District") has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll 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; 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 of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. 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 Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector 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 has never adopted an order granting a general residential homestead exemption.

***Freeport Goods and Goods-in-Transit Exemptions.*** A "Freeport Exemption" applies to goods, wares, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property that are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

**Tax Exemption Provided to Lessees of Public Facility Corporations**

Chapter 303 of the Texas Local Government Code (the "PFC Act") authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC"), to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including ad valorem and sales taxes levied by such taxing authorities. A leasehold or other possessory interest in the public facility granted by the PFC entitles the user of the public facility to the same exemptions from taxation. Developers who participate in these deals must set aside at least 20% of their units for public housing. Alternatively, they can designate at least half of their units for people making less than 80% of the area median income.

**Tax Abatement**

Harris County or the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City (after annexation of the affected portion of the District), Harris County, Houston Independent School District, or 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, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. Certain classes of disabled veterans may receive a deferral or abatement of taxes without penalty during the time he or she owns or occupies the property as their residential homestead.

**Valuation of Property for Taxation**

Generally, property in the District must be appraised by HCAD 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 Tax Code are to be based on 100% of market value, as such is defined in the Tax Code. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use of the property.

The Tax 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 market value. The Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business are valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief appraiser is required by the Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions 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 Developers in the District have waived their right to agricultural use, open space, or timber land exemptions.

The Tax Code requires HCAD to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in HCAD at least once every three years. It is not known what frequency of reappraisal will be utilized by HCAD 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 HCAD 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 HCAD chooses to formally include such values on its appraisal roll.

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

**Reappraisal of Property After Disaster**

The Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the Governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

**District and Taxpayer Remedies**

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

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

**Levy and Collection of Taxes**

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of

property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

**Rollback of Operation and Maintenance Tax Rate**

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

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

***Developed Districts.*** Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor 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 is made by the Board of Directors on an annual basis. The Board of Directors designated the District as a Developing District for purposes of setting the 2026 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

**District's Rights in the Event of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, which has the power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "DISTRICT TAX DATA – Estimated Overlapping Taxes." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. 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 (a taxpayer may redeem property within six months for commercial property, within two years for residence homesteads and land designated for agricultural use, and within six months for all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records), or by bankruptcy proceedings that restrict the collection of taxpayer debts. See "RISK FACTORS – Limitations on Tax Collections and Foreclosures Remedies."

**Delinquent Tax Payments for Disaster Areas**

Taxpayers for homesteads and small businesses damaged as a direct result of a disaster may pay property taxes on the property in four equal quarterly installments by notice to the District before the delinquency date without penalty or interest. Installments must be completed within six months of the delinquency date, which normally is February 1 but could be delayed because of delayed valuations. Quarterly payments by a substantial number of owners could adversely affect a District's collection of taxes for debt services in the year following a disaster.

A district may adopt an exemption for a portion of the value of property damaged by a declared national disaster based on the percentage of damage to the property. See "RISK FACTORS – Temporary Tax Exemption for Property Damaged by Disaster."

In addition, under the Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

**The Effect of FIRREA on Tax Collections of the District**

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent the FIRREA provisions are valid and applicable to any property in the District and to the extent that they affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

## CONSOLIDATION AND DISSOLUTION

**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.

**Dissolution**

Under Texas law, the territory within the District may be dissolved by the City without the consent of the District or its residents, subject to compliance with Chapter 43 of the Texas Local Government Code, as amended. If dissolution by the City does occur, the District would be abolished. When the District is dissolved, the City must assume the assets, functions and obligations of the District, including the obligation to pay interest and principal on the Bonds. No representation is made concerning the likelihood of dissolution or the ability of the City to make debt service payments on the Bonds should dissolution occur.

## THE BONDS

### General

The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Order. Capitalized terms in such summary are used as defined in the Bond Order. Such summary is not a complete description of the entire Bond Order and is qualified in its entirety by reference to the Bond Order, copies of which are available from the District's Bond Counsel upon request.

The Bonds are dated and will bear interest from December 1, 2026, at the per annum rates shown on the cover page hereof. The Bonds represent the second series of bonds to be issued by the District. The Bonds will be fully registered, serial bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable April 1, 2027, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of the principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the Beneficial Owners of the Bonds (hereinafter defined). See “BOOK-ENTRY-ONLY SYSTEM.”

In the event that the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the address of the Registered Owners as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date 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.

### Optional Redemption

The District reserves the right to redeem, prior to maturity, the Bonds maturing on or after April 1, 2032, in whole or from time to time in part, on April 1, 2031, or on any date thereafter, at a price of par plus accrued interest to the date of redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the particular Bonds to be redeemed shall be selected by the Registrar by lot or other random selection method. Notice of each exercise of the right of redemption will be given at least 30 days prior to the date fixed for redemption by mailing written notice by first class mail to each of the Registered Owners of the Bonds to be redeemed. When Bonds have been called for redemption, they will become due and payable on the redemption date.

### Mandatory Redemption

The Bonds maturing on April 1 in the years 2042, 2044, and 2046 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown in the tables below.

**$145,000 Term Bonds, due April 1, 2042**

| Mandatory Redemption Date | Principal Amount |
|---|---|
| April 1, 2041 | $70,000 |
| April 1, 2042 (maturity) | $75,000 |

**$165,000 Term Bonds, due April 1, 2044**

| Mandatory Redemption Date | Principal Amount |
|---|---|
| April 1, 2043 | $80,000 |
| April 1, 2044 (maturity) | $85,000 |

**$185,000 Term Bonds, due April 1, 2046**

| Mandatory Redemption Date | Principal Amount |
|---|---|
| April 1, 2045 | $90,000 |
| April 1, 2046 (maturity) | $95,000 |

### Notice of Redemption; Partial Redemption:

While the Bonds are in book-entry-only form, pursuant to the Bond Order, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such

maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

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

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

**Source of and Security for Payment**

The Bonds are secured by and payable from the levy of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees, and Appraisal District fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Harris County, the City, or any entity other than the District.

**Defeasance**

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current tax 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 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 or 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 that would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

**Funds**

In the Bond Order, the Road Debt Service Fund is created and the proceeds from all taxes levied, appraised, and collected for and on account of the Bonds authorized by the Bond Order, shall be deposited as collected in such fund. Accrued interest on the Bonds and eighteen (18) months of capitalized interest shall be deposited into the Road Debt Service Fund upon receipt. The proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of reimbursing the Developer for certain construction costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Order or ultimately transferred to the Road Debt Service Fund. See “USE OF BOND PROCEEDS” for a more complete description of the use of the Bond proceeds.

The District also maintains a Utility Debt Service Fund that is not pledged to the Bonds. Funds in the Utility Debt Service Fund are available only for principal and interest payments on debt attributable to the System, and such funds are not available to pay principal and interest on the Bonds.

The District also maintains a Road Debt Service Fund. Funds in the Road Debt Service Fund are available only for principal and interest payments on debt attributable to the Road System, and such funds are not available to pay principal and interest on the Outstanding Utility Bonds.

**Paying Agent/Registrar**

Pursuant to the Bond Order, the initial paying agent and initial registrar with respect to the Bonds is The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Paying Agent/Registrar" or "Registrar"). The District will maintain at least one Registrar, at whose office the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, and for the purpose of maintaining the Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Order to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

**Registration and Transfer**

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Houston, Texas. See "BOOK-ENTRY-ONLY SYSTEM" below for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the 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 (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax, governmental charge, or other expenses payable in connection therewith.

**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, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the District and the Registrar of security or indemnity as may be required by either of them to hold them harmless. Upon the issuance of a new bond the District will require payment of taxes, governmental charges, and other expenses (including the fees and expenses of the Registrar), bond printing and legal fees in connection with any such replacement.

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

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

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

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds. No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

**Issuance of Additional Debt**

The District's voters have authorized the issuance of a total of $102,000,000 of unlimited tax bonds for the purposes of providing water, sewer, and drainage facilities and $153,000,000 of unlimited tax bonds for the purpose of refunding water, sewer, and drainage bonds previously issued; $73,000,000 of unlimited tax bonds for the purposes of providing road facilities and $109,500,000 of unlimited

tax bonds for the purpose of refunding road bonds previously issued; and $42,000,000 of unlimited tax bonds for the purposes of providing park and recreational facilities and $63,000,000 of unlimited tax bonds for the purpose of refunding park bonds previously issued. The District could authorize additional amounts in the future. Following the issuance of the Bonds, $100,245,000 of unlimited tax bonds for water, sewer and drainage facilities and $153,000,000 of unlimited tax bonds for refunding water, sewer, and drainage bonds; $70,935,000 of unlimited tax bonds for road facilities and $109,500,000 of unlimited tax bonds for refunding road bonds; and $42,000,000 of unlimited tax bonds for park and recreational facilities and $63,000,000 of unlimited tax bonds for refunding park bonds will remain authorized, but unissued. The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Any future new money bonds, other than road bonds, to be issued by the District must also be approved by the TCEQ. Such additional new money bonds or refunding bonds would be issued on a parity with the Bonds.

Depending upon the District's future issuance of tax-supported debt and the development of the District's tax base, increases in the District's annual ad valorem tax rate may be required to provide for the payment of principal of and interest on the District's current bonded indebtedness and any future tax-supported debt issued by the District. The Bond Order imposes no limitation on the amount of additional parity bonds that may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ).

**Amendments to the Bond Order**

The District may, without the consent of or notice to any Registered Owners, amend the Bond Order in any manner not detrimental to the interest of the Registered Owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Registered Owners of a majority of the aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, no such amendment, addition or rescission may: (a) extend the time or times of payment of the principal of and interest (or accrual of interest) on the Bonds, or reduce the principal amount thereof or the rate of interest thereon or in any other way modify the terms of payment of the principal of or interest on the Bonds; (b) give preference of any Bond over any other Bond; or (c) extend any waiver of default to subsequent defaults. In addition, the State, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

## BOOK-ENTRY-ONLY SYSTEM

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

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount or maturity value, as the case may be, of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

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

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

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

## TAX MATTERS

The delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with

certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "Service") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the Service. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the Service. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of Service positions with which the District legitimately disagrees, may not be practicable. Any action of the Service, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

**Proposed Tax Legislation**

Proposed, and if enacted, tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

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

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes an "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from

gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

**Qualified Tax-Exempt Obligations**

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds: (a) designated by the District as "qualified tax-exempt obligations;" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and represents that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2026 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

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

## LEGAL MATTERS

**Legal Opinions**

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds. Such transcript will include the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of the Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without limit as to rate or amount, upon all taxable property in the District. The District will also furnish the approving legal opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion of Bond Counsel will further address the matters described above under "TAX MATTERS." Such opinion will express no opinion with respect to the sufficiency of, security for, or marketability of the Bonds.

**Legal Review**

In its capacity as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "CONSOLIDATION AND DISSOLUTION," "THE BONDS," "TAX MATTERS," and "LEGAL MATTERS – Legal Opinions" (to the extent such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the legal matters and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of any of the other information contained herein. 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, other than the matters discussed immediately above.

Sanford Kuhl Hagan Kugle Parker Kahn 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 issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

**No Material Adverse Change**

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

**No-Litigation Certificate**

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that no litigation has been filed and there is not pending, and, to the actual knowledge of the District, there is not threatened, any litigation affecting the validity of the Bonds, the levy and/or collection of taxes for the payment thereof, the organization or boundaries of the District, or the title of the then present officers of the Board.

## REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds has not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

## OFFICIAL STATEMENT

**Sources of Information**

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

**Financial Advisor**

The GMS Group, L.L.C. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, Official Notice of Sale, and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, The GMS Group, L.L.C. has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

**Consultants**

In approving this Official Statement, the District has relied upon the following consultants:

*Engineer* – The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled “THE SYSTEM,” “USE OF BOND PROCEEDS,” and certain engineering matters included in “THE DISTRICT – Description and Location,” “– Land Uses and Status of Land Development,” and “– Status of Residential Development” (except for house count and sales price data which has been provided by the Developers) have been provided by LJA Engineering, Inc. and have been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

*Tax Assessor/Collector* – The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned “DISTRICT TAX DATA” has been provided by HCAD and by Utility Tax Service, LLC, in reliance upon their authority as experts in the field of tax assessing and appraising.

*Auditor* – The District's annual financial statements as of May 31, 2026, have been prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's May 31, 2026, audited financial statements.

**Continuing Availability of Financial Information**

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District audit report is required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audit reports are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas, 77056.

**Certification as to Official Statement**

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

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

## MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 580 as of the date shown on the cover page.

**APPENDIX A**

**AUDITED FINANCIAL STATEMENTS OF THE DISTRICT**

**FOR THE FISCAL YEAR ENDED MAY 31, 2026**

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**MAY 31, 2026**

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

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# *McCall Gibson Swedlund Barfoot Ellis PLLC*

*Certified Public Accountants*

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

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


INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 580
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. 580 (the "District") as of and for the year ended May 31, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Change in Accounting Principle and Correction of an Error**

As discussed in Notes 6 and 11 to the financial statements, the District's financial statements as of and for the fiscal year ended May 31, 2025, have been restated to account for a change in accounting principle and the correction of an error. Our opinions are not modified with respect to this matter.

**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. 580

**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 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

September 16, 2026

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## MANAGEMENT'S DISCUSSION AND ANALYSIS
## FOR THE YEAR ENDED MAY 31, 2026

Management's discussion and analysis of the financial performance of Harris County Municipal Utility District No. 580 (the "District") provides an overview of the District's financial activities for the year ended May 31, 2026. Please read it in conjunction with the District's financial statements.

### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental 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 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 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 property tax revenues, professional fees, and administrative costs. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed, or assigned for servicing bond debt and the costs 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 year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental 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 by $1,056,397 as of May 31, 2026.

A portion of the District's net position reflects its net investment in capital assets which include land, water facilities, sewer facilities, storm drainage, detention facilities, and roads less any debt used to acquire those assets that is still outstanding.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table presents a comparative analysis of government-wide changes in net position. The fiscal year ending 2025 balances have been adjusted; see Note 6.

| | Summary of Changes in the Statement of Net Position | | |
|---|---|---|---|
| | 2026 | 2025 | Change Positive (Negative) |
| Current and Other Assets | $ 233,940 | $ 310,322 | $ (76,382) |
| Capital Assets (Net of Depreciation) | 16,690,044 | 6,541,293 | 10,148,751 |
| Total Assets | $ 16,923,984 | $ 6,851,615 | $ 10,072,369 |
| Due to Developer | $ 16,120,785 | $ 5,786,687 | $ (10,334,098) |
| Bonds Payable | 1,741,590 | 1,741,050 | (540) |
| Other Liabilities | 118,006 | 117,188 | (818) |
| Total Liabilities | $ 17,980,381 | $ 7,644,925 | $ (10,335,456) |
| Net Position: | | | |
| Net Investment in Capital Assets | $ (1,129,225) | $ (943,943) | $ (185,282) |
| Restricted | 28,258 | 74,285 | (46,027) |
| Unrestricted | 44,570 | 76,348 | (31,778) |
| Total Net Position | $ (1,056,397) | $ (793,310) | $ (263,087) |

The following table provides a summary of the District's operations for the year ended May 31, 2026, and May 31, 2025. The fiscal year ending 2025 balances have been adjusted; see Note 6.

| | Summary of Changes in the Statement of Activities | | |
|---|---|---|---|
| | 2026 | 2025 | Change Positive (Negative) |
| Revenues: | | | |
| Property Taxes | $ 234,702 | $ 164,256 | $ 70,446 |
| Investment and Other Revenues | 8,320 | 109,213 | (100,893) |
| Total Revenues | $ 243,022 | $ 273,469 | $ (30,447) |
| Total Expenses | 506,109 | 918,086 | 411,977 |
| Change in Net Position | $ (263,087) | $ (644,617) | $ 381,530 |
| Net Position, Beginning of Year | (793,310) | (148,693) | (644,617) |
| Net Position, End of Year | $ (1,056,397) | $ (793,310) | $ (263,087) |

## FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of May 31, 2026, were $173,550, a decrease of $77,068 from the prior year.

The District's General Fund fund balance decreased by $31,646, primarily due to operating and administrative costs exceeding property tax revenues.

The District's Debt Service Fund fund balance decreased by $46,027, primarily due to the structure of the District's outstanding debt.

The District's Capital Projects Fund fund balance increased by $605 due to investment revenues exceeding contracted services and other costs.

## CAPITAL ASSETS

Capital assets as of May 31, 2026, totaled $16,690,044 and included land, water facilities, sewer facilities, storm drainage, detention facilities and roads

Capital Assets At Year-End

| | 2026 | 2025 | Change Positive (Negative) |
|---|---|---|---|
| Capital Assets Not Being Depreciated - Land and Land Improvements | $ 533,870 | $ 533,870 | $ |
| Capital Assets Subject to Depreciation: | | | |
| Water Facilities | 1,737,093 | 894,489 | 842,604 |
| Sewer Facilities | 2,665,148 | 929,286 | 1,735,862 |
| Storm Drainage | 6,505,917 | 1,418,476 | 5,087,441 |
| Detention Facilities | 851,438 | 851,438 | |
| Roads | 4,923,161 | 2,254,970 | 2,668,191 |
| Less Accumulated Depreciation | (526,583) | (341,236) | (185,347) |
| Total Net Capital Assets | $ 16,690,044 | $ 6,541,293 | $ 10,148,751 |

## LONG-TERM DEBT

The District's Series 2024 bonds are unrated. As of May 31, 2026, the District had total bond debt payable of $1,755,000. The District's bond debt payable did not change during the current fiscal year.

As of May 31, 2026, the District recorded an amount due to Developers of $16,120,785 which consisted of operating advances and construction costs.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted and amended a budget for the General Fund for the current fiscal year. The budget was amended to reflect an increase in anticipated property tax revenues. Actual revenues were $6,251 more than budgeted revenues and actual expenditures were $67,897 more than budgeted expenditures which resulted in a negative budget variance of $61,646. See the budget to actual comparison for more information.

## 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. 580, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Blvd, Suite 2650, Houston, Texas 77056.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
## MAY 31, 2026

| | General Fund | Debt Service Fund |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 2,420 | $ 12,966 |
| Investments | 96,171 | 54,735 |
| Due from Other Funds | 26,342 | |
| Prepaid Costs | 12,129 | |
| Land | | |
| Capital Assets (Net of Accumulated Depreciation) | | |
| **TOTAL ASSETS** | $ 137,062 | $ 67,701 |
| **LIABILITIES** | | |
| Accounts Payable | $ 22,977 | $ |
| Accrued Interest Payable | | |
| Due to Developers | | |
| Due to Other Funds | | 26,342 |
| Long Term Liabilities: | | |
| Bonds Payable, Due After One Year | | |
| **TOTAL LIABILITIES** | $ 22,977 | $ 26,342 |
| **FUND BALANCES** | | |
| Nonspendable: Prepaid Costs | $ 12,129 | $ |
| Restricted for Authorized Construction | | |
| Restricted for Debt Service | | 41,359 |
| Assigned | 27,621 | |
| Unassigned | 74,335 | |
| **TOTAL FUND BALANCES** | $ 114,085 | $ 41,359 |
| **TOTAL LIABILITIES AND FUND BALANCES** | $ 137,062 | $ 67,701 |
| **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 |
|---|---|---|---|
| $ 260 | $ 15,646 | $ | $ 15,646 |
| 55,259 | 206,165 | | 206,165 |
| | 26,342 | (26,342) | |
| | 12,129 | | 12,129 |
| | | 533,870 | 533,870 |
| | | 16,156,174 | 16,156,174 |
| $ 55,519 | $ 260,282 | $ 16,663,702 | $ 16,923,984 |
| $ 37,413 | $ 60,390 | $ 44,515 | $ 104,905 |
| | | 13,101 | 13,101 |
| | | 16,120,785 | 16,120,785 |
| | 26,342 | (26,342) | |
| | | 1,741,590 | 1,741,590 |
| $ 37,413 | $ 86,732 | $ 17,893,649 | $ 17,980,381 |
| $ | $ 12,129 | $ (12,129) | $ |
| 18,106 | 18,106 | (18,106) | |
| | 41,359 | (41,359) | |
| | 27,621 | (27,621) | |
| | 74,335 | (74,335) | |
| $ 18,106 | $ 173,550 | $ (173,550) | $ -0- |
| $ 55,519 | $ 260,282 | | |
| | | $ (1,129,225) | $ (1,129,225) |
| | | 28,258 | 28,258 |
| | | 44,570 | 44,570 |
| | | $ (1,056,397) | $ (1,056,397) |

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

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
## MAY 31, 2026

| | | |
|---|---|---|
| Total Fund Balances - Governmental Funds | | $ 173,550 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | |
| Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. | | 16,690,044 |
| 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 | $ (16,120,785) | |
| Accrued Interest Payable | (13,101) | |
| Accrued Expenses | (44,515) | |
| Bonds Payable | (1,741,590) | (17,919,991) |
| Total Net Position - Governmental Activities | | $ (1,056,397) |

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

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED MAY 31, 2026

| | General Fund | Debt Service Fund |
|---|---|---|
| **REVENUES** | | |
| Property Taxes | $ 187,819 | $ 47,015 |
| Investment and Miscellaneous Revenues | 2,932 | 3,152 |
| **TOTAL REVENUES** | $ 190,751 | $ 50,167 |
| **EXPENDITURES/EXPENSES** | | |
| Service Operations: | | |
| Professional Fees | $ 90,037 | $ |
| Contracted Services | 54,556 | 10,919 |
| Repairs and Maintenance | 58,349 | |
| Depreciation | | |
| Other | 19,455 | 6,668 |
| Debt Service - | | |
| Bond Interest | | 78,607 |
| **TOTAL EXPENDITURES/EXPENSES** | $ 222,397 | $ 96,194 |
| **NET CHANGE IN FUND BALANCES** | $ (31,646) | $ (46,027) |
| **CHANGE IN NET POSITION** | | |
| **FUND BALANCES/NET POSITION - JUNE 1, 2025 AS REPORTED** | 101,216 | 87,386 |
| **CHANGE IN ACCOUNTING PRINCIPLE CORRECTION OF ERROR** | 44,515 | |
| **JUNE 1, 2025, AS RESTATED** | 145,731 | 87,386 |
| **FUND BALANCES/NET POSITION - MAY 31, 2026** | $ 114,085 | $ 41,359 |

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

| Capital Projects Fund | Total | Adjustments | Statement of Activities |
|---|---|---|---|
| $ | $ 234,834 | $ (132) | $ 234,702 |
| 2,236 | 8,320 | | 8,320 |
| $ 2,236 | $ 243,154 | $ (132) | $ 243,022 |
| | | | |
| $ | $ 90,037 | $ | $ 90,037 |
| 571 | 66,046 | | 66,046 |
| | 58,349 | | 58,349 |
| | | 185,347 | 185,347 |
| 1,060 | 27,183 | | 27,183 |
| | 78,607 | 540 | 79,147 |
| $ 1,631 | $ 320,222 | $ 185,887 | $ 506,109 |
| $ 605 | $ (77,068) | $ 77,068 | $ |
| | | (263,087) | (263,087) |
| 17,501 | 206,103 | (5,973,937) | (5,767,834) |
| | | 4,974,524 | 4,974,524 |
| | 44,515 | (44,515) | |
| 17,501 | 250,618 | (1,043,928) | (793,310) |
| $ 18,106 | $ 173,550 | $ (1,229,947) | $ (1,056,397) |

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

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MAY 31, 2026

| | | |
|---|---|---|
| Net Change in Fund Balances - Governmental Funds | $ | (77,068) |
| 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. | | (132) |
| Governmental funds do not account for depreciation. However, depreciation expense is recorded in the Statement of Activities. | | (185,347) |
| Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. | | (540) |
| Change in Net Position - Governmental Activities | $ | (263,087) |

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

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## NOTES TO THE FINANCIAL STATEMENTS
## MAY 31, 2026

### NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 580 (the "District") was created effective June 16, 2021 by an Act of the 87th Legislature, Regular Session, Senate Bill 2166 (codified by Texas Special District Local Laws Code Ann. Section 7923A). 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, wastewater service, storm sewer drainage, irrigation, to construct roads, to provide solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its organizational meeting on June 29, 2021.

### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification"). The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. 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.

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

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements. The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position. The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated to obtain net total revenues and expenses of the government-wide Statement of Activities.

Fund Financial Statements and Governmental Funds

The District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The District has three governmental funds and considers them all to be major funds. The General Fund accounts for property tax revenues, professional fees, and administrative costs. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted committed or assigned for serving bond debt and 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.

## 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 year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows 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 and 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 May 31, 2026, the Debt Service Fund owed the General Fund $26,342 for tax collections.

Pensions

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

Capital Assets

Capital assets are reported in the Statement of Net Position at historical cost or estimated historical cost if actual historical cost is not available. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the 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. Engineering fees and certain other costs are capitalized as part of the asset. Assets are capitalized if they have an original cost greater than $5,000 and a useful life over 2 years. Depreciation is calculated on detention facilities using the straight-line method of depreciation over periods ranging from 35 to 45 years.

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

Capital Assets (Continued)

The City of Houston, Texas has assumed operation and maintenance responsibilities for the District's utilities and road infrastructure, with the exception of the detention facilities. In accordance with governmental accounting standards, the District records its investment in infrastructure as capital assets in its financial statements as well as the associated long-term liabilities to finance the costs of such infrastructure which is used for the benefit of residents within the District.

Budgeting

A General Fund budget is adopted each year by the District's Board of Directors and is prepared using the same method of accounting as for financial reporting. The 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 budgeted amounts compared to the actual amounts of revenues and expenditures for the current year.

Measurement Focus

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.

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position. Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

*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.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

*Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District assigned $27,621 of its General Fund fund balance to cover the projected 2027 budgeted deficit.

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

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

| | Series 2024 Utility |
|---|---|
| Amounts Outstanding – May 31, 2026 | $1,755,000 |
| Interest Rates | 4.00% - 5.50% |
| Maturity Dates – Serially Beginning/Ending | April 1, 2028/2051 |
| Interest Payment Dates | October 1/ April 1 |
| Callable Dates | April 1, 2029* |

* Or any date thereafter at a price of par plus unpaid accrued interest to the date fixed for redemption. The Series 2024 Utility term bonds maturing on April 1, 2035, 2038, 2042, 2046 and 2051 are subject to mandatory redemption beginning April 1, 2033, 2036, 2039, 2043 and 2047, respectively.

**NOTE 3. LONG-TERM DEBT** (Continued)

The District has authorized but unissued bonds in the amount of $100,245,000 for the purposes of acquiring or construction of water, sewer and drainage facilities, $73,000,000 for road facilities, $42,000,000 for park and recreational purposes, $153,000,000 for the purpose of refunding water, sewer and drainage facilities bonds, $109,500,000 for the purpose of refunding road bonds and $63,000,000 for the purpose of refunding park and recreational facilities. The bonds of the District 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.

Bonds payable transactions for the current fiscal year are summarized in the following table:

| | June 1, 2025 | Additions | Retirements | May 31, 2026 |
|---|---|---|---|---|
| Bonds Payable | $ 1,755,000 | $ | $ | $ 1,755,000 |
| Unamortized Discounts | (17,938) | | (694) | (17,244) |
| Unamortized Premiums | 3,988 | | 154 | 3,834 |
| Bonds Payable, net | $ 1,741,050 | $ -0- | $ (540) | $ 1,741,590 |

| | |
|---|---|
| Amount Due Within One Year | $ -0- |
| Amount Due After One Year | 1,741,590 |
| Total Bonds Payable, net | $ 1,741,590 |

As of May 31, 2026, the debt service requirements on the outstanding bonds were as follows:

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2027 | $ | $ 78,607 | $ 78,607 |
| 2028 | 40,000 | 78,606 | 118,606 |
| 2029 | 40,000 | 76,406 | 116,406 |
| 2030 | 40,000 | 74,206 | 114,206 |
| 2031 | 45,000 | 72,606 | 117,606 |
| 2032-2036 | 255,000 | 334,630 | 589,630 |
| 2037-2041 | 335,000 | 274,856 | 609,856 |
| 2042-2046 | 435,000 | 190,956 | 625,956 |
| 2047-2051 | 565,000 | 81,402 | 646,402 |
| | $ 1,755,000 | $ 1,262,275 | $ 3,017,275 |

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.

## NOTE 3. LONG-TERM DEBT (Continued)

During the fiscal year ended May 31, 2026, the District levied an ad valorem debt service tax at the rate of $0.17 per $100 of assessed valuation, which resulted in a tax levy of $47,015 on the adjusted taxable valuation of $27,655,882 for the 2025 tax year. The bond resolution requires that the District 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 maintenance tax.

## NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each five-year anniversary of the bonds.

The bond resolution states that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to certain information repositories. 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 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.

At fiscal year end, the carrying amount of the District's deposits was $15,646 and the bank balance was $61,257. The District was not exposed to custodial credit risk.

**NOTE 5. DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

The carrying values of the deposits as of May 31, 2026, are listed below:

| | Cash |
|---|---|
| GENERAL FUND | $ 2,420 |
| DEBT SERVICE FUND | 12,966 |
| CAPITAL PROJECTS FUND | 260 |
| TOTAL DEPOSITS | $ 15,646 |

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 which is reviewed annually and which may be more restrictive than the Public Funds Investment Act.

The District invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered Level I investments because their fair value is measured by quoted prices in active markets. There are no limitations or restrictions on withdrawals from Texas CLASS.

**NOTE 5. DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investments in Texas CLASS were rated AAAm by Standard and Poor's.

Interest rate risk is the risk the changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have maturities of less than one year since the share positions can usually be redeemed each day at the discretion of the District, unless there have been significant changes in value.

As of May 31, 2026, the District had the following investments and maturities:

| Funds and Investment Type | Fair Value | Maturities of Less Than 1 Year |
|---|---|---|
| GENERAL FUND | | |
| Texas CLASS | $ 96,171 | $ 96,171 |
| DEBT SERVICE FUND | | |
| Texas CLASS | 54,735 | 54,735 |
| CAPITAL PROJECTS FUND | | |
| Texas CLASS | 55,259 | 55,259 |
| TOTAL INVESTMENTS | $ 206,165 | $ 206,165 |

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

In accordance with governmental accounting standards, the District records its investment in infrastructure as capital assets in its financial statements as well as the associated long-term liabilities to finance the costs of such infrastructure which is used for the benefit of residents within the District. The fiscal year ending 2025 capital asset balances were increased by $4,974,524 to reflect additional utilities and road infrastructure which were previously expensed. Changes in capital assets during the current fiscal year are summarized in the following table:

| | June 1, 2025 | Increases | Decreases | May 31, 2026 |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | |
| Land and Land Improvements | $ 533,870 | $ -0- | $ -0- | $ 533,870 |
| **Capital Assets Subject to Depreciation** | | | | |
| Water Facilities | $ 894,489 | $ 842,604 | $ | $ 1,737,093 |
| Sewer Facilities | 929,286 | 1,735,862 | | 2,665,148 |
| Storm Drainage | 1,418,476 | 5,087,441 | | 6,505,917 |
| Detention Facilities | 851,438 | | | 851,438 |
| Roads | 2,254,970 | 2,668,191 | | 4,923,161 |
| **Total Capital Assets Subject to Depreciation** | $ 6,348,659 | $ 10,334,098 | $ -0- | $ 16,682,757 |
| **Accumulated Depreciation** | | | | |
| Water Facilities | $ 40,587 | $ 21,981 | $ | $ 62,568 |
| Sewer Facilities | 41,640 | 24,984 | | 66,624 |
| Storm Drainage | 71,075 | 46,471 | | 117,546 |
| Detention Facilities | 42,663 | 18,920 | | 61,583 |
| Roads | 145,271 | 72,991 | | 218,262 |
| **Total Accumulated Depreciation** | $ 341,236 | $ 185,347 | $ -0- | $ 526,583 |
| **Total Depreciable Capital Assets, Net of Accumulated Depreciation** | $ 6,007,423 | $ 10,148,751 | $ -0- | $ 16,156,174 |
| **Total Capital Assets, Net of Accumulated Depreciation** | $ 6,541,293 | $ 10,148,751 | $ -0- | $ 16,690,044 |

## NOTE 7. MAINTENANCE TAX

On May 1, 2022, District voters approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. The maintenance tax is to be used for operation and maintenance purposes. During the year ended May 31, 2026, the District levied a maintenance tax rate of $0.68 per $100 of assessed valuation, which resulted in a tax levy of $188,060 on the adjusted taxable valuation of $27,655,882.

## NOTE 7. MAINTENANCE TAX (Continued)

On May 1, 2022, District voters approved the levy and collection of a maintenance tax not to exceed $0.10 per $100 of assessed valuation of taxable property within the District for the purposes of paying for costs related to parks and recreational facilities located in the District.

## NOTE 8. RISK MANAGEMENT

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

## NOTE 9. UNREIMBURSED COSTS

The District entered into certain financing and reimbursement agreements with developers within the District which require the developers to make payments on behalf of the District for various projects and operating advances. The District has an obligation to reimburse the developers for these costs from future bond issues to the extent approved by the Commission. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the developers. The following table summarizes the current fiscal year activity:

| | |
|---|---|
| Due to Developers, beginning of year | $ 5,786,687 |
| Current year additions | 10,334,098 |
| Due to Developers, end of year | $ 16,120,785 |

## NOTE 10. SECURITY SERVICES COST SHARING AGREEMENT

Effective October 1, 2025, the District entered into a cost sharing agreement for Peace Officer and Patrol Services with Harris County Municipal Utility District No. 460. The agreement provides for the sharing of costs associated with these services based on total acreage within each district. The agreement remains effective until terminated by written consent of all parties. The District paid $23,892 for its pro-rata share of security services during the current fiscal year.

## NOTE 11. CORRECTION OF PRIOR PERIOD BALANCES

The District increased its General Fund fund balance by $44,515 to reflect liabilities which were determined not to be due and payable with current financial resources. The costs are liabilities in governmental activities since they are payable from proceeds of a future bond issue.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580

## REQUIRED SUPPLEMENTARY INFORMATION

## MAY 31, 2026

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
## FOR THE YEAR ENDED MAY 31, 2026

| | Original Budget | Amended and Final Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property Taxes | $ 130,000 | $ 180,000 | $ 187,819 | $ 7,819 |
| Investment and Miscellaneous Revenues | 4,500 | 4,500 | 2,932 | (1,568) |
| **TOTAL REVENUES** | $ 134,500 | $ 184,500 | $ 190,751 | $ 6,251 |
| **EXPENDITURES** | | | | |
| Service Operations: | | | | |
| Professional Fees | $ 66,100 | $ 66,100 | $ 90,037 | $ (23,937) |
| Contracted Services | 40,000 | 40,000 | 54,556 | (14,556) |
| Repairs and Maintenance | 18,000 | 18,000 | 58,349 | (40,349) |
| Other | 30,400 | 30,400 | 19,455 | 10,945 |
| **TOTAL EXPENDITURES** | $ 154,500 | $ 154,500 | $ 222,397 | $ (67,897) |
| **NET CHANGE IN FUND BALANCE** | $ (20,000) | $ 30,000 | $ (31,646) | $ (61,646) |
| **FUND BALANCE - JUNE 1, 2025, AS ADJUSTED** | 145,731 | 145,731 | 145,731 | |
| **FUND BALANCE - MAY 31, 2026** | $ 125,731 | $ 175,731 | $ 114,085 | $ (61,646) |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**

**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

**MAY 31, 2026**

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## SERVICES AND RATES
## FOR THE YEAR ENDED MAY 31, 2026

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

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

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

X Other (specify): Storm Water Detention

The District is located within the city limits of the City of Houston (the "City"). The City provides utility services to residents of the District.

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

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

**4. STANDBY FEES: NOT APPLICABLE**

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes X No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely X Partly _____ Not at all _____

City 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. 580
## GENERAL FUND EXPENDITURES
## FOR THE YEAR ENDED MAY 31, 2026

| | | |
|---|---|---|
| PROFESSIONAL FEES: | | |
| Auditing | $ | 13,000 |
| Engineering | | 18,380 |
| Legal | | 56,857 |
| Financial Advisor | | 1,800 |
| TOTAL PROFESSIONAL FEES | $ | 90,037 |
| CONTRACTED SERVICES: | | |
| Bookkeeping | $ | 30,664 |
| Security | | 23,892 |
| TOTAL CONTRACTED SERVICES | $ | 54,556 |
| REPAIRS AND MAINTENANCE | $ | 58,349 |
| ADMINISTRATIVE EXPENDITURES: | | |
| Director Fees, Including Payroll Taxes | $ | 5,472 |
| Insurance | | 3,113 |
| Office Supplies and Postage | | 2,929 |
| Website Hosting | | 1,809 |
| Meetings, Bank Charges, and Other | | 6,132 |
| TOTAL ADMINISTRATIVE EXPENDITURES | $ | 19,455 |
| TOTAL EXPENDITURES | $ | 222,397 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## INVESTMENTS
## MAY 31, 2026

| Funds | Identification or Certificate Number | Interest Rate | Maturity Date | Balance at End of Year | Accrued Interest Receivable at End of Year |
|---|---|---|---|---|---|
| GENERAL FUND | | | | | |
| Texas CLASS | XXXX0003 | Various | Daily | $ 96,171 | $ -0- |
| DEBT SERVICE FUND | | | | | |
| Texas CLASS | XXXX0002 | Various | Daily | $ 54,735 | $ -0- |
| CAPITAL PROJECTS FUND | | | | | |
| Texas CLASS | XXXX0001 | Various | Daily | $ 55,259 | $ -0- |
| TOTAL - ALL FUNDS | | | | $ 206,165 | $ -0- |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## TAXES LEVIED AND RECEIVABLE
## FOR THE YEAR ENDED MAY 31, 2026

| | Maintenance Taxes | | Debt Service Taxes | |
|---|---|---|---|---|
| TAXES RECEIVABLE - JUNE 1, 2025 | $ 132 | | $ -0- | |
| Adjustments to Beginning Balance | (373) | $ (241) | | $ -0- |
| Original 2025 Tax Levy | $ 149,727 | | $ 37,432 | |
| Adjustment to 2025 Tax Levy | 38,333 | 188,060 | 9,583 | 47,015 |
| TOTAL TO BE ACCOUNTED FOR | | $ 187,819 | | $ 47,015 |
| TAX COLLECTIONS: | | | | |
| Prior Years | $ (241) | | $ -0- | |
| Current Year | 188,060 | 187,819 | 47,015 | 47,015 |
| TAXES RECEIVABLE - MAY 31, 2026 | | $ -0- | | $ -0- |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## TAXES LEVIED AND RECEIVABLE
## FOR THE YEAR ENDED MAY 31, 2026

| | 2025 | 2024 | 2023 |
|---|---|---|---|
| PROPERTY VALUATIONS: | | | |
| Land | $ 13,836,851 | $ 12,141,119 | $ 9,423,066 |
| Improvements | 13,785,548 | 7,189,853 | 579,723 |
| Personal Property | 57,927 | 2,086 | 3,199 |
| Exemptions | (24,444) | (8,290) | |
| TOTAL PROPERTY VALUATIONS | $ 27,655,882 | $ 19,324,768 | $ 10,005,988 |
| TAX RATES PER $100 VALUATION - | | | |
| Debt Service | $ 0.17 | $ 0.00 | $ 0.00 |
| Maintenance | 0.68 | 0.85 | 0.85 |
| TOTAL TAX RATES PER $100 VALUATION | $ 0.85 | $ 0.85 | $ 0.85 |
| ADJUSTED TAX LEVY* | $ 235,075 | $ 164,256 | $ 85,051 |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | 100.00 % | 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 1, 2022.

On May 1, 2022, District voters also approved the levy and collection of a maintenance tax not to exceed $0.10 per $100 of assessed valuation of taxable property within the District for the purposes of paying for costs related to parks and recreational facilities located in the District.

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MAY 31, 2026

| Due During Fiscal Years Ending May 31 | SERIES-2024 UTILITY | | |
|---|---|---|---|
| | Principal Due April 1 | Interest Due October 1/ April 1 | Total |
| 2027 | $ | $ 78,607 | $ 78,607 |
| 2028 | 40,000 | 78,606 | 118,606 |
| 2029 | 40,000 | 76,406 | 116,406 |
| 2030 | 40,000 | 74,206 | 114,206 |
| 2031 | 45,000 | 72,606 | 117,606 |
| 2032 | 45,000 | 70,806 | 115,806 |
| 2033 | 50,000 | 69,006 | 119,006 |
| 2034 | 50,000 | 67,006 | 117,006 |
| 2035 | 55,000 | 65,006 | 120,006 |
| 2036 | 55,000 | 62,806 | 117,806 |
| 2037 | 60,000 | 60,468 | 120,468 |
| 2038 | 65,000 | 57,919 | 122,919 |
| 2039 | 65,000 | 55,156 | 120,156 |
| 2040 | 70,000 | 52,231 | 122,231 |
| 2041 | 75,000 | 49,082 | 124,082 |
| 2042 | 80,000 | 45,706 | 125,706 |
| 2043 | 85,000 | 42,106 | 127,106 |
| 2044 | 85,000 | 38,282 | 123,282 |
| 2045 | 90,000 | 34,456 | 124,456 |
| 2046 | 95,000 | 30,406 | 125,406 |
| 2047 | 100,000 | 26,132 | 126,132 |
| 2048 | 105,000 | 21,506 | 126,506 |
| 2049 | 115,000 | 16,650 | 131,650 |
| 2050 | 120,000 | 11,332 | 131,332 |
| 2051 | 125,000 | 5,782 | 130,782 |
| | $ 1,755,000 | $ 1,262,275 | $ 3,017,275 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## CHANGES IN LONG-TERM BOND DEBT
## FOR THE YEAR ENDED MAY 31, 2026

| Description | Original Bonds Issued | Bonds Outstanding June 1, 2025 |
|---|---|---|
| Harris County Municipal Utility District No. 580<br>Unlimited Tax Bonds - Series 2024 | $ 1,755,000 | $ 1,755,000 |

| Bond Authority: | Tax Bonds - Utilities | Road Bonds | Park Bonds |
|---|---|---|---|
| Amount Authorized by Voters | $ 102,000,000 | $ 73,000,000 | $ 42,000,000 |
| Amount Issued | (1,755,000) | | |
| Remaining to be Issued | $ 100,245,000 | $ 73,000,000 | $ 42,000,000 |

| | |
|---|---|
| Debt Service Fund cash and investment balances as of May 31, 2026: | $ 67,701 |
| Average annual debt service payment for remaining term of all bond debt: | $ 120,691 |

See Note 3 for interest rate, interest payment dates and maturity dates.

See accompanying independent auditor's report.

| Current Year Transactions | | | | |
|---|---|---|---|---|
| | Retirements | | | |
| Bonds Sold | Principal | Interest | Bonds Outstanding May 31, 2026 | Paying Agent |
| $ -0- | $ -0- | $ 78,607 | $ 1,755,000 | The Bank of New York Mellon Trust Company, N.A. Houston, TX |

| Refunding Tax Bonds - Utilities | Refunding Road Bonds | Refunding Park Bonds |
|---|---|---|
| $ 153,000,000 | $ 109,500,000 | $ 63,000,000 |
| $ 153,000,000 | $ 109,500,000 | $ 63,000,000 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
## GENERAL FUND – FOUR YEARS

| | Amounts | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| **REVENUES** | | | |
| Property Taxes | $ 187,819 | $ 164,124 | $ 85,051 |
| Investment and Miscellaneous Revenues | 2,932 | 1,149 | 1 |
| **TOTAL REVENUES** | $ 190,751 | $ 165,273 | $ 85,052 |
| **EXPENDITURES** | | | |
| Professional Fees | $ 90,037 | $ 22,725 | $ 35,559 |
| Contracted Services | 54,556 | 19,323 | 17,545 |
| Repairs and Maintenance | 58,349 | 19,028 | 6,229 |
| Other | 19,455 | 13,534 | 7,731 |
| **TOTAL EXPENDITURES** | $ 222,397 | $ 74,610 | $ 67,064 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | $ (31,646) | $ 90,663 | $ 17,988 |
| **OTHER FINANCING SOURCES** | | | |
| Developer Advances | $ -0- | $ 25,000 | $ 18,000 |
| **NET CHANGE IN FUND BALANCE** | $ (31,646) | $ 115,663 | $ 35,988 |
| **BEGINNING FUND BALANCE (DEFICIT)** | 145,731 | 30,068 | (5,920) |
| **ENDING FUND BALANCE (DEFICIT)** | $ 114,085 | $ 145,731 | $ 30,068 |

See accompanying independent auditor's report.

| 2023 | Percentage of Total Revenues 2026 | | 2025 | | 2024 | | 2023 |
|---|---|---|---|---|---|---|---|
| $ | 98.5 | % | 99.3 | % | 99.9 | % | |
| | 1.5 | | 0.7 | | 0.1 | | |
| $ -0- | 100.0 | % | 100.0 | % | 100.0 | % | N/A |
| $ 8,404 | 47.2 | % | 13.7 | % | 41.9 | % | |
| 6,408 | 28.6 | | 11.7 | | 20.6 | | |
| | 30.6 | | 11.5 | | 7.3 | | |
| 7,713 | 10.2 | | 8.2 | | 9.1 | | |
| $ 22,525 | 116.6 | % | 45.1 | % | 78.9 | % | N/A |
| $ (22,525) | (16.6) | % | 54.9 | % | 21.1 | % | N/A |
| $ 13,000 | | | | | | | |
| $ (9,525) | | | | | | | |
| 3,605 | | | | | | | |
| $ (5,920) | | | | | | | |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
## DEBT SERVICE FUND – FOUR YEARS

| | Amounts | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| **REVENUES** | | | |
| Property Taxes | $ 47,015 | $ | $ |
| Investment and Miscellaneous Revenues | 3,152 | 2,448 | |
| **TOTAL REVENUES** | $ 50,167 | $ 2,448 | $ -0- |
| **EXPENDITURES** | | | |
| Tax Collection Expenditures | $ 17,587 | $ 13,101 | $ |
| Debt Service Interest | 78,607 | 19,870 | |
| **TOTAL EXPENDITURES** | $ 96,194 | $ 32,971 | $ -0- |
| **DEFICIENCY OF REVENUES UNDER EXPENDITURES** | $ (46,027) | $ (30,523) | $ -0- |
| **OTHER FINANCING SOURCES** | | | |
| Proceeds from Issuance of Long-Term Debt | $ -0- | $ 117,909 | $ -0- |
| **NET CHANGE IN FUND BALANCE** | $ (46,027) | $ 87,386 | $ |
| **BEGINNING FUND BALANCE** | 87,386 | | |
| **ENDING FUND BALANCE** | $ 41,359 | $ 87,386 | $ -0- |
| **TOTAL ACTIVE RETAIL WATER CONNECTIONS** | ** | ** | ** |
| **TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS** | ** | ** | ** |

**The City of Houston provides water and wastewater services to residents of the District.

See accompanying independent auditor's report.

| | Percentage of Total Revenues | | | |
|---|---|---|---|---|
| 2023 | 2026 | 2025 | 2024 | 2023 |
| $ | 93.7 % | % | | |
| | 6.3 | 100.0 | | |
| $ -0- | 100.0 % | 100.0 % | N/A | N/A |
| $ | 35.1 % | 535.2 % | | |
| | 156.7 | 811.7 | | |
| $ -0- | 191.8 % | 1,346.9 % | N/A | N/A |
| $ -0- | (91.8) % | (1,246.9) % | N/A | N/A |
| $ -0- | | | | |
| $ | | | | |
| $ -0- | | | | |
| ** | | | | |
| ** | | | | |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
## MAY 31, 2026

District Mailing Address - Harris County Municipal Utility District No. 580
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1330 Post Oak Blvd, Suite 2650
Houston, TX 77056

District Telephone Number - (713) 850-9000

| **Board Members** | Term of Office (Elected or Appointed) | Fees of Office for the year ended May 31, 2026 | Expense Reimbursements for the year ended May 31, 2026 | Title |
|---|---|---|---|---|
| Robert Walters | 05/2024 - 05/2028 (Elected) | $ 663 | $ -0- | President |
| Maria Ramirez | 05/2026 - 05/2030 (Elected) | $ 1,326 | $ -0- | Vice President |
| Lynton Smith | 05/2024 - 05/2028 (Elected) | $ 1,326 | $ -0- | Secretary |
| Jonathan Blanscet | 05/2026 - 05/2030 (Elected) | $ -0- | $ -0- | Assistant Secretary |
| David Cohen | 05/2026 - 05/2030 (Elected) | $ -0- | $ -0- | Assistant Secretary |
| Courtney Johnson-Rose (Resigned January, 2026) | 05/2022 - 05/2026 (Elected) | $ 884 | $ -0- | Former Vice President |
| Austin Baker (Resigned March 2026) | 05/2022 - 05/2026 (Elected) | $ 884 | $ -0- | Former Assistant Secretary |

Note: 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 developer or with any of the District's consultants.

The most recent submission date of the District Registration Form was on May 20, 2026.

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

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 580
## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
## MAY 31, 2026

| **Consultants:** | Date Hired | Fees for the year ended May 31, 2026 | Title |
|---|---|---|---|
| Sanford Kuhl Hagan Kugle Parker Kahn LLP | 06/29/21 | $ 63,522 | General Counsel |
| McCall Gibson Swedlund Barfoot Ellis PLLC | 09/08/23 | $ 13,000 | Auditor |
| Municipal Accounts & Consulting, L.P. | 06/29/21 | $ 32,765 | Bookkeeper |
| The GMS Group, L.L.C. | 06/29/21 | $ 1,800 | Financial Advisor |
| LJA Engineering, Inc. | 06/29/21 | $ 18,380 | Engineer |
| Utility Tax Service, LLC | 06/29/21 | $ 15,423 | Tax Assessor/ Collector |

See accompanying independent auditor's report.

**APPENDIX B**

**FINANCIAL INFORMATION CONCERNING THE DEVELOPERS**

Allison Park Partners, LLC and Allison 64 Partners, LLC (collectively the "Developers") have prepared and delivered the unaudited financial information included in this APPENDIX B (the "Financial Information") to the District for publication in connection with the District's offer and sale of the Bonds. The Financial Information for the Developers has been included herein solely as additional information concerning the financial condition and capability of the Developers. Such Financial Information is relevant, among other reasons, to the Developers' ability to pay ad valorem taxes thereon and to preserve its respective financial investments in the District.

Each of the Developers have represented to the District that the Financial Information relating to it has been prepared from its books and records and fairly presents its financial condition and does not fail to disclose any material fact or omit to state any material adverse change in its financial condition since the date on which the Financial Information is presented. The Developers have agreed to inform the District prior to delivery of the Bonds of any material adverse change in its financial condition since the dates of the Financial Information provided herein.

The Developers are not responsible for, liable for, and have not made any commitment for payment of the Bonds or other obligations of the District and the inclusion of the Financial Information herein should not be construed as an implication to that effect. The Developers have not made any legal commitment to the District or owners of the Bonds regarding their ability to sell or otherwise dispose of property within the District, or any other assets, at any time. Therefore, the District cautions that the Financial Information should not be construed or interpreted in any way as an indication of the investment security of the Bonds.

**Allison Park Partners LLC**
**Balance Sheet**
**As of September 30, 2026**

| | |
|---|---|
| **ASSETS** | |
| **Current Assets** | |
| **Total Checking/Savings** | 1,835,914.31 |
| **Current Assets** | |
| **Intercompany Advance- Related Parties** | 36,810.22 |
| **Total Current Assets** | 1,872,724.53 |
| **Other Current Assets** | |
| **Construction In Progress** | |
| **Home Construction** | 3,319,532.87 |
| **Home Irrigation & Landscaping** | 11,000.00 |
| **Site Development- Utility Cost** | 0.00 |
| **Site Development- Common Area** | 2,797.40 |
| **Total Construction In Progress** | 3,333,330.27 |
| **Development Costs** | 325,400.00 |
| **Receivable- MUD Funding** | (133.96) |
| **Funding:** | |
| **Funding- Closing Costs** | 262,644.73 |
| **Funding- LOC Interest** | 1,443,974.50 |
| **Total Funding** | 1,706,619.23 |
| **Total Other Current Assets** | 5,365,215.54 |
| **Total Current Assets** | 7,237,940.07 |
| **Fixed Assets** | |
| **Inventory** | |
| **Lots- 47** | 3,713,896.31 |
| **Lots- 81- Carrying Cost** | 136,687.40 |
| **Total Inventory** | 3,850,583.71 |
| **Rental Properties** | |
| **Inventory- Rental Properties** | 49,492,086.62 |
| **Accum Deprec- Rental Properties** | (1,884,285.92) |
| | 47,607,800.70 |
| **Furniture & Fixtures** | |
| **Furniture** | 29,000.00 |
| **Accum Deprec- Furniture** | (23,006.70) |
| **Total Furniture & Fixtures** | 5,993.30 |
| **Total Fixed Assets** | 51,464,377.71 |
| **TOTAL ASSETS** | 58,702,317.78 |

10-29-26

**Allison Park Partners LLC**
**Balance Sheet**
**As of September 30, 2026**

| | |
|---|---|
| **LIABILITIES & EQUITY** | |
| **LIABILITIES** | |
| **Current Liabilities** | |
| **Deposits on Rental Properties** | 375,466.00 |
| **Rent Prepayments** | 83,946.16 |
| **Total Current Liabilities** | 459,412.16 |
| **Long Term Liabilities** | |
| **Loan Payable- 250 Capital** | 3,559,282.84 |
| **Loan Payable- HomeSite** | 2,072,431.38 |
| **Loan Payable- Origin Bank** | 17,191,097.63 |
| **Loan Payable- Origin Bank** | 22,233,535.00 |
| **Total Long Term Liabilities** | 45,056,346.85 |
| **Total Liabilities** | 45,515,759.01 |
| **EQUITY** | |
| **Capital Contribution** | 16,433,384.00 |
| **Retained Earnings** | (3,626,622.86) |
| **Current Period Net Income** | 379,797.63 |
| **Total Equity** | 13,186,558.77 |
| **TOTAL LIABILITIES & EQUITY** | 58,702,317.78 |

10-29-26

**Allison Park Partners LLC**
**Income Statement**
**YTD as of September 30, 2026**

| | |
|---|---|
| **Income** | |
| Rental Income | 2,702,722.03 |
| Late Fee Income | 43,560.00 |
| Non-Refundable Pet Fee | 10,100.00 |
| Mthly Pet Income | 9,782.00 |
| Security Deposit Forfeit | 44,714.14 |
| Tenant Benefit Services | 117,848.15 |
| Administrative Fee | 11,400.00 |
| Total Income | 2,940,126.32 |
| **RENTAL PROPERTY DIRECT COSTS** | |
| Building Maintenance Expense | 58,383.46 |
| Building Repairs Expense | 102,378.25 |
| Building Supplies & Expenses | 2,990.70 |
| Rental Property Cleaning Exp | 16,275.00 |
| Rental Property Commission | 114,708.75 |
| Rental Property Exterminating | 1,935.48 |
| Rental Property Filing Fee | (456.42) |
| Rental Property Insurance Exp | 165,121.20 |
| Lawn & Tree Service Expense | 25,879.34 |
| Rental Property Marketing | 14,095.98 |
| Rental Property Mgmt Expense | 81,081.66 |
| Rental Property Smart Home Host | 12,075.64 |
| Rental Property Utilities | 103,573.33 |
| Total Rental Property Direct Costs | 698,042.37 |
| **RESERVE MAINTENANCE** | |
| Common Area Maintenance | 324.76 |
| Reserve Utilities | 23,540.41 |
| Total Reserve Maintenance | 23,865.17 |
| Total Cost of Goods Sold | 721,907.54 |
| GROSS PROFIT | 2,218,218.78 |
| **OPERATING EXPENSE** | |
| Bank Service Charges | (1,725.00) |
| Depreciation Expense | 768,970.35 |
| Office Supplies Expense | 186.03 |
| Professional Fees- Accounting | 3,745.00 |
| Professional Fees- Legal | 1,496.00 |
| Professional Fees- Other | 16,420.05 |
| Total Operating Expense | 789,092.43 |
| Net Income | 1,429,126.35 |
| **OTHER INCOME/(EXPENSE)** | |
| Interest Income | 9,572.28 |
| Interest Expense | (76,465.51) |
| LOC Interest | (982,367.23) |
| Franchise Tax | (68.26) |
| Total Other Income/Expense | (1,049,328.72) |
| NET PROFIT | 379,797.63 |

10.29.26

**APPENDIX C**

**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**

# MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

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

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

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

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

SPECIMEN

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

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

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

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