# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 504

**(Harris County, Texas)**

# PRELIMINARY OFFICIAL STATEMENT

**DATED: SEPTEMBER 12, 2025**

## $6,940,000
## UNLIMITED TAX BONDS
## SERIES 2025A

**BIDS DUE: 10:30 A.M., HOUSTON TIME**
**BONDS AWARDED: 6:00 P.M., HOUSTON TIME**
**THURSDAY, OCTOBER 2, 2025**
**HOUSTON, TEXAS**

RATHMANN & ASSOCIATES

*Financial Advisor to the District*

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 12, 2025**

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

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

**NEW ISSUE - Book-Entry Only**

**Moody's Investors Service, Inc. (Underlying)… "Baa1"**
**See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings" herein**

**$6,940,000**
**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 504**
**(A Political Subdivision of the State of Texas, located within Harris County, Texas)**
**UNLIMITED TAX BONDS, SERIES 2025A**

**Dated: October 15, 2025**
**Interest Accrual Date: Date of Delivery**

**Due: September 1, as shown on inside cover**

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Houston, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected October 30, 2025) (the "Date of Delivery"), and is payable on March 1, 2026, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only.

The Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of Harris County Municipal Utility District No. 504 (the "District"), as a whole or from time to time in part, on September 1, 2030, or 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. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

**See Maturity Schedule on the inside cover**

The Bonds constitute the tenth series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "Utility System") to serve the District. Voters in the District authorized a total of $247,320,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing the Utility System and refunding purposes, $131,380,000 principal amount of unlimited tax bonds for road facilities and refunding purposes (the "Road System"), and $40,700,000 principal amount of unlimited tax bonds for recreational facilities and refunding purposes. Following the issuance of the Bonds, $145,940,000 principal amount of unlimited tax bonds for the acquisition or construction of the Utility System and refunding purposes, $111,580,000 principal amount of unlimited tax bonds for the Road System and refunding purposes, and $40,700,000 principal amount of unlimited tax bonds for recreational facilities and refunding purposes authorized by the District's voters will remain authorized but unissued. See "THE BONDS - Issuance of Additional Debt."

The Bonds, when issued, will constitute valid and legally binding obligations of the District, and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS - Source of 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. Investment in the Bonds is subject to special investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about October 30, 2025.

## MATURITY SCHEDULE

**CUSIP Prefix (a): 41423R**

| Maturity (Due September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (b) | CUSIP Suffix (a) |
|---|---|---|---|---|
| 2027 | $30,000 | % | % | |
| 2028 | 35,000 | | | |
| 2029 | 35,000 | | | |
| 2030 | 35,000 | | | |
| 2031(c) | 30,000 | | | |
| 2032(c) | 40,000 | | | |
| 2033(c) | 40,000 | | | |
| 2034(c) | 35,000 | | | |
| 2035(c) | 35,000 | | | |
| 2036(c) | 25,000 | | | |
| 2037(c) | 15,000 | | | |
| 2038(c) | 15,000 | | | |
| **** | **** | | | |
| 2051(c) | 105,000 | | | |
| 2052(c) | 110,000 | | | |
| 2053(c) | 85,000 | | | |
| 2054(c) | 6,270,000 | | | |

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriter (as defined herein) take any responsibility for the accuracy of CUSIP numbers.

(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed.

(c) Subject to optional redemption as described on the front cover.

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## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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 the Official Statement until delivery of the Bonds to the Underwriter (as hereinafter defined), and thereafter only as described under "OFFICIAL STATEMENT - Updating of Official Statement."

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, their 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.

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

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

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by ________________________________ (referred to herein as the "Underwriter" or the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of ___________% of the principal amount thereof, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

### 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 amount 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. The District has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriter at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

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

The prices and other terms 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 price, 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 PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

### Securities Laws

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

### Municipal Bond Insurance and Ratings

Applications have been made to Assured Guaranty Inc. ("AG") and Build America Mutual Assurance Company ("BAM") to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than Moody's Investors Service, Inc. ("Moody's"), will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings except the Moody's rating fees as described below. Moody's has assigned an underlying rating of "Baa1" to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by Moody's, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody's and the Moody's rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," if the Underwriter elects to purchase municipal bond guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

## BOND INSURANCE RISK FACTORS

As is stated above under the caption "Municipal Bond Insurance and Ratings," applications have been made to insurers to issue a commitment for municipal bond guaranty insurance on the Bonds. If the Underwriter purchases such municipal bond guaranty insurance on the Bonds as set forth under such caption, in the event of default of the payment of principal of or interest on the Bonds when all or some become due, any owner of the Bonds shall have a claim under the municipal bond guaranty insurance policy (the "Policy") for such payments.

In the event that an insurer is unable to make payment of principal and interest on the Bonds 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 that an insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event would 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 any such insurer and its claims paying ability. An 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 an insurer and the ratings on bonds insured by any such insurer, including the Bonds, would not be subject to downgrade. Such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

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

Neither the District, nor to the knowledge of the District the Underwriter, has made independent investigation into the claims paying ability of any potential insurer of the Bonds and no assurance or representation regarding the financial strength or projected financial strength of any potential insurer is made by either the District or the Underwriter. Therefore, when making an investment decision, potential investors should carefully consider the ability of the District to pay the principal of and interest on the Bonds and the claims paying ability of any potential insurer, particularly over the life of the investment. See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings" above for further information regarding the District's application for municipal bond guaranty insurance on the Bonds.

## OFFICIAL STATEMENT SUMMARY

The following summary of certain information contained herein 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

| | |
|---|---|
| The Issuer ........................................................ | Harris County Municipal Utility District No. 504 (the "District") is a political subdivision of the State of Texas located within Harris County, Texas. See "THE DISTRICT - General." |
| Description........................................................ | $6,940,000 Unlimited Tax Bonds, Series 2025A, are dated October 15, 2025, and mature on September 1 in the years and principal amounts shown on the inside cover page of this Official Statement. Interest on the Bonds accrues from the Date of Delivery (as defined herein), at the rates shown on the inside cover hereof, and is payable on March 1, 2026, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The Bonds scheduled to mature on and after September 1, 2031, are subject to redemption, in whole or from time to time in part, prior to their scheduled maturities, on September 1, 2030, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. See "THE BONDS." |
| Book-Entry-Only 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 "THE BONDS - Book-Entry-Only System"). |
| Source of Payment ........................................... | Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS - Source of Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates." |
| Use of Proceeds ............................................... | Proceeds of the sale of the Bonds will be used by the District to finance (i) the District's cost of acquisition or construction of water supply and distribution, wastewater collection and treatment and storm drainage/detention facilities (the "Utility System"), that serve The Groves, Sections 40, 42, and 43; |

detention, mass grading, clearing and grubbing to serve The Groves, Section 40; utility extension to serve 26 acre Woodland Hills Drive Commercial Reserve; Gramina Way street dedication; and land costs for the Groves, Section 40; (ii) engineering, materials testing and reporting fees associated with the foregoing projects, and Storm Water Pollution Prevention; (iii) interest on advances made on behalf of the District; and (iv) administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the TCEQ, and certain financing costs related to the issuance of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds."

Payment Record................................................ The Bonds are the thirteenth series of unlimited tax bonds issued by the District. The District has previously issued Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds), Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds), Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds"), Unlimited Tax Bonds, Series 2021 (the "Series 2021 Bonds"), Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds"), Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and Unlimited Tax Bonds, Series 2025 (the "Series 2025 Bonds") for the purpose of acquiring and constructing the Utility System; and Unlimited Tax Road Bonds, Series 2021A (the "Series 2021A Road Bonds"), Unlimited Tax Road Bonds, Series 2022A (the "Series 2022A Road Bonds") and Unlimited Tax Road Bonds, Series 2023A (the "Series 2023A Road Bonds") for the purpose of acquiring and constructing roads located within the District (the "Road System") (collectively, the "Prior Bonds"). The Utility System and the Road System are collectively referred to herein as the "Systems." After the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that have not been previously retired by the District will be $107,445,000 (collectively, the "Outstanding Bonds"), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $114,385,000. The District has timely made all payments on the Prior Bonds when due.

Authorized But Unissued Bonds...................... $145,940,000 for the Utility System and refunding purposes (after issuance of the Bonds), $111,580,000 for the Road System and refunding purposes, and $40,700,000 for parks and recreational facilities and refunding purposes. See "THE BONDS - Issuance of Additional Debt." In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

Municipal Bond Insurance and Rating ............ Applications have been made to Assured Guaranty Inc. ("AG") and Build America Mutual Assurance Company ("BAM") to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than Moody's Investors Service, Inc. ("Moody's"), will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings except the Moody's rating fees as described below. Moody's has assigned an underlying rating of "Baa1" to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by Moody's, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody's and the Moody's rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

Bond Counsel.................................................... Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS" and "TAX MATTERS."

Disclosure Counsel ........................................... McCall, Parkhurst & Horton L.L.P., Houston, Texas.

**Not** Qualified Tax-Exempt Obligations ............ The Bonds are **not** "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

## THE DISTRICT

Description........................................................ The District is a political subdivision of the State of Texas, created by Order of the TCEQ on March 3, 2009. The District contains approximately 981.67 acres of land. The District is located entirely within Harris County, Texas, within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"), and within the Humble Independent School District. The District is located in northeast Harris County, approximately 20 miles northeast of downtown Houston, approximately 5 miles north of the intersection of Beltway 8 and West Lake Houston Parkway and is bordered by the Balmoral development to the south, undeveloped acreage to the west, Union Pacific Railroad and Harris County Municipal Utility District No. 412 to the east and Harris County Municipal Utility District No. 290 to the north. See "THE DISTRICT - General" and - "Description," and "APPENDIX A - LOCATION MAP."

Authority........................................................... The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."

Development and Home Construction............. Land within the District is being developed as The Groves, a master-planned single-family and multi-family residential community that as of September 1, 2025, contained a total of 2,094 single-family residences, including 24 residences under construction. See "Builders" below.

The development of 2,112 single-family residential lots (approximately 654.08 total acres) is complete within the District. Such property has been subdivided as The Groves, Sections 1 through 43. All of such lots have been provided water supply and distribution, wastewater collection and treatment and storm drainage/detention facilities and street paving. Alliance Residential LLC has constructed the Pavilion at The Groves Apartments, a 320-unit apartment complex consisting of 12 buildings, five detached garage structures, and a clubhouse on approximately 20.19 acres of land located within the District. Kiddie Academy Educational Child Care, an early childhood learning center, has been constructed on approximately 2.335 acres of land located within the District. An approximately 113,378 square foot HEB grocery store has been constructed on approximately 14.32 acres located within the District.

RK Groves LLC owns approximately 40 acres in the District on which it intends to construct approximately 60,000 square feet of commercial development and a 336-unit multi-family development. Four retail buildings aggregating approximately 49,536 square feet have been constructed on 7 of such 40 acres. A Chase Bank is currently under construction on approximately 1 of such acres and a Whataburger restaurant is currently under construction on approximately 1.4 of such acres, both of which are expected to be completed in approximately December 2025. The remaining development is anticipated for construction in 2026. Although RK Groves LLC has informed the District that it plans to initiate the development of such undeveloped land located in the District in the future, it is under no obligation to the District to develop any of such land. Therefore, the District cannot predict whether or when any of such property owned by RK Groves LLC will be developed.

The Humble Independent School District ("HISD") owns approximately 45.14 acres of land located within the District which are not subject to ad valorem taxation by the District on which HISD has constructed an elementary school and a middle school. The YMCA has leased approximately 5.0 acres of the land owned by HISD on which baseball fields, playgrounds and pavilions with restrooms have been constructed. The balance of the land located within the District is contained within various street and/or drainage easements, rights-of-way, lakes and stormwater detention ponds, District plant sites, or is otherwise not available for future development. See "FUTURE DEVELOPMENT."

In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

Developer.......................................................... Ashlar Interests LLC, a privately held real estate development company based in Dallas, Texas ("Ashlar"), via multiple entities, has managed the development of The Groves since February 2017. Ashlar is continuing to manage the development of The Groves on behalf of CF CSLK Groves LLC, a Delaware limited liability company, which acquired The Groves from LH Groves LLC in December 2021. CF CSLK Groves LLC is referred to herein as the "Developer." In January 2022, PHHOU-Groves 33, LLC ("PHHOU") purchased approximately 33 acres from CF CSLK Groves LLC which has been developed as The Groves, Section 40. Ashlar is managing the development of such lots on behalf of PHHOU. In July, 2023, PHHOU-Groves 7, LLC ("PHHOU7") purchased approximately 7.2 acres from CF CSLK Groves LLC which it has developed as The Groves, Sections 42 and 43. The Developer owns approximately 10.32 acres of currently undeveloped land located within the District which are expected to be developed for future single-family residential, multi-family residential, or commercial development. Although the Developer has informed the District that it plans to complete the development of the remainder of its currently undeveloped land located in the District in the future, it is under no obligation to the District to develop any of such land.

The Developer has made no commitment for the payment of debt service on the Bonds. Only the owners of taxable property located in the District are legally responsible for the payment of ad valorem taxes to the District and other taxing authorities.

Builders............................................................. As is described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," as of September 1, 2025, the District contained 2,094 single-family residences, including 24 residences under construction. Current builders of homes located within the District are: Chesmar Homes, Perry Homes, Westin Homes, Beazer Homes, Shea Homes, and David Weekley Homes. Such homebuilding companies are collectively referred to herein as the "Builders."

See "DEVELOPMENT AND HOME CONSTRUCTION" for descriptions of the subdivisions located within the District in which the Builders are currently constructing homes. Lot sales contracts between the Developer and the Builders are option contracts with the sole remedy of the Developer upon an event of default by the Builder being retention of nominal option consideration. According to the Developer, homes currently being constructed by Chesmar Homes in the District range in size from approximately 1,474 square feet to 2,050 square feet of living area and in sales price from approximately $292,000 to $373,465; homes currently being constructed by Perry Homes in the District range in size from approximately 1,650 square feet to 2,600 square feet of living area and in sales price from approximately $332,000 to $518,900; homes currently being constructed by Westin Homes in the District range in size from approximately 2,504 square feet to 2,782 square feet of living area and in sales price from approximately $400,000 to $475,000; homes currently being constructed by Beazer Homes in the District range in size from approximately 1,600 square feet to 2,286 square feet of living area and in sales price from approximately $315,675 to $404,700; and homes currently being constructed by Shea Homes in the District range in size from approximately 2,000 square feet to 3,300 square feet of living area and in sales price from approximately $380,000 to $600,000; and homes currently being constructed by David Weekley Homes in the District range in size from approximately 1,400 square feet to 2,670 square feet of living area and in sales price from approximately $265,000 to $438,000.

## INVESTMENT CONSIDERATIONS

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

## SELECTED FINANCIAL INFORMATION
## (UNAUDITED)

| | | | |
|---|---|---|---|
| 2025 Assessed Valuation<br>(As of January 1, 2025)<br>See "TAX DATA" and "TAXING PROCEDURES" | $ | 944,344,673 | (a) |
| Estimated Valuation at June 1, 2025<br>See "TAX DATA" and "TAXING PROCEDURES" | $ | 975,372,290 | (b) |
| Direct Debt | | | |
| Outstanding Bonds | $ | 107,445,000 | |
| The Bonds | | 6,940,000 | |
| Total | $ | 114,385,000 | (c) |
| Estimated Overlapping Debt | $ | 59,454,010 | |
| Total Direct and Estimated Overlapping Debt | $ | 173,839,010 | (c) |
| Direct Debt Ratios | | | |
| : as a percentage of 2025 Assessed Valuation | | 12.11 | % |
| : as a percentage of Estimated Valuation at June 1, 2025 | | 11.73 | % |
| Direct and Estimated Overlapping Debt Ratios | | | |
| : as a percentage of 2025 Assessed Valuation | | 18.41 | % |
| : as a percentage of Estimated Valuation at June 1, 2025 | | 17.82 | % |
| Road System Debt Service Fund Balance Estimated as of Delivery of the Bonds | $ | 734,098 | (d) |
| Utility System Debt Service Fund Balance Estimated as of Delivery of the Bonds | $ | 4,046,722 | (d) |
| General Fund Balance as of August 1, 2025 | $ | 6,671,922 | |
| 2024 Tax Rate per $100 of Assessed Valuation | | | |
| Debt Service Tax – Utility System $0.640 | | | |
| Debt Service Tax - Road System 0.135 | | | |
| Maintenance Tax 0.275 | | | |
| Total | $ | 1.05 | (e) |
| Anticipated 2025 Tax Rate per $100 of Assessed Valuation | | | |
| Debt Service Tax – Utility System $0.68 | | | |
| Debt Service Tax - Road System 0.13 | | | |
| Maintenance Tax 0.24 | | | |
| Total | $ | 1.05 | (e) |
| Average Percentage of Total Tax Collections (2014-2023)<br>(As of July 31, 2025) | | 99.98 | % |
| Percentage of 2024 Total Tax Collections<br>(As of July 31, 2025) | | 99.11 | % |
| Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2054) | $ | 6,641,603 | |

| | | |
|---|---|---|
| Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2050) | $ | 6,772,250 |
| Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2054) at 95% Tax Collections | | |
| Based Upon 2025 Assessed Valuation | $ | 0.75 |
| Based Upon Estimated Valuation at June 1, 2025 | $ | 0.72 |
| Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2051) at 95% Tax Collections | | |
| Based Upon 2025 Assessed Valuation | $ | 0.75 |
| Based Upon Estimated Valuation at June 1, 2025 | $ | 0.74 |
| Number of Single Family Residences as of September 1, 2025 (including 24 residences under construction) | | 2,094 |
| Multi-family Improvements | | |
| 320-unit Pavilion at The Groves Apartments | | |

(a) As of January 1, 2025. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Harris Central Appraisal Review Board (the "Appraisal Review Board"). Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is $32,965,913, which total is included in the amount of $944,344,673. The Appraisal District has proposed the valuation of such protested properties to be $35,260,487. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $25,403,228, which total is also included in the amount of $944,344,673. The District is unable to predict the amount of the District's final 2025 Assessed Valuation. Such final 2025 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2025. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of June 1, 2025, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2025, through May 31, 2025. The ultimate assessed valuation of such additions to the District's tax roll resulting from development and construction activity from January 1, 2025, through May 31, 2025, may vary significantly from this estimate when the Appraisal Review Board certifies the valuation of District property for the purpose of determining the District's 2026 tax roll, which will be based on the valuation of District property as of January 1, 2026.

(c) See "DISTRICT DEBT." In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

(d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Utility System Debt Service Fund or the Road Debt Service Fund. Such sums give effect to the payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due for 2025. The District's initial debt service payment on the Bonds, consisting of an interest payment due thereon, is due on March 1, 2026. Monies in the Road Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Utility System, nor may monies in the Utility System Debt Service Fund be used to pay debt service on bonds or other obligations issued by the District for the Road System.

(e) The District levied a debt service tax for the Utility System and parks in the amount of $0.64 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.135 per $100 of Assessed Valuation, plus a maintenance tax of $0.275 per $100 of Assessed Valuation for 2024. The District anticipates levying a debt service tax for the Utility System and parks in the amount of $0.68 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.13 per $100 of Assessed Valuation, plus a maintenance tax of $0.24 per $100 of Assessed Valuation for 2025. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2024 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2024 rate, is $2.971489. Such aggregate levies are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 504
## UNLIMITED TAX BONDS
## SERIES 2025A

## INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Harris County Municipal Utility District No. 504 (the "District") of its $6,940,000 Unlimited Tax Bonds, Series 2025A (the "Bonds").

There follow in this Official Statement descriptions of the Bonds, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request and payment of the costs of duplication thereof.

## THE BONDS

### General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the resolution (the "Bond Resolution") of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Financial Advisor, Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024.

The Bonds are dated October 15, 2025. Interest accrues from the date of initial delivery (the "Date of Delivery"), at the rates shown on the inside cover page hereof, and is payable on March 1, 2026, and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds are fully registered bonds maturing on September 1 in each of the years and in the amounts shown under "MATURITY SCHEDULE" on the inside cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Houston, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar").

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

### Book-Entry-Only System

*This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.*

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global 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 of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

**Record Date**

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th calendar day of the month next preceding such interest payment date.

**Assignments, Transfers and Exchanges**

In the event DTC's book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the Initial Purchaser, any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

## Redemption Provisions

Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

## Replacement of Registrar

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

## Payment Record

The Bonds constitute the tenth series of bonds issued by the District for the purpose of acquiring and constructing the Utility System to serve the District. The District has previously issued Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds), Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds), Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds"), Unlimited Tax Bonds, Series 2021 (the "Series 2021 Bonds"), Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds"), Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and Unlimited Tax Bonds, Series 2025 (the "Series 2025 Bonds") for the purpose of acquiring and constructing the Utility System; and Unlimited Tax Road Bonds, Series 2021A (the "Series 2021A Road Bonds"), Unlimited Tax Road Bonds, Series 2022A (the "Series 2022A Road Bonds") and Unlimited Tax Road Bonds, Series 2023A (the "Series 2023A Road Bonds") for the purpose of acquiring and constructing roads located within the District (the "Road System") (collectively, the "Prior Bonds"). The Utility System and the Road System are collectively referred to herein as the "Systems." After the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that have not been previously retired by the District will be $107,445,000 (collectively, the "Outstanding Bonds"), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $114,385,000. The District has timely made all payments on the Prior Bonds when due.

## Authority for Issuance

At an election held within the District on November 5, 2013, voters of the District authorized a total of $247,320,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and refunding such bonds, $131,380,000 for road facilities and refunding such bonds, and $40,700,000 for parks and recreational facilities and refunding such bonds. The Bonds constitute the tenth issuance of bonds from such authorization. After sale of the Bonds, a total of $145,940,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities and refunding such bonds, $111,580,000 for road facilities and refunding such bonds, and $40,700,000 for parks and recreational facilities and refunding such bonds will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission").

## Source of Payment

The Bonds, the Outstanding Bonds and any additional bonds payable in whole or in part from taxes, are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, 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 collection, and Paying Agent/Registrar fees. Tax proceeds, after deduction for collection costs, will be placed in the Utility System Debt Service Fund (defined below) and used solely to pay principal of and interest on the Bonds, the Outstanding Bonds issued for the Utility System, and Registrar fees.

Bonds issued for the Road System and the Utility System are each supported by a separate unlimited tax levied by the District. Amounts on deposit in the District's debt service fund established for bonds issued for the Road System (the "Road Debt Service Fund") may not be used to pay debt service on bonds issued by the District for the Utility System and recreational facilities, including the Bonds. Amounts on deposit in the District's debt service fund established for bonds issued for the Utility System and recreational facilities (the "Utility System Debt Service Fund") may not be used to pay debt service on bonds issued for the Road System.

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

## Funds

The Bond Resolution confirms the Utility System Debt Service Fund. The Utility System Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Bonds and any additional unlimited tax bonds issued or that have been issued by the District for the Utility System, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds, the Outstanding Bonds issued for the Utility System, and any of the District's other duly authorized bonds issued for the Utility System payable in whole or in part from taxes. Amounts on deposit in the Utility System Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Outstanding Bonds issued for the Utility System, and any additional bonds for the Utility System payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

## Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ (in the case of Utility System and recreational facilities bonds), necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $247,320,000 unlimited tax bonds for construction of water distribution, wastewater collection and storm drainage facilities and refunding purposes, and could authorize additional amounts. Following the issuance of the Bonds, $145,940,000 unlimited tax bonds for water, sewer and drainage facilities and refunding purposes will remain authorized but unissued. The District's voters also have authorized $131,380,000 for road facilities and refunding purposes, of which $111,580,000 remains authorized but unissued, and $40,700,000 in unlimited tax bonds for parks and recreational facilities and refunding purposes. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ (in the case of Utility System bonds)). In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, BGE, Inc. (the "Engineer"), the $145,940,000 authorized but unissued bonds will be adequate to finance the extension of water, wastewater and storm drainage/detention facilities and services to serve all of the remaining undeveloped portions of the District. See “DEVELOPMENT AND HOME CONSTRUCTION,” “FUTURE DEVELOPMENT,” “THE UTILITY SYSTEM” and “THE ROAD SYSTEM.”

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of park bonds by the Commission; 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, effective June 14, 2021, 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. On November 5, 2013, voters in the District authorized $40,700,000 in bonds for parks and recreational facilities, none of which bonds have been issued to date.

**No Arbitrage**

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

**Annexation and Consolidation**

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

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

**Strategic Partnership**

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which the service would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were annexed for full or limited purposes by the City. The terms of any such agreement would be determined by the City and the District. Although the City has negotiated and entered into such an agreement with other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District. No representation can be made regarding the future likelihood of an agreement or the terms thereof.

## Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of and interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to observe and perform its covenants and obligations to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. In addition, any legal action taken to seek any such remedies may be limited by the doctrine of sovereign immunity. 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. Even if the Registered Owners could obtain a judgment against the District, such judgment cannot be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See “Bankruptcy Limitation to Registered Owners' Rights” below and “INVESTMENT CONSIDERATIONS - Registered Owners’ Remedies and Bankruptcy.”

## 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. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that 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.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

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

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

"(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.

(b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

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

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

## Defeasance

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

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

**Use and Distribution of Bond Proceeds**

Proceeds of the sale of the Bonds will be used by the District to finance (i) the District's cost of acquisition or construction of water supply and distribution, wastewater collection and treatment and storm drainage/detention facilities (the "Utility System"), that serve The Groves, Sections 40, 42, and 43; detention, mass grading, clearing and grubbing to serve The Groves, Section 40; utility extension to serve 26 acre Woodland Hills Drive Commercial Reserve; Gramina Way street dedication; and land costs for the Groves, Section 40; (ii) engineering, materials testing and reporting fees associated with the foregoing projects, and Storm Water Pollution Prevention; (iii) interest on advances made on behalf of the District; and (iv) administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the TCEQ, and certain financing costs related to the issuance of the Bonds.

| | |
|---|---|
| **I. Construction Costs** | **District's Share** |
| A. Developer Contribution Items (a) | |
| 1. Groves Section 40 – Detention and Mass Grading | $739,617 |
| 2. Groves Section 40 – Clearing and Grubbing | 212,720 |
| 3. Groves Section 40 – Water, Wastewater and Drainage | 1,771,700 |
| 4. Utility Extension to Serve 26 Acre Woodland Hills Drive Commercial | 673,389 |
| 5. Gramina Way Street Dedication | 439,128 |
| 6. Groves Sections 42 and 43 – Water, Wastewater and Drainage | 160,717 |
| 7. Engineering | 645,059 |
| 8. Material Testing | 83,462 |
| 9. Storm Water Pollution Prevention | 85,967 |
| Total Developer Contribution Items | $4,811,758 |
| B. District Items | |
| 1. Land Costs | |
| a. Groves Section 40 – Reserve C | $505,320 |
| b. Groves Section 40 – Reserve F | 215,492 |
| c. Groves Section 40 – Reserve G | 148,386 |
| Total District Contribution Items | $869,198 |
| TOTAL CONSTRUCTION COSTS | $5,680,956 |
| **II. Non-Construction Costs** | |
| 1. Legal Fees | $178,800 |
| 2. Fiscal Agent Fees | 138,800 |
| 3. Interest | |
| a. Developer Interest (b) | 674,916 |
| 4. Bond Discount | 208,200 |
| 5. Bond Issuance Expenses | 34,038 |
| 6. Bond Application Report Costs | 0 |

| | | |
|---|---|---|
| 7. | Attorney General Fee | 6,940 |
| 8. | TCEQ Bond Issuance Fee | 17,350 |
| 9. | Contingency (c) | 0 |
| | TOTAL NON-CONSTRUCTION COSTS | $1,259,044 |
| | **TOTAL BOND ISSUE REQUIREMENT** | **$6,940,000** |

(a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement with respect to certain facilities being financed with portions of the proceeds of the sale of the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds.

(b) Represents interest owed to the Developer on advances of construction costs and engineer fees and operating expenses made on the District's behalf by the Developer. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the Developer has borrowed funds.

(c) The TCEQ directed that any surplus funds resulting from the sale of bonds at a lower interest rate than proposed shall be shown as a contingency line item. The use of these funds is subject to approval by the TCEQ.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to reimburse the Developer and finance the District’s share of the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

## THE DISTRICT

### General

The District is a municipal utility district created by an order of the TCEQ, dated March 3, 2009, under Article XVI, Section 59 of the Texas Constitution. Effective June 14, 2013, an amendment was enacted by a special act of the 83rd Texas Legislature, now codified as Chapter 8460 of the Texas Special District Local Laws Code (“Chapter 8460”), granting the District authority under Article III, Section 52 of the Texas Constitution. The District operates pursuant to Chapter 8460, Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts, and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

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

The District is required to observe certain requirements of the City of Houston, which limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Houston, and filed in the real property records of Harris County. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “THE UTILITY SYSTEM.”

**Description**

The District contains approximately 981.67 acres of land. The District is located entirely within Harris County, Texas, within the extraterritorial jurisdiction of the City of Houston, Texas (the “City”), and within the Humble Independent School District. The District is located in northeast Harris County, approximately 20 miles northeast of downtown Houston, approximately 5 miles north of the intersection of Beltway 8 and West Lake Houston Parkway and is bordered by the Balmoral development to the south, undeveloped acreage to the west, Union Pacific Railroad and Harris County Municipal Utility District No. 412 to the east and Harris County Municipal Utility District No. 290 to the north. See “APPENDIX A - LOCATION MAP.”

**Management of the District**

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

| Name | Position | Term Expires in May |
|---|---|---|
| John Hernandez | President | 2028 |
| Ebony McGowen | Vice President | 2026 |
| Kimberly Badu | Assistant Vice President | 2028 |
| Kedrin Bell | Secretary | 2028 |
| Anthony Turner | Assistant Secretary | 2026 |

The District does not have a general manager or any other employee, but has contracted for services, as follows.

*Tax Assessor/Collector* - The District has engaged Assessments of the Southwest, Inc., Friendswood, Texas, as the District's Tax Assessor/Collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris Central Appraisal District and bills and collects such levy.

*Consulting Engineers* - The District has employed the firm of BGE, Inc., Houston, Texas, as Consulting Engineer in connection with the design and construction of the Systems.

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

*Auditor* - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which financial statements are filed with the TCEQ. The financial statements of the District as of June 30, 2024, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX B.”

*Operator* - Inframark, LLC is employed by the District as the general operator of the District's System.

*Bond Counsel and General Counsel* - Allen Boone Humphries Robinson LLP, Houston, Texas (“Bond Counsel”) serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

*Disclosure Counsel* - McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

*Financial Advisor* - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company search.html.

## DEVELOPMENT AND HOME CONSTRUCTION

Land within the District is being developed as The Groves, a master-planned single-family and multi-family residential community that as of September 1, 2025, contained a total of 2,094 single-family residences, including 24 residences under construction. See "BUILDERS" below.

The development of 2,112 single-family residential lots (approximately 654.08 total acres) is complete within the District. Such property has been subdivided as The Groves, Sections 1 through 43. All of such lots have been provided water supply and distribution, wastewater collection and treatment and storm drainage/detention facilities and street paving. Alliance Residential LLC has constructed the Pavilion at The Groves Apartments, a 320-unit apartment complex consisting of 12 buildings, five detached garage structures, and a clubhouse on approximately 20.19 acres of land located within the District. Kiddie Academy Educational Child Care, an early childhood learning center, has been constructed on approximately 2.335 acres of land located within the District. An approximately 113,378 square foot HEB grocery store has been constructed on approximately 14.32 acres located within the District.

RK Groves LLC owns approximately 40 acres in the District on which it intends to construct approximately 60,000 square feet of commercial development and a 336-unit multi-family development. Four retail buildings aggregating approximately 49,536 square feet have been constructed on 7 of such 40 acres. A Chase Bank is currently under construction on approximately 1 of such acres and a Whataburger restaurant is currently under construction on approximately 1.4 of such acres, both of which are expected to be completed in approximately December 2025. The remaining development is anticipated for construction in 2026. Although RK Groves LLC has informed the District that it plans to initiate the development of such undeveloped land located in the District in the future, it is under no obligation to the District to develop any of such land. Therefore, the District cannot predict whether or when any of such property owned by RK Groves LLC will be developed.

The Humble Independent School District ("HISD") owns approximately 45.14 acres of land located within the District which are not subject to ad valorem taxation by the District on which HISD has constructed an elementary school and a middle school. The YMCA has leased approximately 5.0 acres of the land owned by HISD on which baseball fields, playgrounds and pavilions with restrooms have been constructed. The balance of the land located within the District is contained within various street and/or drainage easements, rights-of-way, lakes and stormwater detention ponds, District plant sites, or is otherwise not available for future development. See "FUTURE DEVELOPMENT."

In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

The following table reflects the status of the residential development and home construction in the District as of September 1, 2025:

**Residential Units**

| | LOTS | | | | HOMES | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | Under Construction | | Completed | | |
| Subdivision | Fully Developed | Acres | Under Development | Acres | Sold* | Unsold | Sold* | Unsold | Totals |
| The Groves | | | | | | | | | |
| Section 1 | 41 | 24.10 | | | 0 | 0 | 41 | 0 | 41 |
| Section 2 | 72 | 26.89 | | | 0 | 0 | 72 | 0 | 72 |
| Section 3 | 41 | 15.64 | | | 0 | 0 | 41 | 0 | 41 |
| Section 4 | 35 | 13.70 | | | 0 | 0 | 35 | 0 | 35 |
| Section 5 | 58 | 15.18 | | | 0 | 0 | 58 | 0 | 58 |
| Section 6 | 31 | 10.25 | | | 0 | 0 | 31 | 0 | 31 |
| Section 7 | 47 | 15.43 | | | 0 | 0 | 47 | 0 | 47 |
| Section 8 | 52 | 15.33 | | | 0 | 0 | 52 | 0 | 52 |
| Section 9 | 54 | 23.93 | | | 0 | 0 | 54 | 0 | 54 |
| Section 10 | 49 | 11.42 | | | 0 | 0 | 49 | 0 | 49 |
| Section 11 | 36 | 9.99 | | | 0 | 0 | 36 | 0 | 36 |
| Section 12 | 33 | 9.47 | | | 0 | 0 | 33 | 0 | 33 |
| Section 13 | 43 | 13.06 | | | 0 | 0 | 43 | 0 | 43 |
| Section 14 | 19 | 5.42 | | | 0 | 0 | 19 | 0 | 19 |
| Section 15 | 30 | 7.58 | | | 0 | 0 | 30 | 0 | 30 |
| Section 16 | 40 | 9.11 | | | 0 | 0 | 40 | 0 | 40 |
| Section 17 | 44 | 14.49 | | | 0 | 0 | 44 | 0 | 44 |
| Section 18 | 58 | 16.00 | | | 0 | 0 | 58 | 0 | 58 |
| Section 19 | 20 | 5.26 | | | 0 | 0 | 20 | 0 | 20 |
| Section 20 | 69 | 18.84 | | | 0 | 0 | 69 | 0 | 69 |
| Section 21 | 54 | 13.29 | | | 0 | 0 | 54 | 0 | 54 |
| Section 22 | 28 | 7.80 | | | 0 | 0 | 28 | 0 | 28 |
| Section 23 | 41 | 11.69 | | | 0 | 0 | 41 | 0 | 41 |
| Section 24 | 143 | 33.80 | | | 0 | 0 | 143 | 0 | 143 |
| Section 25 | 33 | 15.48 | | | 0 | 0 | 33 | 0 | 33 |
| Section 26 | 60 | 14.90 | | | 0 | 0 | 60 | 0 | 60 |
| Section 27 | 52 | 14.38 | | | 0 | 0 | 52 | 0 | 52 |
| Section 28 | 96 | 24.86 | | | 0 | 0 | 96 | 0 | 96 |
| Section 29 | 43 | 16.02 | | | 0 | 0 | 43 | 0 | 43 |
| Section 30 | 52 | 17.61 | | | 0 | 0 | 52 | 0 | 52 |
| Section 31 | 31 | 30.00 | | | 0 | 0 | 31 | 0 | 31 |
| Section 32 | 29 | 6.61 | | | 0 | 0 | 29 | 0 | 29 |
| Section 33 | 87 | 20.85 | | | 0 | 0 | 87 | 0 | 87 |
| Section 34 | 55 | 28.17 | | | 0 | 0 | 55 | 0 | 55 |
| Section 35 | 38 | 9.75 | | | 0 | 0 | 38 | 0 | 38 |
| Section 36 | 43 | 11.45 | | | 0 | 0 | 43 | 0 | 43 |
| Section 37 | 15 | 20.74 | | | 0 | 0 | 15 | 0 | 15 |
| Section 38 | 26 | 6.21 | | | 0 | 0 | 26 | 0 | 26 |
| Section 39 | 58 | 10.47 | | | 0 | 0 | 58 | 0 | 52 |
| Section 40 | 133 | 33.02 | | | 10 | 0 | 103 | 2 | 115 |
| Section 41 | 93 | 18.69 | | | 14 | 0 | 79 | 0 | 93 |
| Section 42 | 22 | 4.81 | | | 0 | 0 | 22 | 0 | 22 |
| Section 43 | 8 | 2.39 | | | 0 | 0 | 8 | 0 | 8 |
| Totals | 2,112 | 654.08 | | | 24 | 0 | 2,068 | 2 | 2,089 |

* Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application, approval, and inspection.

## THE DEVELOPER

### General

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be emplaced 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, sewer, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. The relative success or failure of a developer to perform such activities in development of the property within a utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a district. See "FUTURE DEVELOPMENT" below.

### The Developer

Ashlar Interests LLC, a privately held real estate development company based in Dallas, Texas ("Ashlar"), via multiple entities, has managed the development of The Groves since February 2017. Ashlar is continuing to manage the development of The Groves on behalf of CF CSLK Groves LLC, a Delaware limited liability company, which acquired The Groves from LH Groves LLC in December 2021. CF CSLK Groves LLC is referred to herein as the "Developer." In January 2022, PHHOU-Groves 33, LLC ("PHHOU") purchased approximately 33 acres from CF CSLK Groves LLC which has been developed as The Groves, Section 40. Ashlar is managing the development of such lots on behalf of PHHOU. In July, 2023, PHHOU-Groves 7, LLC ("PHHOU7") purchased approximately 7.2 acres from CF CSLK Groves LLC which it has developed as The Groves, Sections 42 and 43. The Developer owns approximately 10.32 acres of currently undeveloped land located within the District which are expected to be developed for future single-family residential, multi-family residential, or commercial development. Although the Developer has informed the District that it plans to complete the development of the remainder of its currently undeveloped land located in the District in the future, it is under no obligation to the District to develop any of such land.

The Developer has made no commitment for the payment of debt service on the Bonds. Only the owners of taxable property located in the District are legally responsible for the payment of ad valorem taxes to the District and other taxing authorities.

## BUILDERS

As is described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," as of September 1, 2025, the District contained 2,094 single-family residences, including 24 residences under construction. Current builders of homes located within the District are: Chesmar Homes, Perry Homes, Westin Homes, Beazer Homes, Shea Homes, and David Weekley Homes. Such homebuilding companies are collectively referred to herein as the "Builders." See "DEVELOPMENT AND HOME CONSTRUCTION" for descriptions of the subdivisions located within the District in which the Builders are currently constructing homes. Lot sales contracts between the Developer and the Builders are option contracts with the sole remedy of the Developer upon an event of default by the Builder being retention of nominal option consideration. According to the Developer, homes currently being constructed by Chesmar Homes in the District range in size from approximately 1,474 square feet to 2,050 square feet of living area and in sales price from approximately $292,000 to $373,465; homes currently being constructed by Perry Homes in the District range in size from approximately 1,650 square feet to 2,600 square feet of living area and in sales price from approximately $332,000 to $518,900; homes currently being constructed by Westin Homes in the District range in size from approximately 2,504 square feet to 2,782 square feet of living area and in sales price from approximately $400,000 to $475,000; homes currently being constructed by Beazer Homes in the District range in size from approximately 1,600 square feet to 2,286 square feet of living area and in sales price from approximately $315,675 to $404,700; and homes currently being constructed by Shea Homes in the District range in size from approximately 2,000 square feet to 3,300 square feet of living area and in sales price from approximately $380,000 to $600,000; and homes currently being constructed by David Weekley Homes in the District range in size from approximately 1,400 square feet to 2,670 square feet of living area and in sales price from approximately $265,000 to $438,000.

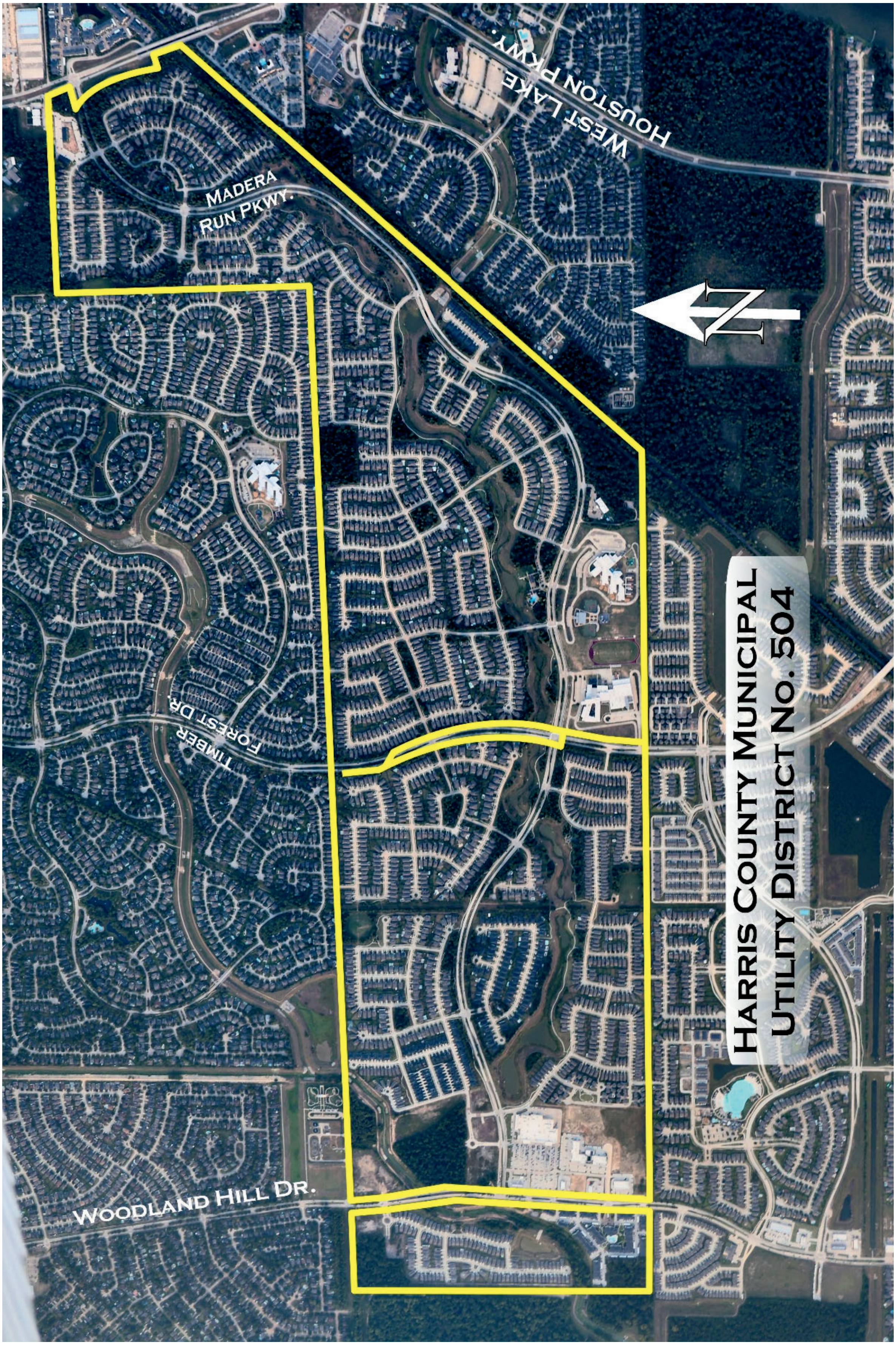
## FUTURE DEVELOPMENT

RK Groves LLC owns approximately 40 acres in the District on which it intends to construct approximately 60,000 square feet of commercial development and a 336-unit multi-family development. Four retail buildings aggregating approximately 49,536 square feet have been constructed on 7 of such 40 acres. A Chase Bank is currently under construction on approximately 1 of such acres and a Whataburger restaurant is currently under construction on approximately 1.4 of such acres, both of which are expected to be completed in approximately December 2025. The remaining development is anticipated for construction in 2026. Although RK Groves LLC has informed the District that it plans to initiate the development of such undeveloped land located in the District in the future, it is under no obligation to the District to develop any of such land. Therefore, the District cannot predict whether or when any of such property owned by RK Groves LLC will be developed.

If any undeveloped portion of the District is eventually developed, additions to the District's Systems required to provide service to such undeveloped acreage may be financed by future issues of the District's bonds.

Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, BGE, Inc. (the "Engineer"), the $145,940,000 authorized but unissued bonds will be adequate to finance the extension of the Utility System to serve all of the remaining undeveloped portions of the District. See "DEVELOPMENT AND HOME CONSTRUCTION" and "THE UTILITY SYSTEM."

**AERIAL PHOTOGRAPH OF THE DISTRICT**
**(taken September 2025)**



**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT**
**(taken September 2025)**

## PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
## (taken September 2025)

## DISTRICT DEBT

**Debt Service Requirement Schedule**

The following schedule sets forth the debt service requirements for the Outstanding Bonds plus the estimated principal and interest requirements of the Bonds.

| Year Ending December 31 | Current Total Debt Service | Plus: The Bonds Principal | Plus: The Bonds Interest* | New Total Debt Service |
|---|---|---|---|---|
| 2025 | $5,658,131 | | | $5,658,131 |
| 2026 | 6,211,524 | | $319,144 | 6,530,667 |
| 2027 | 6,201,045 | $30,000 | 381,700 | 6,612,745 |
| 2028 | 6,197,464 | 35,000 | 380,050 | 6,612,514 |
| 2029 | 6,199,339 | 35,000 | 378,125 | 6,612,464 |
| 2030 | 6,200,314 | 35,000 | 376,200 | 6,611,514 |
| 2031 | 6,210,558 | 30,000 | 374,275 | 6,614,833 |
| 2032 | 6,198,820 | 40,000 | 372,625 | 6,611,445 |
| 2033 | 6,203,551 | 40,000 | 370,425 | 6,613,976 |
| 2034 | 6,207,908 | 35,000 | 368,225 | 6,611,133 |
| 2035 | 6,210,264 | 35,000 | 366,300 | 6,611,564 |
| 2036 | 6,221,651 | 25,000 | 364,375 | 6,611,026 |
| 2037 | 6,237,389 | 15,000 | 363,000 | 6,615,389 |
| 2038 | 6,238,138 | 15,000 | 362,175 | 6,615,313 |
| 2039 | 6,254,726 | | 361,350 | 6,616,076 |
| 2040 | 6,265,714 | | 361,350 | 6,627,064 |
| 2041 | 6,280,101 | | 361,350 | 6,641,451 |
| 2042 | 6,288,145 | | 361,350 | 6,649,495 |
| 2043 | 6,305,624 | | 361,350 | 6,666,974 |
| 2044 | 6,321,231 | | 361,350 | 6,682,581 |
| 2045 | 6,335,081 | | 361,350 | 6,696,431 |
| 2046 | 6,342,694 | | 361,350 | 6,704,044 |
| 2047 | 6,358,669 | | 361,350 | 6,720,019 |
| 2048 | 6,372,413 | | 361,350 | 6,733,763 |
| 2049 | 6,390,494 | | 361,350 | 6,751,844 |
| 2050 | 6,410,900 | | 361,350 | 6,772,250 |
| 2051 | 6,147,700 | 105,000 | 361,350 | 6,614,050 |
| 2052 | 6,150,044 | 110,000 | 355,575 | 6,615,619 |
| 2053 | 6,180,856 | 85,000 | 349,525 | 6,615,381 |
| 2054 | | 6,270,000 | 344,850 | 6,614,850 |
| | $180,800,488 | $6,940,000 | $10,524,119 | $198,264,606 |

Average Annual Requirements: (2026-2054) .................................................................................. $6,641,603
Maximum Annual Requirement: (2050) .......................................................................................... $6,772,250

* Interest is estimated at 5.50% per annum for purposes of illustration.

**Bonded Indebtedness**

| | | | |
|---|---|---|---|
| 2025 Assessed Valuation<br>(As of January 1, 2024)<br>See "TAX DATA" and "TAXING PROCEDURES" | $ | 944,344,673 | (a) |
| Estimated Valuation at June 1, 2025<br>See "TAX DATA" and "TAXING PROCEDURES" | $ | 975,372,290 | (b) |
| Direct Debt | | | |
| Outstanding Bonds | $ | 107,445,000 | |
| The Bonds | | 6,940,000 | |
| Total | $ | 114,385,000 | (c) |
| Estimated Overlapping Debt | $ | 59,454,010 | |
| Total Direct and Estimated Overlapping Debt | $ | 173,839,010 | (c) |
| Direct Debt Ratios | | | |
| : as a percentage of 2025 Assessed Valuation | | 12.11 | % |
| : as a percentage of Estimated Valuation at June 1, 2025 | | 11.73 | % |
| Direct and Estimated Overlapping Debt Ratios | | | |
| : as a percentage of 2025 Assessed Valuation | | 18.41 | % |
| : as a percentage of Estimated Valuation at June 1, 2025 | | 17.82 | % |
| Road System Debt Service Fund Balance Estimated as of Delivery of the Bonds | $ | 734,098 | (d) |
| Utility System Debt Service Fund Balance Estimated as of Delivery of the Bonds | $ | 4,046,722 | (d) |
| General Fund Balance as of August 1, 2025 | $ | 6,671,922 | |

| | | | | |
|---|---|---|---|---|
| 2024 Tax Rate per $100 of Assessed Valuation | | | | |
| Debt Service Tax – Utility System | $0.640 | | | |
| Debt Service Tax - Road System | 0.135 | | | |
| Maintenance Tax | 0.275 | | | |
| Total | | $ | 1.05 | (e) |
| Anticipated 2025 Tax Rate per $100 of Assessed Valuation | | | | |
| Debt Service Tax – Utility System | $0.68 | | | |
| Debt Service Tax - Road System | 0.13 | | | |
| Maintenance Tax | 0.24 | | | |
| Total | | $ | 1.05 | (e) |

---

(a) As of January 1, 2025. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Harris Central Appraisal Review Board (the "Appraisal Review Board"). Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is $32,965,913, which total is included in the amount of $944,344,673. The Appraisal District has proposed the valuation of such protested properties to be $35,260,487. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $25,403,228, which total is also included in the amount of $944,344,673. The District is unable to predict the amount of the District's final 2025 Assessed Valuation. Such final 2025 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2025. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of June 1, 2025, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2025, through May 31, 2025. The ultimate assessed valuation of such additions to the District's tax roll resulting from development and construction activity from January 1, 2025, through May 31, 2025, may vary significantly from this estimate when the Appraisal Review Board certifies the valuation of District property for the purpose of determining the District's 2026 tax roll, which will be based on the valuation of District property as of January 1, 2026.

(c) In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

(d) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Utility System Debt Service Fund or the Road Debt Service Fund. Such sums give effect to the payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due for 2025. The District's initial debt service payment on the Bonds, consisting of an interest payment due thereon, is due on March 1, 2026. Monies in the Road Debt Service Fund cannot be used to pay debt service on bonds issued by the District for the Utility System, nor may monies in the Utility System Debt Service Fund be used to pay debt service on bonds or other obligations issued by the District for the Road System.

(e) The District levied a debt service tax for the Utility System and parks in the amount of \$0.64 per \$100 of Assessed Valuation, a debt service tax for the Road System in the amount of \$0.135 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.275 per \$100 of Assessed Valuation for 2024. The District anticipates levying a debt service tax for the Utility System and parks in the amount of \$0.68 per \$100 of Assessed Valuation, a debt service tax for the Road System in the amount of \$0.13 per \$100 of Assessed Valuation, plus a maintenance tax of \$0.24 per \$100 of Assessed Valuation for 2025. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2024 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2024 rate, is \$2.971489. Such aggregate levies are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

**Estimated Direct and Overlapping Debt Statement**

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

| Taxing Jurisdiction | Debt as of September 1, 2025 | Estimated Overlapping Percent | Estimated Overlapping Amount |
|---|---|---|---|
| Harris County[(i)] | $2,358,264,736 | 0.14188% | $3,345,859 |
| Harris County Department of Education | 28,960,000 | 0.14188% | $41,088 |
| Harris County Flood Control District | 963,805,000 | 0.14188% | 1,367,427 |
| Harris County Hospital District | 867,820,000 | 0.14188% | 1,231,246 |
| Port of Houston Authority | 406,509,397 | 0.14188% | 576,748 |
| Humble Independent School District | 1,295,795,000 | 3.98432% | 51,628,614 |
| Lone Star College System | 436,935,000 | 0.28907% | 1,263,028 |
| Total Estimated Overlapping Debt | | | $59,454,010 |
| Total Direct Debt (the Bonds and the Outstanding Bonds) | | | 114,385,000 |
| Total Direct and Estimated Overlapping Debt | | | $173,839,010 |

(i) The Harris County Toll Road Authority bonds are considered to be self-supporting, and are not included in this schedule.

**Debt Ratios**

| | % of 2025 Assessed Valuation | % of Estimated Valuation at June 1, 2025 |
|---|---|---|
| Direct Debt | 12.11% | 11.73% |
| Direct and Estimated Overlapping Debt | 18.41% | 17.82% |

## TAX DATA

**Debt Service Tax**

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds and any future tax-supported bonds that may be issued by the District from time to time. The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The actual rate of such tax is determined annually as a function of the District's tax base, its debt service requirements, and available funds. The District levied a debt service tax for 2024 of $0.775 per $100 of Assessed Valuation (representing a debt service tax of $0.64 per $100 of Assessed Valuation for payment of bonds issued by the District for the Utility System and a debt service tax of $0.135 per $100 of Assessed Valuation for payment of bonds issued by the District for the Road System) and anticipates levying a debt service tax for

2025 of $0.81 per $100 of Assessed Valuation (representing a debt service tax of $0.68 per $100 of Assessed Valuation for payment of bonds issued by the District for the Utility System and a debt service tax of $0.13 per $100 of Assessed Valuation for payment of bonds issued by the District for the Road System) as is described below under the caption "Tax Rate Distribution." The District is authorized to levy separate debt service taxes, both of which are unlimited as to rate or amount, for the payment of debt service on bonds issued for the Utility System and bonds issued for the Road System.

**Maintenance Tax**

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On November 5, 2013, the District voters authorized the levy of such a maintenance tax in an amount not to exceed $1.50 per $100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax in 2024 of $0.275 per $100 of Assessed Valuation and anticipates levying a maintenance tax in 2025 of $0.24 per $100 of Assessed Valuation.

On November 5, 2013, the District voters authorized the levy of a road maintenance tax in an amount not to exceed $0.25 per $100 of Assessed Valuation for the purpose of maintaining roads in the District. As of the date hereof, the District has not levied a road maintenance tax. Such tax would be levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any parity bonds which may be issued in the future and the maintenance tax described above.

**Tax Rate Limitation**

| | |
|---|---|
| Utility System Debt Service: | Unlimited (no legal limit as to rate or amount) |
| Road System Debt Service: | Unlimited (no legal limit as to rate or amount) |
| Utility System Maintenance: | $1.50 per $100 Assessed Valuation |
| Road System Maintenance: | $0.25 per $100 Assessed Valuation |

### Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

| Tax Year | Assessed Valuation | Tax Rate[(a)] | Total Levy | % Collections Current & Prior Years[(b)] | Year Ended 09/30 |
|---|---|---|---|---|---|
| 2014 | $7,008,348 | $1.39[(c)] | $133,890 | 100.00% | 2015 |
| 2015 | 17,605,128 | 1.39[(c)] | 279,172 | 100.00 | 2016 |
| 2016 | 68,903,759 | 1.39 | 997,101 | 100.00 | 2017 |
| 2017 | 112,370,898 | 1.39 | 1,597,262 | 100.00 | 2018 |
| 2018 | 165,351,477 | 1.39 | 2,373,426 | 100.00 | 2019 |
| 2019 | 272,749,954 | 1.39 | 3,791,224 | 99.92 | 2020 |
| 2020 | 366,605,574 | 1.39 | 5,095,817 | 99.98 | 2021 |
| 2021 | 501,124,003 | 1.31 | 6,564,724 | 99.99 | 2022 |
| 2022 | 703,776,808 | 1.18 | 8,300,948 | 99.97 | 2023 |
| 2023 | 830,914,597 | 1.06 | 8,807,695 | 99.92 | 2024 |
| 2024 | 877,307,938 | 1.05 | 9,284,782 | 99.11(d) | 2025 |
| 2025 | 944,344,673(e) | 1.05(f) | 9,915,619(e) | (f) | 2026 |

(a) Per $100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through July 31, 2025. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) Maintenance tax only.

(d) As of July 31, 2025. In process of collection.

(e) Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is $32,965,913, which total is included in the amount of $944,344,673. The Appraisal District has proposed the valuation of such protested properties to be $35,260,487. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $25,403,228, which total is also included in the amount of $944,344,673. The District is unable to predict the amount of the District's final 2025 Assessed Valuation. Such final 2025 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2025.

(f) The District anticipates levying a debt service tax for the Utility System and parks in the amount of $0.68 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.13 per $100 of Assessed Valuation, plus a maintenance tax of $0.24 per $100 of Assessed Valuation for 2025.

**Tax Rate Distribution**

| | 2025* | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|---|
| Debt Service – Utility System | $0.68 | $0.640 | $0.63 | $0.77 | $0.81 | $0.85 |
| Debt Service – Road System | 0.13 | 0.135 | 0.14 | 0.00 | 0.00 | 0.00 |
| Maintenance | 0.24 | 0.275 | 0.29 | 0.41 | 0.50 | 0.54 |
| Total | $1.05 | $1.050 | $1.06 | $1.18 | $1.31 | $1.39 |

* The District anticipates levying a debt service tax for the Utility System and parks in the amount of $0.68 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.13 per $100 of Assessed Valuation, plus a maintenance tax of $0.24 per $100 of Assessed Valuation for 2025.

**Tax Exemption**

The District adopted a residential homestead exemption of $20,000 for persons 65 years or older or disabled persons for 2025. See "TAXING PROCEDURES."

**Analysis of Tax Base**

The following table illustrates the composition of property located within the District during the past five years.

| Type of Property | 2025 Assessed Valuation | % | 2024 Assessed Valuation | % | 2023 Assessed Valuation | % |
|---|---|---|---|---|---|---|
| Land | $164,595,711 | 17.43% | $176,334,962 | 20.10% | $146,600,575 | 17.64% |
| Improvements | 767,752,025 | 81.30% | 791,122,806 | 90.48% | 798,075,225 | 96.05% |
| Personal Property | 11,997,589 | 1.27% | 12,064,633 | 1.38% | 10,392,968 | 1.25% |
| Uncertified | 58,369,141 | 6.18% | 0 | 0.00% | 0 | 0.00% |
| Exemptions | (58,369,793) | -6.18% | (102,214,463) | -11.65% | (124,154,171) | -14.94% |
| TOTAL | $944,344,673* | 100.00% | $877,307,938 | 100.00% | $830,914,597 | 100.00% |

| Type of Property | 2022 Assessed Valuation | % | 2021 Assessed Valuation | % |
|---|---|---|---|---|
| Land | $143,775,483 | 20.43% | $134,094,308 | 26.76% |
| Improvements | 635,828,454 | 90.35% | 393,687,510 | 78.56% |
| Personal Property | 5,085,161 | 0.72% | 3,131,272 | 0.62% |
| Exemptions | (80,912,290) | -11.50% | (29,789,087) | -5.94% |
| TOTAL | $703,776,808 | 100.00% | $501,124,003 | 100.00% |

* Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is $32,965,913, which total is included in the amount of $944,344,673. The Appraisal District has proposed the valuation of such protested properties to be $35,260,487. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $25,403,228, which total is also included in the amount of $944,344,673. The District is unable to predict the amount of the District's final 2025 Assessed Valuation. Such final 2025 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2025.

**Principal 2025 Taxpayers**

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2025. The information reflects the composition of property ownership reflected on the District's 2025 tax roll. See "THE DEVELOPER."

| Taxpayer | Type of Property | Assessed Valuation 2025 Tax Roll | % of 2025 Tax Roll |
|---|---|---|---|
| Alliance Residential, LLC (a) | Multi-Family | $47,513,263 | 5.03% |
| HEB LP (a) | Commerical | 27,873,574 | 2.95% |
| RK Groves LLC (a) | Land | 11,100,788 | 1.18% |
| Westin Homes and Properties, L.P. (b) | Lots and Homes | 4,208,316 | 0.45% |
| TGOC LLC | Land | 3,149,249 | 0.33% |
| Centerpoint Energy Electric | Utilities | 2,880,650 | 0.31% |
| Houston Groves Partners II Ltd | Land | 2,856,990 | 0.30% |
| Madera Run, Ltd. | Commercial | 2,319,772 | 0.25% |
| Perry Homes LLC (b) | Lots and Homes | 2,150,892 | 0.23% |
| PHHOU Groves 33 LLC (b) | Land | 2,115,061 | 0.22% |
| | | $106,168,555 | 11.24% |

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[(a)] See "DEVELOPMENT AND HOME CONSTRUCTION" and "INVESTMENT CONSIDERATIONS – Tax Exempt Property."

[(b)] See "BUILDERS."

**Tax Rate Calculations**

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2025 Assessed Valuation or the Estimated Valuation at June 1, 2025. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District.

| | |
|---|---|
| Average Annual Debt Service Requirements (2026-2053) | $6,641,603 |
| Tax Rate of $0.75 on the 2025 Assessed Valuation ($944,344,673) produces | $6,728,456 |
| Tax Rate of $0.72 on the Estimated Valuation at June 1, 2025 ($975,372,290) produces | $6,671,546 |
| Maximum Annual Debt Service Requirement (2050) | $6,772,250 |
| Tax Rate of $0.75 on the 2025 Assessed Valuation ($944,344,673) produces | $6,728,456 |
| Tax Rate of $0.74 on the Estimated Valuation at June 1, 2025 ($975,372,290) produces | $6,856,867 |

The District levied a debt service tax for the Utility System and parks in the amount of $0.64 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.135 per $100 of Assessed Valuation, plus a maintenance tax of $0.275 per $100 of Assessed Valuation for 2024. The District anticipates levying a debt service tax for the Utility System and parks in the amount of $0.68 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.13 per $100 of Assessed Valuation, plus a maintenance tax of $0.24 per $100 of Assessed Valuation for 2025. Thus the anticipated 2025 combined debt service tax rate is $0.81 per $100 of Assessed Valuation. As the above table indicates, the anticipated 2025 debt service tax rate will be sufficient to pay debt service on the Outstanding Bonds and the Bonds given taxable values in the District at the level of the 2025 Assessed Valuation or the Estimated Valuation at June 1, 2025, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. In addition, as is illustrated above under the caption "Historical Values and Tax Collection History," the District has collected an average of 99.98% of its 2014 through 2023 tax levies as of July 31, 2025, and its 2024 tax levy was 99.11% collected as of such date. Moreover, the District's Road Debt Service Fund balance was $734,098 and the Utility System Debt Service Fund balance is estimated to be $4,046,722 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in either Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Funds to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS"). The District anticipates that the foregoing factors and future increases in taxable values which are expected to occur as a consequence of the construction of homes on the lots developed by the Developer will enable it to meet the debt service requirements on the Outstanding Bonds and the Bonds without increasing the combined debt service tax rate above the combined debt service tax rate which the District anticipates levying for 2025 - $0.81 per $100 of Assessed Valuation; however, the District can make no representation that the taxable property values will increase in the future or will maintain a value sufficient to support the aforementioned tax rate. See "THE BONDS - Source of Payment" and "TAXING PROCEDURES." In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," "THE UTILITY SYSTEM" and "THE ROAD SYSTEM." See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

**Estimated Overlapping Taxes**

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2024 taxes levied upon property located within the District, plus the District's 2024 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

| Taxing Jurisdiction | 2024 Tax Rate Per $100 of A.V. |
|---|---|
| The District [(i)] | $1.050000 |
| Harris County | 0.385290 |
| Harris County Department of Education | 0.004799 |
| Harris County Flood Control District | 0.048970 |
| Harris County Hospital District | 0.163480 |
| Port of Houston Authority | 0.006150 |
| Humble Independent School District | 1.105200 |
| Lone Star College System | 0.107600 |
| Harris County Emergency Service Districts [(ii)] | 0.100000 |
| Total Tax Rate | $2.971489 |

[(i)] The District levied a debt service tax for the Utility System and parks in the amount of $0.64 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.135 per $100 of Assessed Valuation, plus a maintenance tax of $0.275 per $100 of Assessed Valuation for 2024. The District anticipates levying a debt service tax for the Utility System and parks in the amount of $0.68 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.13 per $100 of Assessed Valuation, plus a maintenance tax of $0.24 per $100 of Assessed Valuation for 2025.

[(ii)] Portions of the District are located within three Harris County Emergency Services Districts ("HCESD"). HCESD No. 46 is located in 5 sections. HCESD Nos. 1 and 46 are located in 19 sections. HCESD Nos. 1 and 10 are located within 9 sections and all 3 HCESDs are located in 1 section. The 2024 tax rates for the HCESDs located within the District are as follows: ECESD No. 1 levied a 2024 tax rate of $0.084477 per $100 of Assessed Valuation, HCESD No. 10 levied a 2024 tax rate of $0.099374 per $100 of Assessed Valuation, and HCESD No. 46 levied a 2024 tax rate of $0.10 per $100 of Assessed Valuation. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

## 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 sufficient amount to pay the principal of and interest on the Outstanding Bonds, the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt"), and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board is also authorized to levy and collect annual ad valorem taxes for the operation and maintenance of the District and the Systems and for the payment of certain contractual obligations. See "TAX DATA - Maintenance Tax."

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

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

### Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons to the extent deemed advisable by the Board. 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 twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty 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, 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 to be transferred to a subsequent residence homestead of the surviving spouse.

**Residential Homestead Exemptions**: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has not granted a general residential homestead exemption for 2025. See "TAX DATA - Exemptions."

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

## Tax Abatement

Harris County or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City of Houston (after annexation of the District), Harris County, 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 District has adopted guidelines and criteria for establishing a tax abatement. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement agreement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

## Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property 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 Property 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 Property 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 Property 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. Developers in the District have waived their rights to agricultural use, open space, or timber land exemptions.

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

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

**District and Taxpayer Remedies**

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Boards 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 the Appraisal Districts to compel compliance with the Property Tax Code.

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

**Levy and Collection of Taxes**

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

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area or emergency area and whose property has been damaged as a direct result of the disaster, 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.

**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 will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2025 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developing District.

**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 Texas Tax Code.

**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 taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each local taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by 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 (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS -Tax Collection Limitations."

### Tax Payment Installments after Disaster

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

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

## THE ROAD SYSTEM

The Road System will be financed with a portion of the proceeds of the Series 2021A Road Bonds, Series 2022A Road Bonds, Series 2023A Road Bonds and additional bonds issued for such purpose. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt." Construction of the District's roads is subject to certain regulations of Harris County, Texas. To date, construction of the Road System includes, but is not limited to the following: all major thoroughfare and collector roadways within The Groves subdivision (Sections 1 through 39). The Developer, on behalf of the District, has constructed 3 miles of Madera Run Parkway from West Lake Houston Parkway to Woodland Hills Drive. It has also constructed a half mile of Timber Forest Drive extending from the northern boundary of the District to the southern boundary of the District, and a traffic signal and related improvements at the intersection of West Lake Houston Parkway and Madera Run Parkway. The roads constructed within the District have been accepted by Harris County for maintenance. The roads located within the District are constructed with reinforced concrete pavement with curbs on cement or lime stabilized subgrade.

## THE UTILITY SYSTEM

### Regulation

According to the District's Engineer, the Utility System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Houston, Harris County, and the Harris County Flood Control District. The construction and installation of the facilities must be made in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The total number of equivalent single-family connections ("ESFCs") currently projected for the District at the full development of its current area of approximately 981.67 acres of land is 2,738 with a total estimated population of 9,583.

### Description

The Utility System presently serves the 2,112 fully developed single-family residential lots located in The Groves, Sections 1 through 43 in the District as is enumerated in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." The District financed the culvert crossing at Union Pacific Railroad and Harris County Flood Control District Unit No. G103-55-99 to serve the District, Lift Station No. 1, Phase 1; wastewater treatment plant expansion; lease payments for future wastewater treatment plant expansion; The Groves Drainage Channel, Phase 1; The Groves offsite utilities, a surface water transmission line along West Lake Houston Parkway; a surface water transmission line within City of Houston water plant site; components of the Utility System to serve The Groves, Sections 1 through 12, 14 through 16, 18 through 21 and 23, the West Lake Houston Parkway Intersection, Madera Run Parkway Street Dedication, Sections 1 through 5, Greenbeck Boulevard Street Dedication, Section 1 and The Groves storm water quality trash rack; land costs for drainage channel reserves; the cost of The Groves, Section 7 Fernbank Forest Culvert crossing; lease payments for the future wastewater treatment plant; clearing and grubbing to serve The Groves drainage channel, Phase 1, The Groves off-site utilities, The Groves, Sections 1 through 13, 15, 16, and 18 through 24, The Groves Drainage Reserves Nos. 3, 4, and 5, Phases 1 and 2, offsite utilities and drainage ditch along Union Pacific Railroad, Kings Parkway, Madera Run Parkway Street Dedication, Sections 1 and 4 through 6, Madera Run Parkway to the 15-acre school site, and

Timber Forest Drive Street Dedication, Sections 3 and 4; The Groves Drainage Reserves Nos. 3, 4, and 5, Phases 1 and 2, off-site 18-inch sanitary trunk and 16-inch water transmission line; ditch along Union Pacific Railroad, Timber Forest Drive Street dedication, Section 3 and Madera Run Parkway Street dedication, Section 2; and water, wastewater and drainage capital cost payments to Harris County Municipal Utility District No. 412 (“HCMUD No. 412") for participation in existing water, sewer and drainage facilities, construction of the culvert crossing at Union Pacific Railroad and Harris County Flood Control District Unit No. G103-55-99 to serve the District; water supply and distribution, components of the Utility System to serve The Groves, Sections 13, 17, 24 and 27; Phase 1 construction for The Groves Drainage Reserves Nos. 6, 7 and 8; clearing and grubbing for The Groves Drainage Reserves Nos. 6, 7 and 8, and The Groves, Sections 17, 25 and 26; Madera Run Parkway Street Dedication, Section 6; Timber Forest Drive Street Dedication, Section 4; Storm Water Pollution Prevention; construction and land costs for Lift Station No. 2; HCMUD No. 412 water treatment plant expansion; remaining expenses for the surface water transmission line along West Lake Houston Parkway; and lease payments for the future wastewater treatment plant expansion; major thoroughfare and collector roads located within the District, particularly: (a) Madera Run Parkway Street Dedication, Sections 1, 2, 3 and 4; Timber Forest Drive Street Dedication, Section 3; West Lake Houston Parkway Intersection; The Groves, Section 7 Fernbank Forest Drive Culvert; and collector roads within The Groves, Sections 1, 3, 7 and 8; and (b) clearing and grubbing for The Groves, Sections 1 through 5, 7, and 8, Kings Parkway, Madera Run Parkway Street Dedication, Sections 1, 4 and 5, Madera Run Parkway up to the 15-acre school site, and Timber Forest Drive Street Dedication, Section 3; and right-of-way land and land interest costs for The Groves, Sections 1, 3, 7 and 8, Madera Run Parkway Street Dedication, Sections 1 through 3, and Timber Forest Drive Street Dedication, Section 3, The Groves, Sections 25, 26, 28 and 29; HCMUD No. 412 water treatment plant expansion; HCMUD No. 412 wastewater treatment plant Phase 3 expansion; construction and land costs for Lift Station No. 3; Woodland Hills Drive trunk utilities; The Groves Drainage Reserve No. 8 Phase 2 utilities; clearing and grubbing for The Groves Drainage Reserve No. 8 Phase 2 and The Groves, Section 29; and lease payments for the future wastewater treatment plant expansion, thoroughfare and collector roads located within the District, particularly: (a) Madera Run Parkway Street Dedication, Sections 4 and 5; Greenbeck Boulevard Street Dedication, Section 1; Timber Forest Drive Street Dedication, Section 4; and Madera Run Parkway Street Dedication, Section 6; (b) clearing and grubbing for Timber Forest Drive Street Dedication, Section 4; The Groves, Sections 13 and 24; Madera Run Parkway Street Dedication, Section 6; and The Groves Drainage Reserve No. 8, Phase 2; (c) The Groves, Sections 17 and 33 water, sewer and drainage, and Drainage Reserve Nos. 6 through 8, Phase 1; and (d) right-of way and land interest costs for Madera Run Parkway Street Dedication, Sections 4 through 6; Timber Forest Drive Street Dedication, Section 4; and Woodland Hills Drive Street Dedication, Section 2; components of the Utility System to serve The Groves, Sections 30 through 37; the remainder of the costs of the Water Treatment Plant No. 2 expansion; proposed Water Plant Ground Storage Tank No. 4; clearing and grubbing within The Groves Sections 30 through 37 and 41; Greenback Boulevard drainage improvements; land cost for Drainage Reserves 6, 7 and 8; and lease payments for the future wastewater treatment plant expansion, among other items, with the proceeds of the sale of the Prior Bonds. In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds,” “THE UTILITY SYSTEM,” and “THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt,” “INVESTMENT CONSIDERATIONS - Future Debt,” “THE UTILITY SYSTEM” and “THE ROAD SYSTEM.”

**Wastewater Treatment**

The District and HCMUD No. 412 have entered into an agreement to share capacity in and costs of a wastewater treatment plant and water supply facilities, to serve the District and HCMUD No. 412, located within HCMUD No. 412’s boundaries. All costs of the provision of wastewater treatment capacity will be shared by the District and HCMUD No. 412 on a pro-rata basis based upon the number of connections of each district served by the wastewater treatment plant. The District and HCMUD No. 412 currently provide wastewater treatment with an interim facility which contains 950,000 gallons-per-day (“g.p.d.”) of capacity, the acquisition of which the District financed with a portion of the proceeds of the sale of the Prior Bonds. According to the District’s Engineer, assuming usage of 200 g.p.d. per ESFC, the capacity in the wastewater treatment plant is sufficient to provide service to 4,750 ESFCs, including all 2,272 existing ESFCs located in the District, 1,280 existing ESFCs located in HCMUD No. 412, plus 1,198 additional ESFCs.

## Water Supply

In accordance with the Water Facility Cost Sharing Agreement between HCMUD No. 412 and the District, the District owns an equitable interest in water supply facilities located within HCMUD No. 412's boundaries. The sources of water are groundwater from two wells at the water plant as well as surface water capacity of 166,667 g.p.d. provided by the City of Houston pursuant to the "City of Houston Water Supply and Groundwater Reduction Plan Wholesale Agreement for Regulatory Area 3 of the Harris Galveston Coastal Subsidence District" dated February 14, 2007, including capacity increase approval letters from the City of Houston dated January 26, 2009, May 24, 2011, March 11, 2015, and March 31, 2016.

The existing water supply facilities include 2,750 g.p.m. in total well capacity, 1,800 g.p.m. of City of Houston surface water capacity, 8,800 g.p.m. in booster pump capacity, 1,275,000 gallons in ground storage capacity, and 65,000 gallons of hydropneumatics tank capacity. According to the District's Engineer, the expanded water plant facilities will provide sufficient capacity to serve 4,400 ESFCs, including all 2,272 existing connections located in the District, 1,280 connections located in HCMUD No. 412, plus 848 additional connections. All costs of production of water are shared by the District and HCMUD No. 412 on a pro rata basis based upon the number of connections of each district to the water supply facilities. The District financed the acquisition of its capacity in such water facilities with a portion of the proceeds of the Prior Bonds.

## Drainage Improvements

Storm water drainage for the District is collected by a network of internal collection facilities that drain into Harris County Flood Control District Channel (G103-55-99), which ultimately empties into Lake Houston on the east side of the District. The District has constructed a drainage channel and storm water quality facilities. The District acquired its pro-rata share of the drainage channel owned by HCMUD No. 412 with a portion of the proceeds of the Prior Bonds and is financing the acquisition of its pro-rata share of such facilities with a portion of the proceeds of the sale of the Bonds. All costs of the drainage channel will be shared by the District and HCMUD No. 412 on a pro-rata basis based upon the number of connections served by the joint drainage facilities.

## 100-Year Flood Plain

According to Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map ("FIRM") panels 48201C0510L, effective June 18, 2007, and 48201C0505M, effective June 9, 2014, approximately 0.2 acres of the District's developable land is located within the official 100-year flood plain (zone AE). The 100-year flood plain is located on the western edge of the District adjacent to Harris County Flood Control District Channel Williams Gully (P130-02-00).

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

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. 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.

# INVESTMENT CONSIDERATIONS

## General

The Bonds, which are obligations solely of the District and not of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any political subdivision or agency other than the District, are secured by the proceeds of an annual ad valorem tax, levied without legal limit as to rate or amount, upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See “Tax Collection Limitations” and “Registered Owners' Remedies and Bankruptcy” below and “THE BONDS - Source of Payment” and “ - Registered Owners' Remedies.”

## Factors Affecting Taxable Values and Tax Payments

**Economic Factors:** The rate of development of the District is directly related to the vitality of the single and multi-family residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban center toward which the marketing of homes and commercial enterprises is directed. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Volatility in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing as well as the value of existing homes (see “Potential Effects of Oil Price Volatility on the Houston Area” below). Decreased levels of home construction activity would restrict the growth of property values in the District. Although development of the District has occurred to date as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION,” and “DEVELOPER,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date.

**National Economy**: 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, employment levels and general economic conditions. Although development in the District has occurred as is described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION,” and “DEVELOPER,” the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing markets or a downturn in the national housing and financial markets may have on the Houston market generally and the District specifically. See “TAXING PROCEDURES.”

**Credit Markets and Liquidity in the Financial Markets**: Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or home construction within the District. In addition, since the District is located approximately 20 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the

United States could adversely affect development and homebuilding plans in the District and restrain the growth of the District's property tax base.

**Developer/Builder/Landowner Obligation to the District**: The ability of Alliance Residential LLC, (see "DEVELOPMENT AND HOME CONSTRUCTION"), HEB LP, or any other principal taxpayer within the District (see "TAX DATA - Principal 2025 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. There is no commitment by or legal requirement of CF CSLK Groves LLC or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any of the Builders or any other home building company to proceed at any particular pace with the construction of homes in the District, and there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See "FUTURE DEVELOPMENT."

**Maximum Impact on District Tax Rates**

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be $6,772,250 (2050) and the Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds will be $6,641,603 (2026 through 2054, inclusive). The District's 2025 Assessed Valuation of property located within the District is $944,344,673. Assuming no increase to nor decrease from the 2025 Assessed Valuation and the issuance of no additional bonds by the District, a tax rate of $0.75 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements. The Estimated Valuation at June 1, 2025, of property located within the District supplied by the Appraisal District is $975,372,290. Assuming no increase to nor decrease from the Estimated Valuation at June 1, 2025, and the issuance of no additional bonds by the District, tax rates of $0.74 and $0.72 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. See "TAX DATA - Tax Rate Calculations."

The District levied a debt service tax for the Utility System and parks in the amount of $0.64 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.135 per $100 of Assessed Valuation, plus a maintenance tax of $0.275 per $100 of Assessed Valuation for 2024. The District anticipates levying a debt service tax for the Utility System and parks in the amount of $0.68 per $100 of Assessed Valuation, a debt service tax for the Road System in the amount of $0.13 per $100 of Assessed Valuation, plus a maintenance tax of $0.24 per $100 of Assessed Valuation for 2025. Thus the anticipated 2025 combined debt service tax rate is $0.81 per $100 of Assessed Valuation. As the above table indicates, the anticipated 2025 debt service tax rate will be sufficient to pay debt service on the Outstanding Bonds and the Bonds given taxable values in the District at the level of the 2025 Assessed Valuation or the Estimated Valuation at June 1, 2025, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. In addition, as is illustrated above under the caption "Historical Values and Tax Collection History," the District has collected an average of 99.98% of its 2014 through 2023 tax levies as of July 31, 2025, and its 2024 tax levy was 99.11% collected as of such date. Moreover, the District's Road Debt Service Fund balance was $734,098 and the Utility System Debt Service Fund balance is estimated to be $4,046,722 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in either Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Funds to meet the debt service requirements of the Prior Bonds (see "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS"). The District anticipates that the foregoing factors and future increases in taxable values which are expected to occur as a consequence of the construction of homes on the lots developed by the Developer will enable it to meet the debt service requirements on the Outstanding Bonds and the Bonds without increasing the combined debt service tax rate above the combined debt service tax rate which the District anticipates levying for 2025 - $0.83 per $100 of Assessed Valuation; however, the District can make no representation that the taxable property values will increase in the future or will maintain a value sufficient to support the aforementioned tax rate. See "THE BONDS - Source of Payment" and "TAXING PROCEDURES." Increases in the District's tax rate to higher levels than the total $1.05 per $100 of Assessed Valuation rate which the District levied for 2024 and anticipates levying for 2025 may have an adverse impact upon future development of the District, the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District.

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2024 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2024 rate, is $2.971489 per $100 of Assessed Valuation. Such aggregate rates are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

**Tax Collection Limitations**

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property, (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer's limited right to redeem its foreclosed property as set forth below, or (e) insufficient foreclosure bids to satisfy the tax liens of all local taxing authorities which have parity liens on the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of the property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. See "TAXING PROCEDURES."

**Certain Tax Exemptions Provided for Affordable Housing**

Certain multi-family housing may be exempt from ad valorem taxation by the District pursuant to Chapter 303 of the Texas Local Government Code (the "PFC Act"), Chapter 392 of the Texas Local Government Code (the "Housing Authority Act"), or Chapter 394 of the Texas Local Government Code (the "HFC Act"), if certain conditions are met.

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 the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. A PFC project approved on or after June 18, 2023, does not quality for an exemption with respect to taxes imposed by a conservation and reclamation district providing water, sewer, or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H.B. 2071 are governed by the prior law and are not subject to the same requirements. 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 HFC Act provides for the formation of housing finance corporations ("HFCs") by municipalities and counties for the purpose of providing decent, safe, and sanitary housing at affordable prices to residents of local governments. Public property owned by an HFC, including property for which an HFC holds an equitable interest, is exempt from taxes imposed by the state or any political subdivision of the state, including conservation and reclamation districts such as the District, provided certain conditions are met under the HFC Act. This exemption applies to both ad valorem and sales taxes levied by taxing authorities where the qualified project is located. Section 394.904(d) (as added by H.B. 21, 89th Texas Legislature, Regular Session) provides in part that, for property acquired by an HFC after May 28, 2025, such ad valorem tax exemptions do not apply to taxes levied by a conservation or reclamation district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, that provides water, sewer, or drainage service to the multifamily residential development owned by the HFC, unless the applicable HFC has entered into a written agreement with the district to make a payment to the district in lieu of taxation, in the amount specified in the agreement. Further, property acquired by an HFC prior to May 28, 2025, may become subject to taxation by a conservation and reclamation district in future tax years unless certain additional requirements are met under the HFC Act. The District is not aware of any public property located within the boundaries of the District that is owned by an HFC.

The Housing Authority Act authorizes cities and counties to create housing authorities to provide safe and sanitary housing for persons of low income within the area of operation of the housing authority. Multi-family property owned by a housing authority, including property for which a housing authority holds an equitable interest, is exempt from all taxes and special assessments of a city, county, the state, or another political subdivision, including conservation and reclamation districts such as the District, if certain conditions are met under the Housing Authority Act. The District is not aware of any public property located within the boundaries of the District that is owned by a housing authority

**Registered Owners' Remedies and Bankruptcy**

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not 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. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies" and - "Bankruptcy Limitations to Registered Owners' Rights."

The District may not be placed into bankruptcy involuntarily.

**Marketability**

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

**Future Debt**

The District reserved in the Bond Resolution the right to issue the remaining $145,940,000 in unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities and for refunding such bonds, the $111,580,000 for road facilities and refunding such bonds, the $40,700,000 for parks and recreational facilities and for refunding such bonds, and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining bonds described above for waterworks, wastewater and drainage facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $145,940,000 in bonds for waterworks, wastewater and drainage facilities and $40,700,000 for parks and recreational facilities is also subject to TCEQ authorization. In addition to the components of the Systems that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and the components of the Utility System that the District is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds," "THE UTILITY SYSTEM," and "THE ROAD SYSTEM), the District expects to finance the acquisition or construction of additional components of the Systems with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," "THE UTILITY SYSTEM" and "THE ROAD SYSTEM."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Voters in the District have authorized $40,700,000 in unlimited tax bonds for park and recreational facilities, none of which bonds have been issued to date. 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 and recreational facility bonds, the outstanding principal amount of any such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, effective June 14, 2021, 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 Engineer currently estimates that the aforementioned $145,940,000 authorized bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities and refunding of the same to serve all the remaining undeveloped portions of the District. See "Maximum Impact on District Tax Rates" above, "THE BONDS," "FUTURE DEVELOPMENT," "DEVELOPMENT AND HOME CONSTRUCTION" and "THE UTILITY SYSTEM." If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Issuance of Additional Debt."

**Competitive Nature of Houston Residential Housing Market**

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

**Approval of the Bonds**

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

**Continuing Compliance with Certain Covenants**

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

**Environmental Regulations**

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

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;

- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

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

*Air Quality Issues*. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (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.

**Extreme Weather Events**

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

The greater Houston area, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e., "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. However, according to the District's Operator and Engineer, the District's System did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, according to the District's Engineer, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes within the District.

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

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

### Potential Effects of Oil Price Volatility on the Houston Area

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

## LEGAL MATTERS

### Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Bond Counsel for the District, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” (except for the information under the subheadings “Book-Entry-Only System” and “Use and Distribution of Bond Proceeds”), “THE DISTRICT - Utility Agreement,” - “Management of the District - Bond Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS - Legal Opinions”, “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has either conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

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

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

**No-Litigation Certificate**

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

**No Material Adverse Change**

The obligations of the Underwriters to take up 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 financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale. If the Underwriter elects to purchase bond insurance, the rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

## TAX MATTERS

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

**Tax Exemption**

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

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

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

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the

Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

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

**Additional Federal Income Tax Considerations**

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

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

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

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

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

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

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

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

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

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

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

Tax Legislative Changes: Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

## OFFICIAL STATEMENT

### General

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

The financial statements of the District as of June 30, 2024, and for the year then ended, included in this offering document, have been audited by Forvis Mazars, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX B."

**Experts**

The information contained in the Official Statement relating to engineering and to the description of the Systems, and, in particular, that engineering information included in the sections entitled "THE BONDS - Use and Distribution of Bond Proceeds," "THE DISTRICT," "THE ROAD SYSTEM" and "THE UTILITY SYSTEM" has been provided by BGE, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

**Certification as to Official Statement**

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

**Updating of Official Statement**

If, subsequent to the date of the Official Statement, to and including the date the Underwriter is no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, 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 upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

**Official Statement "Deemed Final"**

For purposes of compliance with the Rule, this document, as the same may be supplemented or corrected by the District from time to time, may be treated as an "official statement" with respect to the Bonds described herein "deemed final" by the District as of the date hereof (or of any such supplement or correction) except for the omission of certain information referred to in the succeeding paragraph.

This document, when further supplemented by adding information specifying the interest rates and certain other information relating to the Bonds, shall constitute a "final official statement" of the District with respect to the Bonds, as that term is defined in the Rule.

## CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, 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 agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain 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 annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings “DISTRICT DEBT,” “TAX DATA,” and in “APPENDIX B - Independent Auditor’s Report and Financial Statements.” The District will update and provide this information within six months after the end of each of its fiscal years ending in and after 2025.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements if it 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, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution 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 June 30. Accordingly, it must provide updated information by December 31 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 determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other 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 or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect beneficial owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the

District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

### Availability of Information

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

### Limitations and Amendments

The District has agreed to update information and to provide notices of certain specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders or beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

### Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 504 as of the date shown on the first page hereof.

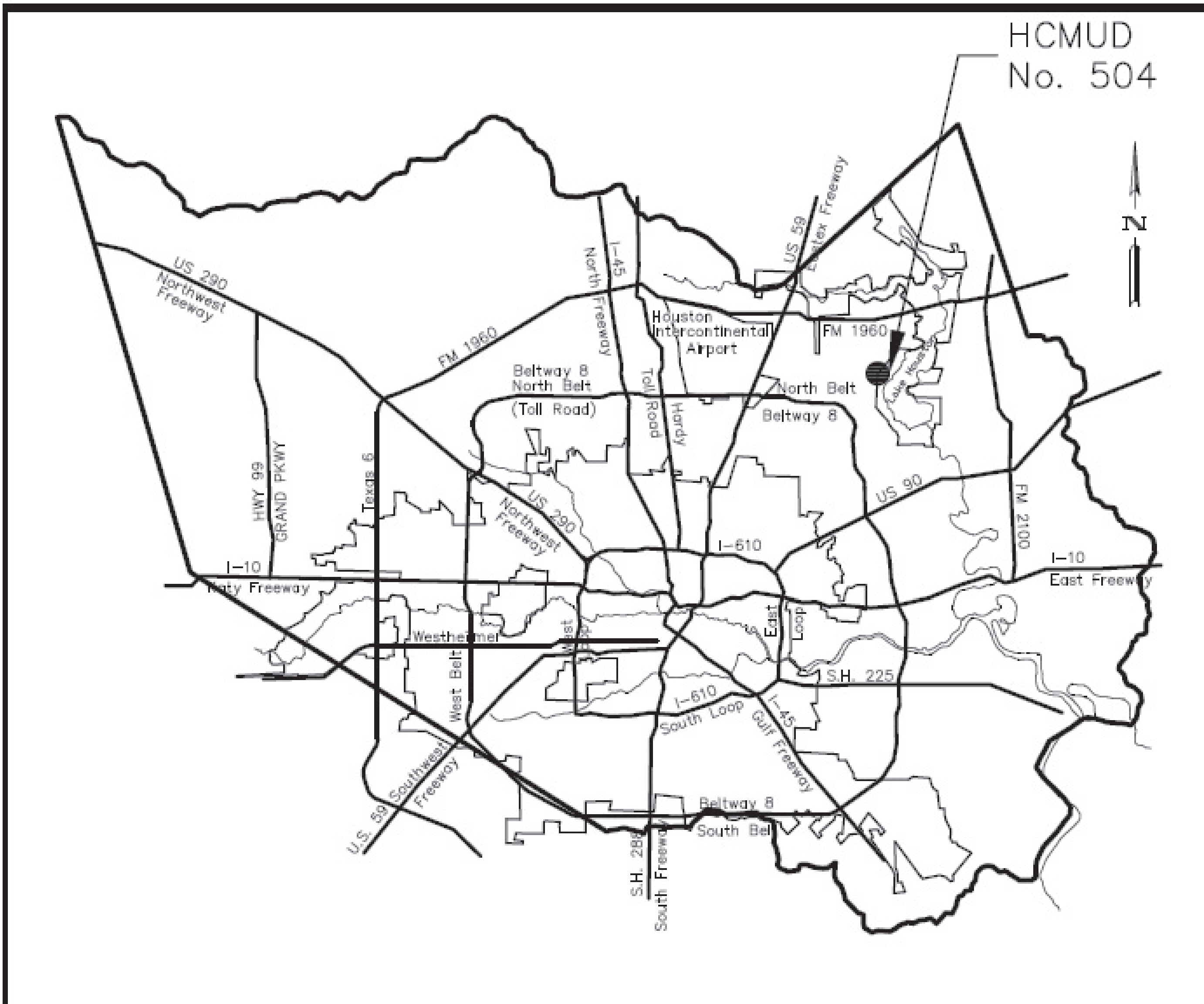
President, Board of Directors
Harris County Municipal Utility District No. 504

ATTEST:

Secretary, Board of Directors
Harris County Municipal Utility District No. 504

**APPENDIX A**

**LOCATION MAP**




HCMUD No. 504 LOCATION MAP

## APPENDIX B

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 504

## HARRIS COUNTY, TEXAS

## INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

## JUNE 30, 2024

# Harris County Municipal Utility District No. 504
## Harris County, Texas

### Independent Auditor's Report and Financial Statements

June 30, 2024

## Harris County Municipal Utility District No. 504
## Contents
## June 30, 2024

Forvis Mazars, LLP
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Houston, TX 77056
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# Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 504
Harris County, Texas

## *Opinions*

We have audited the financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 504 (the District), as of and for the year ended June 30, 2024, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Basis for Opinions*

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

## *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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 12 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 GAAS 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 GAAS, we:

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

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

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Forvis Mazars, LLP

**Houston, Texas**
**November 6, 2024**

### *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

### *Government-Wide Financial Statements*

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

### *Fund Financial Statements*

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

### *Governmental Funds*

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and water, sewer and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

## *Notes to Financial Statements*

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

## *Financial Analysis of the District as a Whole*

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements:

**Summary of Net Position**

| | 2024 | 2023 |
|---|---|---|
| Current and other assets | $ 20,871,630 | $ 17,289,122 |
| Capital and lease assets | 52,943,959 | 49,673,910 |
| Total assets | $ 73,815,589 | $ 66,963,032 |
| Long-term liabilities | $ 112,870,090 | $ 104,675,117 |
| Other liabilities | 2,320,755 | 1,957,593 |
| Total liabilities | 115,190,845 | 106,632,710 |

**Summary of Net Position (Continued)**

| | 2024 | 2023 |
|---|---|---|
| Net position: | | |
| Net investment in capital assets | $ (15,881,235) | $ (14,654,313) |
| Restricted | 10,262,905 | 7,867,275 |
| Unrestricted | (35,756,926) | (32,882,610) |
| Total net position | $ (41,375,256) | $ (39,669,648) |

The total net position of the District decreased by $1,705,578, or about 4%. The decrease in net position is primarily related to the conveyance of capital assets to another governmental entity for ownership and maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Summary of Changes in Net Position**

| | 2024 | 2023 |
|---|---|---|
| Revenues: | | |
| Property taxes | $ 8,796,637 | $ 8,311,305 |
| Charges for services | 2,138,001 | 1,995,222 |
| Other revenues | 1,237,764 | 886,350 |
| Total revenues | 12,172,402 | 11,192,877 |
| Expenses: | | |
| Services | 4,583,629 | 3,570,253 |
| Conveyance of capital assets | 3,397,023 | 5,950,811 |
| Depreciation and amortization | 1,238,380 | 1,169,713 |
| Debt service | 4,658,948 | 4,004,608 |
| Total expenses | 13,877,980 | 14,695,385 |
| Change in net position | (1,705,578) | (3,502,508) |
| Net position, beginning of year | (39,669,678) | (36,167,170) |
| Net position, end of year | $ (41,375,256) | $ (39,669,678) |

## *Financial Analysis of the District's Funds*

The District's combined fund balances as of the end of the fiscal year ended June 30, 2024, were $19,981,838, an increase of $3,559,140 from the prior year.

The general fund's fund balance increased by $518,620. This increase was primarily due to property tax and service revenues and investment income exceeding service operation expenditures.

The debt service fund's fund balance increased by $2,575,360, primarily due to property tax revenues and investment income exceeding principal and interest payments on the District's bonded indebtedness.

The capital project fund's fund balance increased by $465,160. This increase was primarily due to proceeds received from the sales of bonds being greater than capital outlay expenditures, debt issuance costs and the redemption of the 2023 bond anticipation note.

## *General Fund Budgetary Highlights*

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to tap connection and inspection fees revenues, investment income, and purchased services and repairs and maintenance expenditures being greater than anticipated. In addition, capital outlay expenditures incurred and an interfund transfer from the capital projects fund were not included in the budget. The fund balance as of June 30, 2024, was expected to be $8,500,269 and the actual end-of-year fund balance was $7,964,889.

## *Capital and Lease Assets and Related Debt*

### *Capital and Lease Assets*

Capital and lease assets held by the District at the end of the current and previous fiscal years are summarized below:

**Capital and Lease Assets (Net of Accumulated Depreciation and Amortization)**

| | 2024 | 2023 |
|---|---|---|
| Land and improvements | $ 17,246,695 | $ 16,857,691 |
| Construction in progress | 1,199,602 | 131,068 |
| Water facilities | 15,134,118 | 13,800,036 |
| Wastewater facilities | 15,569,778 | 14,627,945 |
| Drainage facilities | 2,531,113 | 2,597,887 |
| Recreational facilities | 92,618 | 99,234 |
| Lease assets | 1,170,035 | 1,560,049 |
| Total capital and lease assets | $ 52,943,959 | $ 49,673,910 |

During the current year, additions to capital and lease assets were as follows:

| | |
|---|---|
| Water and sewer facilities to serve The Groves, Sections 30-34, 37, 40, 42 and 43; utility extension to serve 26-acre Woodland Hills Drive commercial reserve and Gramina Way Street Dedication | $ 2,662,535 |
| Water plant expansion Nos. 2 and 3 | 99,978 |
| Booster pump No. 7 expansion | 58,502 |
| Lift station No. 2 expansion | 115,945 |
| 14"-effluent force main | 16,776 |
| Construction in progress related to ground storage tank, No. 4 | 1,165,689 |
| Clearing and grubbing to serve West Lake Grove Drive and Williams Gully Trail Street Dedication | 1,604 |

| | | |
|---|---|---|
| 8.288-acre site to serve drainage reserve No. 6 | $ | 76,618 |
| 7.7488-acre site to serve drainage reserve No. 7 | | 71,633 |
| 21.13-acre site to serve drainage reserve No. 8 | | 195,335 |
| 0.6140-acre site to serve West Lake Grove Drive and Williams Gully Trail Street Dedication | | 21,466 |
| 0.6392-acre site to serve Gramina Way | | 22,348 |
| Total additions to capital assets | $ | 4,508,429 |

The developer within the District has constructed water, sewer, drainage, recreational and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission, if required. As of June 30, 2024, a liability for developer-constructed capital assets of $11,104,005 was recorded in the government-wide financial statements.

### *Debt*

The changes in the debt position of the District during the fiscal year ended June 30, 2024, are summarized as follows:

| | | |
|---|---|---|
| Long-term debt payable, beginning of year | $ | 104,675,117 |
| Increases in long-term debt | | 22,070,258 |
| Decreases in long-term debt | | 13,875,285 |
| Long-term debt payable, end of year | $ | 112,870,090 |

At June 30, 2024, the District had $160,380,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District, $111,580,000 of unlimited tax bonds authorized, but unissued, for financing and constructing road facilities, and $40,700,000 of unlimited tax bonds authorized, but unissued, for financing and constructing recreational facilities.

The District's bonds carry an underlying rating of "Baa1" from Moody's Investors Service. The Series 2017, 2018, 2019, Road 2021A, 2022, Road 2022A and Road 2023A bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2020, 2021 and 2023 bonds carry a "AA" rating from Standard & Poor's and an "A1" rating from Moody's Investors Service by virtue of bond insurance issued by Assured Guaranty, Inc.

## *Other Relevant Factors*

### *Relationship to the City of Houston*

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent if the City complies with the requirements of Chapter 43, Texas Local Government Code, as amended, which may include voter approval. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

***Contingencies***

The developer of the District is constructing water, sewer, drainage, recreational and road facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately $2,580,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

# Harris County Municipal Utility District No. 504
# Statement of Net Position and Governmental Funds Balance Sheet
# June 30, 2024

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash | $ 308,062 | $ 88,699 | $ 12,674 | $ 409,435 | $ - | $ 409,435 |
| Certificates of deposit | 1,857,110 | 230,000 | - | 2,087,110 | - | 2,087,110 |
| Short-term investments | 5,914,093 | 10,673,747 | 1,136,227 | 17,724,067 | - | 17,724,067 |
| Receivables: | | | | | | |
| Property taxes | 32,834 | 81,658 | - | 114,492 | - | 114,492 |
| Service accounts | 369,640 | - | - | 369,640 | - | 369,640 |
| Accrued interest | 39,220 | 8,367 | - | 47,587 | - | 47,587 |
| Interfund receivables | 56,822 | - | - | 56,822 | (56,822) | - |
| Due from others | 94,525 | - | - | 94,525 | - | 94,525 |
| Prepaid expenditures | 63,574 | - | 26,300 | 89,874 | (65,100) | 24,774 |
| Capital and lease assets (net of accumulated depreciation and amortization): | | | | | | |
| Land and improvements | - | - | - | - | 17,246,695 | 17,246,695 |
| Construction in progress | - | - | - | - | 1,199,602 | 1,199,602 |
| Infrastructure | - | - | - | - | 33,235,009 | 33,235,009 |
| Recreational facilities | - | - | - | - | 92,618 | 92,618 |
| Lease assets | - | - | - | - | 1,170,035 | 1,170,035 |
| Total assets | $ 8,735,880 | $11,082,471 | $ 1,175,201 | $20,993,552 | $ 52,822,037 | $73,815,589 |

# Harris County Municipal Utility District No. 504
# Statement of Net Position and Governmental Funds Balance Sheet
# June 30, 2024 (Continued)

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Accounts payable | $ 383,252 | $ - | $ 50,128 | $ 433,380 | $ - | $ 433,380 |
| Accrued interest payable | - | - | - | - | 1,480,355 | 1,480,355 |
| Retainage payable | - | - | 52,115 | 52,115 | - | 52,115 |
| Customer deposits | 351,297 | - | - | 351,297 | - | 351,297 |
| Due to others | 3,608 | - | - | 3,608 | - | 3,608 |
| Interfund payables | - | 22,659 | 34,163 | 56,822 | (56,822) | - |
| Long-term liabilities: | | | | | | |
| Due within one year | - | - | - | - | 2,158,067 | 2,158,067 |
| Due after one year | - | - | - | - | 110,712,023 | 110,712,023 |
| Total liabilities | 738,157 | 22,659 | 136,406 | 897,222 | 114,293,623 | 115,190,845 |
| **Deferred Inflows of Resources** | | | | | | |
| Deferred property tax revenues | 32,834 | 81,658 | - | 114,492 | (114,492) | - |
| **Fund Balances/Net Position** | | | | | | |
| Fund balances: | | | | | | |
| Nonspendable, prepaid expenditures | 63,574 | - | 26,300 | 89,874 | (89,874) | - |
| Restricted: | | | | | | |
| Unlimited tax bonds | - | 9,033,610 | - | 9,033,610 | (9,033,610) | - |
| Unlimited tax rod bonds | - | 1,944,544 | - | 1,944,544 | (1,944,544) | |
| Water, sewer and drainage | - | - | 1,004,859 | 1,004,859 | (1,004,859) | - |
| Roads | - | - | 7,636 | 7,636 | (7,636) | - |
| Assigned, operating reserve | 95,000 | - | - | 95,000 | (95,000) | - |
| Unassigned | 7,806,315 | - | - | 7,806,315 | (7,806,315) | - |
| Total fund balances | 7,964,889 | 10,978,154 | 1,038,795 | 19,981,838 | (19,981,838) | - |
| Total liabilities, deferred inflows of resources and fund balances | $ 8,735,880 | $ 11,082,471 | $ 1,175,201 | $ 20,993,552 | | |
| Net position: | | | | | | |
| Net investment in capital assets | | | | | (15,881,235) | (15,881,235) |
| Restricted for debt service | | | | | 9,579,457 | 9,579,457 |
| Restricted for capital projects | | | | | 683,448 | 683,448 |
| Unrestricted | | | | | (35,756,926) | (35,756,926) |
| Total net position | | | | | $ (41,375,256) | $ (41,375,256) |

**Harris County Municipal Utility District No. 504**
**Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances**
**Year Ended June 30, 2024**

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Activities |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Property taxes | $ 2,399,694 | $ 6,362,833 | $ - | $ 8,762,527 | $ 34,110 | $ 8,796,637 |
| Water service | 1,365,577 | - | - | 1,365,577 | - | 1,365,577 |
| Sewer service | 772,424 | - | - | 772,424 | - | 772,424 |
| Penalty and interest | 29,293 | 53,915 | - | 83,208 | (12,630) | 70,578 |
| Tap connection and inspection fees | 291,495 | - | - | 291,495 | - | 291,495 |
| Investment income | 369,940 | 432,474 | 63,120 | 865,534 | - | 865,534 |
| Other income | 10,157 | - | - | 10,157 | - | 10,157 |
| Total revenues | 5,238,580 | 6,849,222 | 63,120 | 12,150,922 | 21,480 | 12,172,402 |
| **Expenditures/Expenses** | | | | | | |
| Service operations: | | | | | | |
| Purchased services | 1,485,550 | - | - | 1,485,550 | - | 1,485,550 |
| Professional fees | 269,614 | 18,186 | - | 287,800 | 14,452 | 302,252 |
| Contracted services | 861,379 | 101,546 | - | 962,925 | - | 962,925 |
| Utilities | 21,749 | - | - | 21,749 | - | 21,749 |
| Repairs and maintenance | 1,441,790 | - | - | 1,441,790 | - | 1,441,790 |
| Tap connections | 241,812 | - | - | 241,812 | - | 241,812 |
| Other expenditures | 125,213 | 2,338 | - | 127,551 | - | 127,551 |
| Capital outlay | 203,443 | - | 8,506,821 | 8,710,264 | (8,710,264) | - |
| Conveyance of capital assets | - | - | - | - | 3,397,023 | 3,397,023 |
| Depreciation and amortization | - | - | - | - | 1,238,380 | 1,238,380 |
| Debt service: | | | | | | |
| Principal retirement | - | 1,205,000 | 7,310,000 | 8,515,000 | (8,515,000) | - |
| Interest and fees | - | 2,946,792 | 224,026 | 3,170,818 | 478,126 | 3,648,944 |
| Lease payments | 150,000 | - | 315,600 | 465,600 | (465,600) | - |
| Debt issuance costs | - | - | 1,010,004 | 1,010,004 | - | 1,010,004 |
| Total expenditures/expenses | 4,800,550 | 4,273,862 | 17,366,451 | 26,440,863 | (12,562,883) | 13,877,980 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 438,030 | 2,575,360 | (17,303,331) | (14,289,941) | 12,584,363 | |
| **Other Financing Sources (Uses)** | | | | | | |
| Interfund transfers in (out) | 80,590 | - | (80,590) | - | - | |
| General obligation bonds issued | - | - | 18,400,000 | 18,400,000 | (18,400,000) | |
| Discount on debt issued | - | - | (550,919) | (550,919) | 550,919 | |
| Total other financing sources | 80,590 | - | 17,768,491 | 17,849,081 | (17,849,081) | |
| **Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 518,620 | 2,575,360 | 465,160 | 3,559,140 | (3,559,140) | |
| **Change in Net Position** | | | | | (1,705,578) | (1,705,578) |
| **Fund Balances/Net Position** | | | | | | |
| Beginning of year | 7,446,269 | 8,402,794 | 573,635 | 16,422,698 | - | (39,669,678) |
| End of year | $ 7,964,889 | $ 10,978,154 | $ 1,038,795 | $ 19,981,838 | $ - | $ (41,375,256) |

## Note 1. Nature of Operations and Summary of Significant Accounting Policies

Harris County Municipal Utility District No. 504 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective March 3, 2009, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended, and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater, drainage, road and recreational facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

### *Reporting Entity*

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

### *Government-Wide and Fund Financial Statements*

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

*General Fund* – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services, and interest income.

*Debt Service Fund* – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

*Capital Projects Fund* – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

### *Fund Balances – Governmental Funds*

The fund balances for the District's governmental funds can be displayed in up to five components:

*Nonspendable* – Amounts that are not in a spendable form or are required to be maintained intact.

*Restricted* – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

*Committed* – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

*Assigned* – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

*Unassigned* – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

### *Measurement Focus and Basis of Accounting*

#### *Government-Wide Financial Statements*

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

### *Fund Financial Statements*

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

### *Interfund Transactions*

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

### *Deferred Outflows and Inflows of Resources*

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

### *Pension Costs*

The District does not participate in a pension plan and, therefore, has no pension costs.

### *Use of 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 amounts of assets, liabilities and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

### *Investments and Investment Income*

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

### *Property Taxes*

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended June 30, 2024, include collections during the current period or within 60 days of year-end related to the 2023 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended June 30, 2024, the 2023 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

### *Capital Assets*

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of $5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

| | Years |
|---|---|
| Water production and distribution facilities | 10-45 |
| Wastewater collection and treatment facilities | 10-45 |
| Drainage facilities | 10-45 |
| Recreational facilities | 10-25 |

### *Lease Assets*

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

### *Debt Issuance Costs*

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

### *Long-Term Obligations*

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### *Net Position/Fund Balances*

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

### *Reconciliation of Government-Wide and Fund Financial Statements*

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

| | |
|---|---|
| Capital and lease assets used in governmental activities are not financial resources and are not reported in the funds. | $ 52,943,959 |
| Property tax revenue recognition and the related reduction of deferred of deferred inflows of resources are subject to availability of funds in the fund financial statements. | 114,492 |
| Prepaid lease expenditures are not reported as assets in the statement of net position. | (65,100) |
| Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds. | (1,480,355) |
| Long-term debt obligations are not due and payable in the current period and are not reported in the funds. | (112,870,090) |
| Adjustment to fund balances to arrive at net position. | $ (61,357,094) |

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

| | |
|---|---|
| Change in fund balances. | $ 3,559,140 |
| Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlay expenditures exceeded depreciation and amortization expense, noncapitalized costs and conveyance of capital assets in the current period. | 4,060,409 |

| | | |
|---|---|---|
| Governmental funds report lease payments as expenditures. For the statement of activities, these amounts are reported as a reduction of lease liability and interest expense. | $ | 465,600 |
| Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | 550,919 |
| Governmental funds report proceeds from the sales of bonds and bond anticipation notes because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. For the statement of activities, these transactions do not have any effect on net position. | | (9,885,000) |
| Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities. | | 21,480 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | (478,126) |
| Change in net position of governmental activities. | $ | (1,705,578) |

## Note 2. Deposits, Investments and Investment Income

### *Deposits*

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At June 30, 2024, none of the District's bank balances were exposed to custodial credit risk.

### *Investments*

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexSTAR, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District's investments may be redeemed at any time. The District's investments in Tex STAR are reported at amortized cost.

At June 30, 2024, the District had the following investments and maturities:

| | | Maturities in Years | | |
|---|---|---|---|---|
| **Type** | **Amortized Cost** | **Less Than 1** | **1-5** | **6-10** |
| TexSTAR | $ 17,724,067 | $ 17,724,067 | $ 0 | $ 0 |

**Interest Rate Risk.** As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

**Credit Risk.** Credit risk is the risk that this issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2024, the District's investments in TexSTAR were rated "AAAm" by Standard & Poor's.

### *Summary of Carrying Values*

The carrying values of deposits and investments shown previously are included in the balance sheet at June 30, 2024, as follows:

| | |
|---|---|
| Carrying value: | |
| Deposits | $ 2,496,545 |
| Investments | 17,724,067 |
| Total | $ 20,220,612 |

Included in the following statement of net position captions:

| | |
|---|---|
| Cash | $ 409,435 |
| Certificates of deposit | 2,087,110 |
| Short-term investments | 17,724,067 |
| Total | $ 20,220,612 |

### *Investment Income*

Investment income of $865,534 for the year ended June 30, 2024, consisted of interest income.

## Note 3. Capital and Lease Assets

A summary of changes in capital and lease assets for the year ended June 30, 2024, is presented below:

| Governmental Activities | Balances, Beginning of Year | Additions | Reclassi-fications | Balances, End of Year |
|---|---|---|---|---|
| Capital assets, non-depreciable: | | | | |
| Land and improvements | $ 16,857,691 | $ 389,004 | $ - | $ 17,246,695 |
| Construction in progress | 131,068 | 1,165,689 | (97,155) | 1,199,602 |
| Total capital assets, non-depreciable | 16,988,759 | 1,554,693 | (97,155) | 18,446,297 |
| Capital and lease assets, depreciable and amortizable: | | | | |
| Water production and distribution facilities | 15,094,729 | 1,612,248 | 97,155 | 16,804,132 |
| Wastewater collection and treatment facilities | 16,357,008 | 1,341,488 | - | 17,698,496 |
| Drainage facilities | 3,000,132 | - | - | 3,000,132 |
| Recreational facilities | 132,312 | - | - | 132,312 |
| Lease asset - equipment | 2,340,075 | - | - | 2,340,075 |
| Total capital and lease assets, depreciable and amortizable | 36,924,256 | 2,953,736 | 97,155 | 39,975,147 |
| Less accumulated depreciation and amortization: | | | | |
| Water production and distribution facilities | (1,294,693) | (375,321) | - | (1,670,014) |
| Wastewater collection and treatment facilities | (1,729,063) | (399,655) | - | (2,128,718) |
| Drainage facilities | (402,245) | (66,774) | - | (469,019) |
| Recreational facilities | (33,078) | (6,616) | - | (39,694) |
| Lease asset - equipment | (780,026) | (390,014) | - | (1,170,040) |
| Total accumulated depreciation and amortization | (4,239,105) | (1,238,380) | - | (5,477,485) |
| Total governmental activities, net | $ 49,673,910 | $ 3,270,049 | $ - | $ 52,943,959 |

## Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended June 30, 2024, were as follows.

| Governmental Activities | Balances, Beginning of Year | Increases | Decreases | Balances, End of Year | Amounts Due in One Year |
|---|---|---|---|---|---|
| Bonds payable: | | | | | |
| General obligation bonds | $ 86,440,000 | $ 18,400,000 | $ 1,205,000 | $ 103,635,000 | $ 1,735,000 |
| Less discounts on bonds | 2,481,666 | 550,919 | 55,164 | 2,977,421 | - |
| | 83,958,334 | 17,849,081 | 1,149,836 | 100,657,579 | 1,735,000 |
| Lease liability | 1,512,418 | - | 403,912 | 1,108,506 | 423,067 |
| Bond anticipation note | 7,310,000 | - | 7,310,000 | - | - |
| Due to developer | 11,894,365 | 4,221,177 | 5,011,537 | 11,104,005 | - |
| Total governmental activities long-term liabilities | $ 104,675,117 | $ 22,070,258 | $ 13,875,285 | $ 112,870,090 | $ 2,158,067 |

### *General Obligation Bonds*

| | Series 2015 | Series 2017 |
|---|---|---|
| Amounts outstanding, June 30, 2024 | $4,610,000 | $4,280,000 |
| Interest rates | 2.00% to 4.10% | 2.00% to 4.00% |
| Maturity dates, serially beginning/ending | September 1, 2024/2044 | September 1, 2024/2046 |
| Interest payment dates | September 1/March 1 | September 1/March 1 |
| Callable dates* | September 1, 2022 | September 1, 2024 |

| | Series 2018 | Series 2019 |
|---|---|---|
| Amounts outstanding, June 30, 2024 | $9,935,000 | $10,730,000 |
| Interest rates | 3.125% to 5.625% | 3.00% to 5.50% |
| Maturity dates, serially beginning/ending | September 1, 2024/2047 | September 1, 2024/2049 |
| Interest payment dates | September 1/March 1 | September 1/March 1 |
| Callable dates* | September 1, 2023 | September 1, 2024 |

*Or any date thereafter, callable at par plus accrued interest to the date of redemption.

| | Series 2020 | Series 2021 |
|---|---|---|
| Amounts outstanding, June 30, 2024 | $11,635,000 | $14,645,000 |
| Interest rates | 2.00% to 4.50% | 2.00% to 4.50% |
| Maturity dates, serially beginning/ending | September 1, 2024/2050 | September 1, 2024/2050 |
| Interest payment dates | September 1/March 1 | September 1/March 1 |
| Callable dates* | September 1, 2025 | September 1, 2026 |

| | Road Series 2021A | Series 2022 |
|---|---|---|
| Amounts outstanding, June 30, 2024 | $8,900,000 | $13,000,000 |
| Interest rates | 1.25% to 3.75% | 3.25% to 5.75% |
| Maturity dates, serially beginning/ending | September 1, 2024/2051 | September 1, 2024/2051 |
| Interest payment dates | September 1/March 1 | September 1/March 1 |
| Callable dates* | September 1, 2026 | September 1, 2027 |

| | Road Series 2022A | Series 2023 |
|---|---|---|
| Amounts outstanding, June 30, 2024 | $7,500,000 | $15,000,000 |
| Interest rates | 4.25% to 6.75% | 5.00% to 7.50% |
| Maturity dates, serially beginning/ending | September 1, 2025/2051 | September 1, 2026/2053 |
| Interest payment dates | September 1/March 1 | September 1/March 1 |
| Callable dates* | September 1, 2027 | September 1, 2028 |

| | Road Series 2023A |
|---|---|
| Amount outstanding, June 30, 2024 | $3,400,000 |
| Interest rates | 5.00% to 7.50% |
| Maturity dates, serially beginning/ending | September 1, 2025/2050 |
| Interest payment dates | September 1/March 1 |
| Callable date* | September 1, 2028 |

*Or any date thereafter, callable at par plus accrued interest to the date of redemption.

### *Annual Debt Service Requirements*

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at June 30, 2024.

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 1,735,000 | $ 3,967,513 | $ 5,702,513 |
| 2026 | 1,955,000 | 3,658,580 | 5,613,580 |
| 2027 | 2,125,000 | 3,564,572 | 5,689,572 |
| 2028 | 2,225,000 | 3,472,869 | 5,697,869 |
| 2029 | 2,310,000 | 3,388,776 | 5,698,776 |
| 2030-2034 | 12,845,000 | 15,727,055 | 28,572,055 |
| 2035-2039 | 15,175,000 | 13,446,359 | 28,621,359 |
| 2040-2044 | 18,175,000 | 10,619,446 | 28,794,446 |
| 2045-2049 | 21,905,000 | 7,094,899 | 28,999,899 |
| 2050-2054 | 25,185,000 | 2,843,263 | 28,028,263 |
| Total | $ 103,635,000 | $ 67,783,332 | $ 171,418,332 |

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

| | |
|---|---|
| Bonds voted: | |
| Water, sewer and drainage facilities and refunding | $ 247,320,000 |
| Roads and refunding | 131,380,000 |
| Recreational facilities and refunding | 40,700,000 |
| Bonds sold: | |
| Water, sewer and drainage facilities | 86,940,000 |
| Roads and refunding | 19,800,000 |

### *Lease Liability*

The following schedule shows the annual lease requirements to pay principal and interest on lease liability outstanding at June 30, 2024:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2025 | $ 423,067 | $ 42,533 | $ 465,600 |
| 2026 | 379,389 | 22,961 | 402,350 |
| 2027 | 306,050 | 7,750 | 313,800 |
| Total | $ 1,108,506 | $ 73,244 | $ 1,181,750 |

***Due to Developer***

The developer of the District has constructed water, sewer, drainage, recreational and road facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission, if required, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $11,104,005. These amounts have been recorded in the financial statements as long-term liabilities.

## Note 5. Significant Bond Resolution and Commission Requirements

(A) The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended June 30, 2024, the District levied an ad valorem debt service tax at the rate of $0.6300 per $100 of assessed valuation, which resulted in a tax levy of $5,248,793 on the taxable valuation of $833,141,797 for the 2023 tax year. The principal and interest requirements to be paid from the tax revenues are $4,321,653 of which $1,108,447 has been paid and $3,213,206 is due September 1, 2024 .

(B) The Road Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on road bonds when due. During the year ended June 30, 2024, the District levied an ad valorem road debt service tax at the rate of $0.1400 per $100 of assessed valuation, which resulted in a tax levy of $1,166,399 on the taxable valuation of $833,141,797 for the 2023 tax year. The principal and interest requirements to be paid from the road tax revenues and available resources are $941,900 of which $304,160 has been paid and $637,740 is due September 1, 2024.

(C) During the current year, the District transferred $80,590 from the capital projects fund to the general fund. The transfer was in accordance with the rules of the Commission.

## Note 6. Maintenance Taxes

At an election held November 5, 2013, voters authorized a maintenance tax not to exceed $1.50 per $100 of assessed valuation on all property within the District subject to taxation. During the year ended June 30, 2024, the District levied an ad valorem maintenance tax at the rate of $0.2900 per $100 of assessed valuation, which resulted in a tax levy of $2,416,111 on the taxable valuation of $833,141,797 for the 2023 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

## Note 7. Wastewater Treatment Plant Leases

On January 6, 2014, the District entered into a lease of a 395,000 gallons per-day (gpd) wastewater treatment plant. The initial term of the lease was for 60 months and called for monthly payments of $18,600 and after the initial term, the lease continues for successive 90-day periods at a rate of $12,500 per month. Payments are currently $12,500 per month beginning March 2020. On February 10, 2020, the District entered into a lease for Phase III expansion of the wastewater treatment plant. The initial term of the lease is for 60 months and began in February 2021, with monthly lease payments of $26,300. After the initial term, the lease continues for successive 90-day periods at a rate of $13,650 per month. Lease expenditures for the current fiscal year were $465,600.

## Note 8. Contracts With Other Governmental Units

### *Water Facilities Agreement*

On May 18, 2010, the developer of the District entered into a Water Facilities Cost Sharing Agreement (Water Facilities Agreement) with Harris County Municipal Utility District No. 412 (District No. 412) and Harris County Municipal Utility District No. 505 (District No. 505). The Water Facilities Agreement provides for the construction and operation of joint water facilities to be utilized by the parties to the Water Facilities Agreement. Construction costs are to be allocated based upon each district's projected number of equivalent single-family connections (ESFCs) to be served by the water facilities. Operating costs are to be billed based upon each district's actual ESFCs. The District has remitted an operating reserve of $75,000 to District No. 412 and has recorded expenditures of $1,045,106 for the year ended June 30, 2024, under the terms of the Water Facilities Agreement.

### *Sanitary Sewer Facilities Agreement*

On May 18, 2010, the developer of the District entered into a Sanitary Sewer Facilities Cost Sharing Agreement (Sanitary Sewer Facilities Agreement) with District No. 412 and District No. 505. The Sanitary Sewer Facilities Agreement provides for the construction and operation of joint sanitary sewer facilities to be utilized by the parties to the Sanitary Sewer Facilities Agreement. Construction costs are to be allocated based upon each district's projected number of ESFCs to be served by the sewer facilities. Operating costs are to be billed based upon each district's actual ESFCs. The District has remitted an operating reserve of $10,000 to District No. 412 and has recorded expenditures of $353,401 for the year ended June 30, 2024, under the terms of the Sanitary Sewer Facilities Agreement.

### *Drainage Facilities Agreement*

On May 18, 2010, the developer of the District entered into a Drainage Facilities Cost Sharing Agreement (Drainage Facilities Agreement) with District No. 412 and District No. 505. The Drainage Facilities Agreement provides for the construction and operation of joint drainage facilities to be utilized by the parties to the Drainage Facilities Agreement. Construction costs are to be allocated based upon each district's acreage served by the facilities. Operating costs are to be billed based upon each district's acreage served by the components of the facilities. The District has remitted an operating reserve of $10,000 to District No. 412 and has recorded expenditures of $87,043 for the year ended June 30, 2024, under the terms of the Drainage Facilities Agreement.

## Note 9. 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. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

## Note 10. Contingencies

The developer of the District is constructing water, sewer, drainage, recreational and road facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission, if required. The District's engineer has stated that current construction contract amounts are approximately $2,580,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

*Required Supplementary Information*

**Harris County Municipal Utility District No. 504**
**Budgetary Comparison Schedule – General Fund**
**Year Ended June 30, 2024**

| | Original Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ 2,400,000 | $ 2,399,694 | $ (306) |
| Water service | 1,350,000 | 1,365,577 | 15,577 |
| Sewer service | 710,000 | 772,424 | 62,424 |
| Penalty and interest | 40,000 | 29,293 | (10,707) |
| Tap connection and inspection fees | 165,000 | 291,495 | 126,495 |
| Investment income | 125,000 | 369,940 | 244,940 |
| Other | - | 10,157 | 10,157 |
| Total revenues | 4,790,000 | 5,238,580 | 448,580 |
| **Expenditures** | | | |
| Service operations: | | | |
| Purchased services | 1,150,000 | 1,485,550 | (335,550) |
| Professional fees | 184,000 | 269,614 | (85,614) |
| Contracted services | 795,000 | 861,379 | (66,379) |
| Utilities | 20,000 | 21,749 | (1,749) |
| Repairs and maintenance | 1,143,000 | 1,441,790 | (298,790) |
| Other expenditures | 134,000 | 125,213 | 8,787 |
| Tap connections | 160,000 | 241,812 | (81,812) |
| Capital outlay | - | 203,443 | (203,443) |
| Debt service: | | | |
| Lease payments | 150,000 | 150,000 | - |
| Total expenditures | 3,736,000 | 4,800,550 | (1,064,550) |
| **Excess of Revenues Over Expenditures** | 1,054,000 | 438,030 | (615,970) |
| **Other Financing Sources** | | | |
| Interfund transfers in | - | 80,590 | 80,590 |
| **Excess of Revenues and Other Financing Sources over Expenditures and Other Financial Uses** | 1,054,000 | 518,620 | (535,380) |
| **Fund Balances, Beginning of Year** | 7,446,269 | 7,446,269 | - |
| **Fund Balances, End of Year** | $ 8,500,269 | $ 7,964,889 | $ (535,380) |

## Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during the fiscal year ended June 30, 2024.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

*Supplementary Information*

(Schedules included are checked or explanatory notes provided for omitted schedules.)

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 12-24

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[X] Schedule of Long-Term Debt Service Requirements by Years

[X] Changes in Long-Term Bonded Debt

[X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years

[X] Board Members, Key Personnel and Consultants

**Harris County Municipal Utility District No. 504**
**Schedule of Services and Rates**
**Year Ended June 30, 2024**

1. Services provided by the District:

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

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

2. Retail service providers

a. Residential rates for a 5/8" meter (or equivalent) per the District's Rate Order dated July 6, 2023:

| | Minimum Charge | Minimum Usage | Flat Rate Y/N | Rate Per 1,000 Gallons Over Minimum | Usage Levels | | |
|---|---|---|---|---|---|---|---|
| Water: | $ 36.50 | 5,000 | N | $ 2.25 | 5,001 | to | 10,000 |
| | | | | $ 3.00 | 10,001 | to | 20,000 |
| | | | | $ 3.50 | 20,001 | to | No Limit |
| Wastewater: | $ 30.00 | 0 | Y | | | | |

Does the District employ winter averaging for wastewater usage? Yes ___ No X

Total charges per 10,000 gallons usage (including fees): Water $ 47.75 Wastewater $ 30.00

b. Water and wastewater retail connections:

| **Meter Size** | Total Connections | Active Connections | ESFC Factor | Active ESFC* |
|---|---|---|---|---|
| Unmetered | | | x1.0 | - |
| ≤ 3/4" | 1,846 | 1,840 | x1.0 | 1,840 |
| 1" | 181 | 181 | x2.5 | 453 |
| 1 1/2" | 3 | 3 | x5.0 | 15 |
| 2" | 36 | 36 | x8.0 | 288 |
| 3" | 3 | 2 | x15.0 | 30 |
| 4" | - | - | x25.0 | - |
| 6" | - | - | x50.0 | - |
| 8" | 3 | 3 | x80.0 | 240 |
| 10" | - | - | x115.0 | - |
| Total water | 2,072 | 2,065 | | 2,866 |
| Total wastewater | 2,017 | 2,010 | x1.0 | 2,010 |

3. Total water consumption (in thousands) during the fiscal year:

| | |
|---|---|
| Gallons pumped into the system: | 308,962 |
| Gallons billed to customers: | 271,650 |
| Water accountability ratio (gallons billed/gallons pumped): | 87.92% |

*"ESFC" means equivalent single-family connections

## Harris County Municipal Utility District No. 504
## Schedule of General Fund Expenditures
## Year Ended June 30, 2024

| | | |
|---|---|---|
| **Personnel (including benefits)** | | $ - |
| **Professional Fees** | | |
| Auditing | $ 26,000 | |
| Legal | 157,232 | |
| Engineering | 86,382 | |
| Financial advisor | - | 269,614 |
| **Purchased Services for Resale** | | |
| Bulk water and wastewater service purchases | | 1,485,550 |
| **Regional Water Fee** | | - |
| **Contracted Services** | | |
| Bookkeeping | 24,525 | |
| General manager | - | |
| Appraisal district | - | |
| Tax collector | - | |
| Security | 252,014 | |
| Other contracted services | 116,051 | 392,590 |
| **Utilities** | | 21,749 |
| **Repairs and Maintenance** | | 1,441,790 |
| **Administrative Expenditures** | | |
| Directors' fees | 26,908 | |
| Office supplies | 57,220 | |
| Insurance | 13,222 | |
| Other administrative expenditures | 27,863 | 125,213 |
| **Capital Outlay** | | |
| Capitalized assets | 115,945 | |
| Expenditures not capitalized | 87,498 | 203,443 |
| **Tap Connection Expenditures** | | 241,812 |
| **Lease Payments** | | 150,000 |
| **Solid Waste Disposal** | | 468,789 |
| **Fire Fighting** | | - |
| **Parks and Recreation** | | - |
| **Other Expenditures** | | - |
| Total expenditures | | $ 4,800,550 |

**Harris County Municipal Utility District No. 504**
**Schedule of Temporary Investments**
**June 30, 2024**

| | Interest Rate | Maturity Date | Face Amount | Accrued Interest Receivable |
|---|---|---|---|---|
| **General Fund** | | | | |
| Certificates of Deposit | | | | |
| No. 529693 | 5.50% | 09/19/24 | $ 230,000 | $ 9,877 |
| No. 6550131901 | 5.65% | 10/23/24 | 230,000 | 8,936 |
| No. 6000057387 | 5.50% | 04/06/25 | 230,000 | 2,946 |
| No. 95900012155618 | 5.35% | 02/10/25 | 230,000 | 4,754 |
| No. 626803 | 5.26% | 08/18/24 | 236,178 | 4,527 |
| No. 601977 | 5.30% | 03/22/25 | 230,000 | 3,340 |
| No. 9009005246 | 5.31% | 10/05/24 | 240,932 | 2,979 |
| No. 30000007993 | 5.37% | 05/06/25 | 230,000 | 1,861 |
| TexSTAR | 5.33% | Demand | 5,914,093 | - |
| | | | 7,771,203 | 39,220 |
| **Debt Service Fund** | | | | |
| Certificate of Deposit | | | | |
| No. 33503 | 5.65% | 11/08/24 | 230,000 | 8,367 |
| TexSTAR | 5.33% | Demand | 1,994,544 | - |
| TexSTAR | 5.33% | Demand | 8,679,203 | - |
| | | | 10,903,747 | 8,367 |
| **Capital Projects Fund** | | | | |
| TexSTAR | 5.33% | Demand | 7,357 | - |
| TexSTAR | 5.33% | Demand | 1,128,870 | - |
| | | | 1,136,227 | - |
| Totals | | | $ 19,811,177 | $ 47,587 |

**Harris County Municipal Utility District No. 504**
**Analysis of Taxes Levied and Receivable**
**Year Ended June 30, 2024**

| | | Maintenance Taxes | | Debt Service Taxes | | Road Debt Service Taxes |
|---|---|---|---|---|---|---|
| **Receivable, Beginning of Year** | $ | 28,748 | $ | 51,634 | $ | - |
| Additions and corrections to prior years' taxes | | (12,331) | | (22,335) | | - |
| Adjusted receivable, beginning of year | | 16,417 | | 29,299 | | - |
| **2023 Original Tax Levy** | | 2,337,186 | | 5,077,336 | | 1,128,297 |
| Additions and corrections | | 78,925 | | 171,457 | | 38,102 |
| Adjusted tax levy | | 2,416,111 | | 5,248,793 | | 1,166,399 |
| Total to be accounted for | | 2,432,528 | | 5,278,092 | | 1,166,399 |
| Tax collections: Current year | | (2,388,495) | | (5,188,799) | | (1,153,067) |
| Prior years | | (11,199) | | (20,967) | | - |
| Receivable, end of year | $ | 32,834 | $ | 68,326 | $ | 13,332 |
| **Receivable, by Years** | | | | | | |
| 2023 | $ | 27,616 | $ | 59,994 | $ | 13,332 |
| 2022 | | 2,497 | | 4,690 | | - |
| 2021 | | 223 | | 361 | | - |
| 2020 | | 736 | | 1,157 | | - |
| 2019 | | 1,762 | | 2,124 | | - |
| Receivable, end of year | $ | 32,834 | $ | 68,326 | $ | 13,332 |

| | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Property Valuations** | | | | |
| Land | $ 146,600,575 | $ 143,456,991 | $ 134,415,310 | $ 118,543,043 |
| Improvements | 798,075,225 | 634,360,475 | 393,451,958 | 258,507,594 |
| Personal property | 10,434,842 | 9,701,995 | 4,309,236 | 3,506,199 |
| Exemptions | (121,968,845) | (81,632,043) | (29,298,683) | (16,537,868) |
| Total property valuations | $ 833,141,797 | $ 705,887,418 | $ 502,877,821 | $ 364,018,968 |
| **Tax Rates per $100 Valuation** | | | | |
| Debt service tax rates | $ 0.6300 | $ 0.7700 | $ 0.8100 | $ 0.8500 |
| Road debt service tax rates | 0.1400 | - | - | - |
| Maintenance tax rates* | 0.2900 | 0.4100 | 0.5000 | 0.5400 |
| Total tax rates per $100 valuation | $ 1.0600 | $ 1.1800 | $ 1.3100 | $ 1.3900 |
| **Tax Levy** | $ 8,831,303 | $ 8,329,472 | $ 6,587,698 | $ 5,059,865 |
| **Percent of Taxes Collected to Taxes Levied**** | 99% | 99% | 99% | 99% |

*Maximum tax rate approved by voters: $1.50 on November 5, 2013

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

**Harris County Municipal Utility District No. 504**
**Schedule of Long-Term Debt Service Requirements by Years**
**June 30, 2024**

| | Series 2015 | | |
|---|---|---|---|
| **Due During Fiscal Years Ending June 30** | **Principal Due September 1** | **Interest Due September 1, March 1** | **Total** |
| 2025 | $ 125,000 | $ 180,519 | $ 305,519 |
| 2026 | 130,000 | 176,340 | 306,340 |
| 2027 | 140,000 | 171,714 | 311,714 |
| 2028 | 145,000 | 166,636 | 311,636 |
| 2029 | 155,000 | 161,100 | 316,100 |
| 2030 | 160,000 | 155,095 | 315,095 |
| 2031 | 170,000 | 148,595 | 318,595 |
| 2032 | 180,000 | 141,595 | 321,595 |
| 2033 | 190,000 | 134,195 | 324,195 |
| 2034 | 200,000 | 126,395 | 326,395 |
| 2035 | 210,000 | 118,195 | 328,195 |
| 2036 | 220,000 | 109,595 | 329,595 |
| 2037 | 235,000 | 100,495 | 335,495 |
| 2038 | 245,000 | 90,773 | 335,773 |
| 2039 | 255,000 | 80,523 | 335,523 |
| 2040 | 270,000 | 69,895 | 339,895 |
| 2041 | 285,000 | 58,795 | 343,795 |
| 2042 | 300,000 | 46,945 | 346,945 |
| 2043 | 315,000 | 34,338 | 349,338 |
| 2044 | 330,000 | 21,115 | 351,115 |
| 2045 | 350,000 | 7,175 | 357,175 |
| Totals | $ 4,610,000 | $ 2,300,028 | $ 6,910,028 |

| Due During Fiscal Years Ending June 30 | | Series 2017 Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|---|
| 2025 | | $ 110,000 | $ 153,731 | $ 263,731 |
| 2026 | | 115,000 | 150,356 | 265,356 |
| 2027 | | 115,000 | 146,907 | 261,907 |
| 2028 | | 120,000 | 143,382 | 263,382 |
| 2029 | | 120,000 | 139,782 | 259,782 |
| 2030 | | 130,000 | 135,950 | 265,950 |
| 2031 | | 130,000 | 131,807 | 261,807 |
| 2032 | | 135,000 | 127,500 | 262,500 |
| 2033 | | 135,000 | 123,029 | 258,029 |
| 2034 | | 140,000 | 117,950 | 257,950 |
| 2035 | | 145,000 | 112,250 | 257,250 |
| 2036 | | 150,000 | 106,350 | 256,350 |
| 2037 | | 155,000 | 100,250 | 255,250 |
| 2038 | | 160,000 | 93,950 | 253,950 |
| 2039 | | 165,000 | 87,656 | 252,656 |
| 2040 | | 170,000 | 81,375 | 251,375 |
| 2041 | | 175,000 | 74,906 | 249,906 |
| 2042 | | 180,000 | 68,250 | 248,250 |
| 2043 | | 185,000 | 61,406 | 246,406 |
| 2044 | | 190,000 | 54,375 | 244,375 |
| 2045 | | 195,000 | 47,156 | 242,156 |
| 2046 | | 565,000 | 32,906 | 597,906 |
| 2047 | | 595,000 | 11,156 | 606,156 |
| | Totals | $ 4,280,000 | $ 2,302,380 | $ 6,582,380 |

## Harris County Municipal Utility District No. 504
## Schedule of Long-Term Debt Service Requirements by Years
## June 30, 2024 (Continued)

| Due During Fiscal Years Ending June 30 | Series 2018 Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2025 | $ 235,000 | $ 373,009 | $ 608,009 |
| 2026 | 245,000 | 359,509 | 604,509 |
| 2027 | 250,000 | 345,588 | 595,588 |
| 2028 | 260,000 | 331,244 | 591,244 |
| 2029 | 275,000 | 317,056 | 592,056 |
| 2030 | 280,000 | 305,806 | 585,806 |
| 2031 | 295,000 | 296,822 | 591,822 |
| 2032 | 305,000 | 287,256 | 592,256 |
| 2033 | 320,000 | 277,100 | 597,100 |
| 2034 | 335,000 | 266,247 | 601,247 |
| 2035 | 350,000 | 254,688 | 604,688 |
| 2036 | 365,000 | 242,394 | 607,394 |
| 2037 | 375,000 | 229,444 | 604,444 |
| 2038 | 395,000 | 215,969 | 610,969 |
| 2039 | 415,000 | 201,534 | 616,534 |
| 2040 | 430,000 | 186,219 | 616,219 |
| 2041 | 450,000 | 170,269 | 620,269 |
| 2042 | 470,000 | 153,593 | 623,593 |
| 2043 | 490,000 | 136,194 | 626,194 |
| 2044 | 510,000 | 117,750 | 627,750 |
| 2045 | 530,000 | 98,250 | 628,250 |
| 2046 | 560,000 | 77,812 | 637,812 |
| 2047 | 575,000 | 56,531 | 631,531 |
| 2048 | 1,220,000 | 22,875 | 1,242,875 |
| Totals | $ 9,935,000 | $ 5,323,159 | $ 15,258,159 |

| | | Series 2019 | |
|---|---|---|---|
| **Due During Fiscal Years Ending June 30** | **Principal Due September 1** | **Interest Due September 1, March 1** | **Total** |
| 2025 | $ 190,000 | $ 329,138 | $ 519,138 |
| 2026 | 200,000 | 320,912 | 520,912 |
| 2027 | 215,000 | 314,688 | 529,688 |
| 2028 | 230,000 | 308,012 | 538,012 |
| 2029 | 235,000 | 301,038 | 536,038 |
| 2030 | 250,000 | 293,762 | 543,762 |
| 2031 | 255,000 | 286,188 | 541,188 |
| 2032 | 265,000 | 278,387 | 543,387 |
| 2033 | 270,000 | 270,363 | 540,363 |
| 2034 | 275,000 | 262,187 | 537,187 |
| 2035 | 285,000 | 253,788 | 538,788 |
| 2036 | 290,000 | 245,162 | 535,162 |
| 2037 | 300,000 | 236,313 | 536,313 |
| 2038 | 310,000 | 227,162 | 537,162 |
| 2039 | 320,000 | 217,713 | 537,713 |
| 2040 | 330,000 | 207,962 | 537,962 |
| 2041 | 340,000 | 197,913 | 537,913 |
| 2042 | 345,000 | 187,422 | 532,422 |
| 2043 | 360,000 | 176,406 | 536,406 |
| 2044 | 370,000 | 165,000 | 535,000 |
| 2045 | 385,000 | 153,203 | 538,203 |
| 2046 | 395,000 | 141,016 | 536,016 |
| 2047 | 410,000 | 128,437 | 538,437 |
| 2048 | 420,000 | 115,469 | 535,469 |
| 2049 | 1,705,000 | 82,265 | 1,787,265 |
| 2050 | 1,780,000 | 27,813 | 1,807,813 |
| Totals | $ 10,730,000 | $ 5,727,719 | $ 16,457,719 |

| Due During Fiscal Years Ending June 30 | Series 2020 Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2025 | $ 230,000 | $ 288,900 | $ 518,900 |
| 2026 | 240,000 | 278,325 | 518,325 |
| 2027 | 250,000 | 267,925 | 517,925 |
| 2028 | 255,000 | 260,375 | 515,375 |
| 2029 | 270,000 | 255,125 | 525,125 |
| 2030 | 275,000 | 249,675 | 524,675 |
| 2031 | 285,000 | 244,075 | 529,075 |
| 2032 | 290,000 | 238,325 | 528,325 |
| 2033 | 300,000 | 232,425 | 532,425 |
| 2034 | 310,000 | 226,325 | 536,325 |
| 2035 | 320,000 | 219,825 | 539,825 |
| 2036 | 335,000 | 212,656 | 547,656 |
| 2037 | 345,000 | 205,006 | 550,006 |
| 2038 | 350,000 | 197,187 | 547,187 |
| 2039 | 365,000 | 188,916 | 553,916 |
| 2040 | 375,000 | 179,894 | 554,894 |
| 2041 | 385,000 | 170,394 | 555,394 |
| 2042 | 400,000 | 160,581 | 560,581 |
| 2043 | 410,000 | 150,456 | 560,456 |
| 2044 | 430,000 | 139,956 | 569,956 |
| 2045 | 440,000 | 129,081 | 569,081 |
| 2046 | 455,000 | 117,894 | 572,894 |
| 2047 | 470,000 | 106,331 | 576,331 |
| 2048 | 485,000 | 94,394 | 579,394 |
| 2049 | 500,000 | 81,769 | 581,769 |
| 2050 | 505,000 | 68,578 | 573,578 |
| 2051 | 2,360,000 | 30,975 | 2,390,975 |
| Totals | $ 11,635,000 | $ 4,995,368 | $ 16,630,368 |

Harris County Municipal Utility District No. 504
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2024 (Continued)

| | Series 2021 | | |
|---|---|---|---|
| Due During Fiscal Years Ending June 30 | Principal Due September 1 | Interest Due September 1, March 1 | Total |
| 2025 | $ 370,000 | $ 327,912 | $ 697,912 |
| 2026 | 390,000 | 310,812 | 700,812 |
| 2027 | 405,000 | 292,924 | 697,924 |
| 2028 | 420,000 | 279,613 | 699,613 |
| 2029 | 425,000 | 271,162 | 696,162 |
| 2030 | 440,000 | 262,513 | 702,513 |
| 2031 | 445,000 | 253,662 | 698,662 |
| 2032 | 460,000 | 244,613 | 704,613 |
| 2033 | 470,000 | 235,312 | 705,312 |
| 2034 | 485,000 | 225,761 | 710,761 |
| 2035 | 490,000 | 216,012 | 706,012 |
| 2036 | 500,000 | 206,112 | 706,112 |
| 2037 | 515,000 | 195,973 | 710,973 |
| 2038 | 535,000 | 185,462 | 720,462 |
| 2039 | 540,000 | 174,712 | 714,712 |
| 2040 | 560,000 | 163,713 | 723,713 |
| 2041 | 570,000 | 152,056 | 722,056 |
| 2042 | 590,000 | 139,731 | 729,731 |
| 2043 | 605,000 | 127,034 | 732,034 |
| 2044 | 620,000 | 114,019 | 734,019 |
| 2045 | 635,000 | 100,684 | 735,684 |
| 2046 | 650,000 | 86,625 | 736,625 |
| 2047 | 665,000 | 71,831 | 736,831 |
| 2048 | 685,000 | 56,644 | 741,644 |
| 2049 | 705,000 | 41,006 | 746,006 |
| 2050 | 720,000 | 24,975 | 744,975 |
| 2051 | 750,000 | 8,437 | 758,437 |
| Totals | $ 14,645,000 | $ 4,769,310 | $ 19,414,310 |

| | | Road Series 2021A | | |
|---|---|---|---|---|
| Due During Fiscal Years Ending June 30 | | Principal Due September 1 | Interest Due September 1, March 1 | Total |
| 2025 | | $ 205,000 | $ 223,963 | $ 428,963 |
| 2026 | | 210,000 | 216,181 | 426,181 |
| 2027 | | 220,000 | 208,119 | 428,119 |
| 2028 | | 230,000 | 201,694 | 431,694 |
| 2029 | | 230,000 | 197,956 | 427,956 |
| 2030 | | 230,000 | 194,794 | 424,794 |
| 2031 | | 230,000 | 190,769 | 420,769 |
| 2032 | | 225,000 | 186,219 | 411,219 |
| 2033 | | 230,000 | 181,669 | 411,669 |
| 2034 | | 225,000 | 177,119 | 402,119 |
| 2035 | | 225,000 | 172,478 | 397,478 |
| 2036 | | 225,000 | 167,556 | 392,556 |
| 2037 | | 220,000 | 162,413 | 382,413 |
| 2038 | | 215,000 | 157,247 | 372,247 |
| 2039 | | 215,000 | 152,141 | 367,141 |
| 2040 | | 210,000 | 146,962 | 356,962 |
| 2041 | | 210,000 | 141,712 | 351,712 |
| 2042 | | 200,000 | 136,587 | 336,587 |
| 2043 | | 200,000 | 131,588 | 331,588 |
| 2044 | | 195,000 | 126,649 | 321,649 |
| 2045 | | 190,000 | 121,719 | 311,719 |
| 2046 | | 185,000 | 116,797 | 301,797 |
| 2047 | | 180,000 | 112,006 | 292,006 |
| 2048 | | 175,000 | 107,347 | 282,347 |
| 2049 | | 170,000 | 102,712 | 272,712 |
| 2050 | | 160,000 | 98,175 | 258,175 |
| 2051 | | 150,000 | 93,913 | 243,913 |
| 2052 | | 3,340,000 | 45,925 | 3,385,925 |
| | Totals | $ 8,900,000 | $ 4,272,410 | $ 13,172,410 |

## Harris County Municipal Utility District No. 504
## Schedule of Long-Term Debt Service Requirements by Years
## June 30, 2024 (Continued)

| Due During Fiscal Years Ending June 30 | Series 2022 Principal Due September 1 | Series 2022 Interest Due September 1, March 1 | Series 2022 Total |
|---|---|---|---|
| 2025 | $ 270,000 | $ 526,938 | $ 796,938 |
| 2026 | 280,000 | 511,125 | 791,125 |
| 2027 | 290,000 | 494,738 | 784,738 |
| 2028 | 300,000 | 477,775 | 777,775 |
| 2029 | 315,000 | 460,881 | 775,881 |
| 2030 | 325,000 | 446,113 | 771,113 |
| 2031 | 340,000 | 432,812 | 772,812 |
| 2032 | 350,000 | 420,325 | 770,325 |
| 2033 | 360,000 | 408,787 | 768,787 |
| 2034 | 375,000 | 396,375 | 771,375 |
| 2035 | 390,000 | 382,500 | 772,500 |
| 2036 | 405,000 | 367,593 | 772,593 |
| 2037 | 420,000 | 351,600 | 771,600 |
| 2038 | 435,000 | 334,500 | 769,500 |
| 2039 | 455,000 | 316,700 | 771,700 |
| 2040 | 470,000 | 298,200 | 768,200 |
| 2041 | 485,000 | 279,100 | 764,100 |
| 2042 | 510,000 | 259,200 | 769,200 |
| 2043 | 525,000 | 238,500 | 763,500 |
| 2044 | 540,000 | 217,200 | 757,200 |
| 2045 | 565,000 | 195,100 | 760,100 |
| 2046 | 585,000 | 172,100 | 757,100 |
| 2047 | 610,000 | 148,200 | 758,200 |
| 2048 | 630,000 | 123,400 | 753,400 |
| 2049 | 655,000 | 97,700 | 752,700 |
| 2050 | 680,000 | 71,000 | 751,000 |
| 2051 | 700,000 | 43,400 | 743,400 |
| 2052 | 735,000 | 14,700 | 749,700 |
| Totals | $ 13,000,000 | $ 8,486,562 | $ 21,486,562 |

| Due During Fiscal Years Ending June 30 | Road Series 2022A Principal Due September 1 | Interest Due September 1, March 1 | Total |
|---|---|---|---|
| 2025 | $ - | $ 380,513 | $ 380,513 |
| 2026 | 135,000 | 376,294 | 511,294 |
| 2027 | 145,000 | 367,181 | 512,181 |
| 2028 | 150,000 | 357,225 | 507,225 |
| 2029 | 160,000 | 346,763 | 506,763 |
| 2030 | 165,000 | 335,793 | 500,793 |
| 2031 | 175,000 | 326,506 | 501,506 |
| 2032 | 185,000 | 318,856 | 503,856 |
| 2033 | 195,000 | 310,781 | 505,781 |
| 2034 | 205,000 | 302,281 | 507,281 |
| 2035 | 215,000 | 292,551 | 507,551 |
| 2036 | 225,000 | 281,550 | 506,550 |
| 2037 | 235,000 | 270,050 | 505,050 |
| 2038 | 245,000 | 258,050 | 503,050 |
| 2039 | 260,000 | 245,750 | 505,750 |
| 2040 | 270,000 | 233,162 | 503,162 |
| 2041 | 285,000 | 219,625 | 504,625 |
| 2042 | 300,000 | 205,000 | 505,000 |
| 2043 | 315,000 | 189,625 | 504,625 |
| 2044 | 330,000 | 173,500 | 503,500 |
| 2045 | 345,000 | 156,625 | 501,625 |
| 2046 | 365,000 | 138,875 | 503,875 |
| 2047 | 380,000 | 120,250 | 500,250 |
| 2048 | 400,000 | 100,750 | 500,750 |
| 2049 | 420,000 | 80,250 | 500,250 |
| 2050 | 440,000 | 58,750 | 498,750 |
| 2051 | 465,000 | 36,125 | 501,125 |
| 2052 | 490,000 | 12,250 | 502,250 |
| Totals | $ 7,500,000 | $ 6,494,931 | $ 13,994,931 |

| | Series 2023 | | |
|---|---|---|---|
| Due During Fiscal Years Ending June 30 | Principal Due September 1 | Interest Due September 1, March 1 | Total |
| 2025 | $ - | $ 966,640 | $ 966,640 |
| 2026 | - | 783,763 | 783,763 |
| 2027 | 85,000 | 780,575 | 865,575 |
| 2028 | 105,000 | 773,450 | 878,450 |
| 2029 | 110,000 | 765,388 | 875,388 |
| 2030 | 120,000 | 756,763 | 876,763 |
| 2031 | 130,000 | 747,388 | 877,388 |
| 2032 | 135,000 | 737,450 | 872,450 |
| 2033 | 135,000 | 727,325 | 862,325 |
| 2034 | 130,000 | 717,388 | 847,388 |
| 2035 | 135,000 | 707,450 | 842,450 |
| 2036 | 140,000 | 698,888 | 838,888 |
| 2037 | 145,000 | 691,763 | 836,763 |
| 2038 | 155,000 | 684,263 | 839,263 |
| 2039 | 155,000 | 676,513 | 831,513 |
| 2040 | 165,000 | 668,513 | 833,513 |
| 2041 | 175,000 | 660,013 | 835,013 |
| 2042 | 180,000 | 651,138 | 831,138 |
| 2043 | 190,000 | 641,888 | 831,888 |
| 2044 | 205,000 | 632,012 | 837,012 |
| 2045 | 215,000 | 621,512 | 836,512 |
| 2046 | 225,000 | 610,512 | 835,512 |
| 2047 | 235,000 | 599,012 | 834,012 |
| 2048 | 250,000 | 586,887 | 836,887 |
| 2049 | 260,000 | 574,137 | 834,137 |
| 2050 | 280,000 | 560,637 | 840,637 |
| 2051 | 295,000 | 546,262 | 841,262 |
| 2052 | 305,000 | 531,262 | 836,262 |
| 2053 | 5,030,000 | 397,887 | 5,427,887 |
| 2054 | 5,310,000 | 136,068 | 5,446,068 |
| Totals | $ 15,000,000 | $ 19,632,747 | $ 34,632,747 |

| | Road Series 2023A | | |
|---|---|---|---|
| **Due During Fiscal Years Ending June 30** | **Principal Due September 1** | **Interest Due September 1, March 1** | **Total** |
| 2025 | $ - | $ 216,250 | $ 216,250 |
| 2026 | 10,000 | 174,963 | 184,963 |
| 2027 | 10,000 | 174,213 | 184,213 |
| 2028 | 10,000 | 173,463 | 183,463 |
| 2029 | 15,000 | 172,525 | 187,525 |
| 2030 | 25,000 | 171,025 | 196,025 |
| 2031 | 30,000 | 169,188 | 199,188 |
| 2032 | 45,000 | 166,938 | 211,938 |
| 2033 | 45,000 | 164,238 | 209,238 |
| 2034 | 55,000 | 161,238 | 216,238 |
| 2035 | 60,000 | 157,788 | 217,788 |
| 2036 | 70,000 | 154,238 | 224,238 |
| 2037 | 85,000 | 150,363 | 235,363 |
| 2038 | 100,000 | 145,737 | 245,737 |
| 2039 | 105,000 | 140,612 | 245,612 |
| 2040 | 125,000 | 134,862 | 259,862 |
| 2041 | 135,000 | 128,362 | 263,362 |
| 2042 | 155,000 | 121,112 | 276,112 |
| 2043 | 170,000 | 112,987 | 282,987 |
| 2044 | 190,000 | 103,987 | 293,987 |
| 2045 | 210,000 | 93,987 | 303,987 |
| 2046 | 230,000 | 82,987 | 312,987 |
| 2047 | 255,000 | 70,862 | 325,862 |
| 2048 | 275,000 | 57,612 | 332,612 |
| 2049 | 300,000 | 43,050 | 343,050 |
| 2050 | 330,000 | 26,906 | 356,906 |
| 2051 | 360,000 | 9,225 | 369,225 |
| Totals | $ 3,400,000 | $ 3,478,718 | $ 6,878,718 |

Harris County Municipal Utility District No. 504
Schedule of Long-Term Debt Service Requirements by Years
June 30, 2024 (Continued)

| Due During Fiscal Years Ending June 30 | | Annual Requirements For All Series: Total Principal Due | Total Interest Due | Total Principal and Interest Due |
|---|---|---|---|---|
| 2025 | | $ 1,735,000 | $ 3,967,513 | $ 5,702,513 |
| 2026 | | 1,955,000 | 3,658,580 | 5,613,580 |
| 2027 | | 2,125,000 | 3,564,572 | 5,689,572 |
| 2028 | | 2,225,000 | 3,472,869 | 5,697,869 |
| 2029 | | 2,310,000 | 3,388,776 | 5,698,776 |
| 2030 | | 2,400,000 | 3,307,289 | 5,707,289 |
| 2031 | | 2,485,000 | 3,227,812 | 5,712,812 |
| 2032 | | 2,575,000 | 3,147,464 | 5,722,464 |
| 2033 | | 2,650,000 | 3,065,224 | 5,715,224 |
| 2034 | | 2,735,000 | 2,979,266 | 5,714,266 |
| 2035 | | 2,825,000 | 2,887,525 | 5,712,525 |
| 2036 | | 2,925,000 | 2,792,094 | 5,717,094 |
| 2037 | | 3,030,000 | 2,693,670 | 5,723,670 |
| 2038 | | 3,145,000 | 2,590,300 | 5,735,300 |
| 2039 | | 3,250,000 | 2,482,770 | 5,732,770 |
| 2040 | | 3,375,000 | 2,370,757 | 5,745,757 |
| 2041 | | 3,495,000 | 2,253,145 | 5,748,145 |
| 2042 | | 3,630,000 | 2,129,559 | 5,759,559 |
| 2043 | | 3,765,000 | 2,000,422 | 5,765,422 |
| 2044 | | 3,910,000 | 1,865,563 | 5,775,563 |
| 2045 | | 4,060,000 | 1,724,492 | 5,784,492 |
| 2046 | | 4,215,000 | 1,577,524 | 5,792,524 |
| 2047 | | 4,375,000 | 1,424,616 | 5,799,616 |
| 2048 | | 4,540,000 | 1,265,378 | 5,805,378 |
| 2049 | | 4,715,000 | 1,102,889 | 5,817,889 |
| 2050 | | 4,895,000 | 936,834 | 5,831,834 |
| 2051 | | 5,080,000 | 768,337 | 5,848,337 |
| 2052 | | 4,870,000 | 604,137 | 5,474,137 |
| 2053 | | 5,030,000 | 397,887 | 5,427,887 |
| 2054 | | 5,310,000 | 136,068 | 5,446,068 |
| | Totals | $ 103,635,000 | $ 67,783,332 | $ 171,418,332 |

**Harris County Municipal Utility District No. 504**
**Changes in Long-Term Bonded Debt**
**Year Ended June 30, 2024**

| | Bond | | | |
|---|---|---|---|---|
| | **Series 2015** | **Series 2017** | **Series 2018** | **Series 2019** |
| Interest rates | 2.00% to 4.10% | 2.00% to 4.00% | 3.125% to 5.625% | 3.00% to 5.50% |
| Dates interest payable | September 1/ March 1 | September 1/ March 1 | September 1/ March 1 | September 1/ March 1 |
| Maturity dates | September 1, 2024/2044 | September 1, 2024/2046 | September 1, 2024/2047 | September 1, 2024/2049 |
| Bonds outstanding, beginning of the | $ 4,730,000 | $ 4,390,000 | $ 10,155,000 | $ 10,915,000 |
| Bonds sold during the current year | - | - | - | - |
| Retirements, principal | 120,000 | 110,000 | 220,000 | 185,000 |
| Bonds outstanding, end of current year | $ 4,610,000 | $ 4,280,000 | $ 9,935,000 | $ 10,730,000 |
| Interest paid during the current year | $ 184,319 | $ 157,031 | $ 385,806 | $ 339,450 |

Paying agent's name and address:

**Series 2015** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2017** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2018** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2019** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2020** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2021** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2021A** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2022** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2022A** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2023** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas
**Series 2023A** - The Bank of New York Mellon Trust Company, N.A., Houston, Texas

| Bond authority: | **Utility Bonds and Refunding** | **Park Bonds and Refunding** | **Road Bonds and Refunding** |
|---|---|---|---|
| Amount authorized by voters | $ 247,320,000 | $ 40,700,000 | $ 131,380,000 |
| Amount issued | $ 86,940,000 | $ - | $ 19,800,000 |
| Remaining to be issued | $ 160,380,000 | $ 40,700,000 | $ 111,580,000 |

| | |
|---|---|
| Debt service fund cash and temporary investment balances as of June 30, 2024: | $ 10,992,446 |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | $ 5,713,944 |

**Issues**

| Series 2020 | Series 2021 | Road Series 2021A | Series 2022 | Road Series 2022A | Series 2023 |
|---|---|---|---|---|---|
| 2.00% to 4.50% | 2.00% to 4.50% | 1.25% to 3.75% | 3.25% to 5.75% | 4.25% to 6.75% | 5.00% to 7.50% |
| September 1/ March 1 | September 1/ March 1 | September 1/ March 1 | September 1/ March 1 | September 1/ March 1 | September 1/ March 1 |
| September 1, 2024/2050 | September 1, 2024/2050 | September 1, 2024/2051 | September 1, 2024/2051 | September 1, 2025/2051 | September 1, 2026/2053 |
| $ 11,850,000 | $ 15,000,000 | $ 8,900,000 | $ 13,000,000 | $ 7,500,000 | $ - |
| - | - | - | - | - | 15,000,000 |
| 215,000 | 355,000 | - | - | - | - |
| $ 11,635,000 | $ 14,645,000 | $ 8,900,000 | $ 13,000,000 | $ 7,500,000 | $ 15,000,000 |
| $ 298,913 | $ 344,225 | $ 227,806 | $ 534,700 | $ 468,242 | $ - |

| | Road Series 2023A | Totals |
|---|---|---|
| Interest rates | 5.00% to 7.50% | |
| Dates interest payable | September 1/ March 1 | |
| Maturity dates | September 1, 2025/2050 | |
| Bonds outstanding, beginning of the | $ - | $ 86,440,000 |
| Bonds sold during the current year | 3,400,000 | 18,400,000 |
| Retirements, principal | - | 1,205,000 |
| Bonds outstanding, end of current year | $ 3,400,000 | $ 103,635,000 |
| Interest paid during the current year | $ - | $ 2,940,492 |

## Harris County Municipal Utility District No. 504
## Comparative Schedule of Revenues and Expenditures – General Fund
## Five Years Ended June 30,

| | Amounts | | | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| **General Fund** | | | | | |
| **Revenues** | | | | | |
| Property taxes | $ 2,399,694 | $ 2,891,001 | $ 2,596,079 | $ 1,946,225 | $ 1,779,293 |
| Water service | 1,365,577 | 1,217,479 | 1,159,286 | 868,117 | 657,937 |
| Sewer service | 772,424 | 777,743 | 658,117 | 469,384 | 352,525 |
| Penalty and interest | 29,293 | 27,108 | 24,699 | 12,828 | 8,119 |
| Tap connection and inspection fees | 291,495 | 321,734 | 271,943 | 715,541 | 429,145 |
| Investment income | 369,940 | 195,402 | 12,652 | 18,478 | 37,805 |
| Other income | 10,157 | 7,600 | 7,780 | 7,240 | 4,745 |
| Total revenues | 5,238,580 | 5,438,067 | 4,730,556 | 4,037,813 | 3,269,569 |
| **Expenditures** | | | | | |
| Service operations: | | | | | |
| Purchased services | 1,485,550 | 1,102,169 | 1,002,008 | 854,289 | 861,208 |
| Professional fees | 269,614 | 198,371 | 150,141 | 161,713 | 172,085 |
| Contracted services | 861,379 | 585,742 | 463,522 | 359,044 | 265,198 |
| Utilities | 21,749 | 18,554 | 10,876 | 15,402 | 8,862 |
| Repairs and maintenance | 1,441,790 | 1,152,568 | 992,364 | 841,846 | 635,354 |
| Tap connections | 241,812 | 95,473 | 233,776 | 365,591 | 267,435 |
| Other expenditures | 125,213 | 114,463 | 101,428 | 72,696 | 68,097 |
| Capital outlay | 203,443 | 33,913 | 158,437 | 65,410 | - |
| Debt service: | | | | | |
| Lease payments | 150,000 | 150,000 | 125,000 | - | - |
| Debt issuance costs | - | 59,972 | - | - | - |
| Total expenditures | 4,800,550 | 3,511,225 | 3,237,552 | 2,735,991 | 2,278,239 |
| **Excess of Revenues Over Expenditures** | 438,030 | 1,926,842 | 1,493,004 | 1,301,822 | 991,330 |
| **Other Financing Sources** | | | | | |
| Interfund transfers in | 80,590 | - | 8,526 | 12,000 | 15,500 |
| Insurance proceeds | - | - | - | 45,757 | - |
| Total other financing sources | 80,590 | - | 8,526 | 57,757 | 15,500 |
| **Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 518,620 | 1,926,842 | 1,501,530 | 1,359,579 | 1,006,830 |
| **Fund Balance, Beginning of Year** | 7,446,269 | 5,519,427 | 4,017,897 | 2,658,318 | 1,651,488 |
| **Fund Balance, End of Year** | $ 7,964,889 | $ 7,446,269 | $ 5,519,427 | $ 4,017,897 | $ 2,658,318 |
| **Total Active Retail Water Connections** | 2,065 | 1,903 | 1,805 | 1,567 | 1,207 |
| **Total Active Retail Wastewater Connections** | 2,010 | 1,852 | 1,753 | 1,516 | 1,164 |

| Percent of Fund Total Revenues | | | | |
|---|---|---|---|---|
| 2024 | 2023 | 2022 | 2021 | 2020 |
| | | | | |
| 45.8 % | 53.2 % | 54.9 % | 48.1 % | 54.4 % |
| 26.1 | 22.4 | 24.5 | 21.6 | 20.1 |
| 14.7 | 14.3 | 13.9 | 11.7 | 10.8 |
| 0.5 | 0.5 | 0.5 | 0.3 | 0.3 |
| 5.6 | 5.9 | 5.7 | 17.7 | 13.1 |
| 7.1 | 3.6 | 0.3 | 0.4 | 1.2 |
| 0.2 | 0.1 | 0.2 | 0.2 | 0.1 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | | | | |
| 28.4 | 20.3 | 21.2 | 21.2 | 26.3 |
| 5.1 | 3.6 | 3.2 | 4.0 | 5.3 |
| 16.4 | 10.8 | 9.8 | 8.9 | 8.1 |
| 0.4 | 0.3 | 0.2 | 0.4 | 0.3 |
| 27.5 | 21.2 | 21.0 | 20.8 | 19.4 |
| 4.6 | 1.8 | 4.9 | 9.1 | 8.2 |
| 2.4 | 2.1 | 2.1 | 1.8 | 2.1 |
| 3.9 | 0.6 | 3.4 | 1.6 | - |
| | | | | |
| 2.9 | 2.8 | 2.6 | - | - |
| - | 1.1 | - | - | - |
| 91.6 | 64.6 | 68.4 | 67.8 | 69.7 |
| 8.4 % | 35.4 % | 31.6 % | 32.2 % | 30.3 % |

## Harris County Municipal Utility District No. 504
## Comparative Schedule of Revenues and Expenditures – Debt Service Fund
## Five Years Ended June 30,

| | Amounts | | | | |
|---|---|---|---|---|---|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| **Debt Service Fund** | | | | | |
| **Revenues** | | | | | |
| Property taxes | $ 6,362,833 | $ 5,424,002 | $ 4,185,786 | $ 3,045,169 | $ 2,053,191 |
| Penalty and interest | 53,915 | 37,822 | 42,379 | 25,039 | 16,045 |
| Investment income | 432,474 | 240,968 | 11,880 | 4,024 | 14,380 |
| Total revenues | 6,849,222 | 5,702,792 | 4,240,045 | 3,074,232 | 2,083,616 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| Professional fees | 18,186 | 13,846 | 11,809 | 8,275 | 3,471 |
| Contracted services | 101,546 | 64,533 | 77,107 | 56,286 | 40,261 |
| Other expenditures | 2,338 | 11,621 | 9,941 | 18,868 | 4,009 |
| Debt service: | | | | | |
| Principal retirement | 1,205,000 | 815,000 | 585,000 | 205,000 | 200,000 |
| Interest and fees | 2,946,792 | 2,341,569 | 1,614,532 | 1,314,900 | 1,016,680 |
| Total expenditures | 4,273,862 | 3,246,569 | 2,298,389 | 1,603,329 | 1,264,421 |
| **Excess of Revenues Over Expenditures** | 2,575,360 | 2,456,223 | 1,941,656 | 1,470,903 | 819,195 |
| **Other Financing Sources** | | | | | |
| General obligation bonds issued | - | - | 341,709 | - | - |
| **Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 2,575,360 | 2,456,223 | 2,283,365 | 1,470,903 | 819,195 |
| **Fund Balance, Beginning of Year** | 8,402,794 | 5,946,571 | 3,663,206 | 2,192,303 | 1,373,108 |
| **Fund Balance, End of Year** | $ 10,978,154 | $ 8,402,794 | $ 5,946,571 | $ 3,663,206 | $ 2,192,303 |

| Percent of Fund Total Revenues | | | | |
|---|---|---|---|---|
| 2024 | 2023 | 2022 | 2021 | 2020 |
| | | | | |
| 92.9 % | 95.1 % | 98.7 % | 99.1 % | 98.5 % |
| 0.8 | 0.7 | 1.0 | 0.8 | 0.8 |
| 6.3 | 4.2 | 0.3 | 0.1 | 0.7 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | | | | |
| 0.3 | 0.2 | 0.3 | 0.3 | 0.2 |
| 1.5 | 1.1 | 1.8 | 0.8 | 1.9 |
| 0.0 | 0.2 | 0.2 | 0.6 | 0.2 |
| | | | | |
| 17.6 | 14.3 | 13.8 | 6.7 | 9.6 |
| 43.0 | 41.1 | 38.1 | 42.8 | 48.8 |
| 62.4 | 56.9 | 54.2 | 51.2 | 60.7 |
| 37.6 % | 43.1 % | 45.8 % | 48.8 % | 39.3 % |

## Harris County Municipal Utility District No. 504
## Board Members, Key Personnel and Consultants
## Year Ended June 30, 2024

| | | | |
|---|---|---|---|
| Complete District mailing address: | Harris County Municipal Utility District No. 504<br>c/o Allen Boone Humphries Robinson LLP<br>3200 Southwest Freeway, Suite 2600<br>Houston, Texas 77027 | | |
| District business telephone number: | 713.860.6400 | | |
| Submission date of the most recent District Registration Form<br>(TWC Sections 36.054 and 45.054): | | | May 30, 2024 |
| Limit on fees of office that a director may receive during a fiscal year: | | $ | 7,200 |

| Board Members | Term of Office Elected & Expires | Fees* | Expense Reimbursements | Title at Year-End |
|---|---|---|---|---|
| John Hernandez | Elected 05/24 05/28 | $ 5,233 | $ 1,429 | President |
| Ebony McGowen | Elected 05/22- 05/26 | 7,200 | 1,580 | Vice President |
| Kedrin Bell | Elected 05/24 05/28 | 3,589 | 686 | Secretary |
| Kimberly Badu | Elected 05/24 05/28 | 3,686 | 482 | Assistant Vice President |
| Anthony Turner | Elected 05/22- 05/26 | 7,200 | 4,267 | Assistant Secretary |

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

| Consultants | Date Hired | Fees and Expense Reimbursements | Title |
|---|---|---|---|
| Allen Boone Humphries Robinson LLP | 10/30/12 | $ 171,685<br>453,500 | General Counsel<br>Bond Counsel |
| Assessments of the Southwest, Inc. | 03/07/13 | 28,344 | Tax Assessor/ Collector |
| BGE, Inc. | 10/30/12 | 380,516 | Engineer |
| Forvis Mazars, LLP | 06/04/15 | 59,500 | Auditor |
| Harris Central Appraisal District | Legislative Action | 72,394 | Appraiser |
| Inframark Services, LLC | 09/05/13 | 994,633 | Operator |
| Myrtle Cruz, Inc. | 03/07/13 | 40,003 | Bookkeeper |
| Perdue, Brandon, Fielder, Collins & Mott, L.L.P. | 03/06/14 | 18,186 | Delinquent Tax Attorney |
| Rathmann & Associates, L.P. | 03/07/13 | 369,500 | Financial Advisor |
| **Investment Officer** | | | |
| Mary Jarmon | 03/07/13 | N/A | Bookkeeper |

RATHMANN & ASSOCIATES

*Financial Advisor to the District*