

**MAYDE CREEK MUNICIPAL
UTILITY DISTRICT**
(Harris County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: SEPTEMBER 22, 2025

\$5,555,000
UNLIMITED TAX BONDS
SERIES 2025

BIDS DUE: 12:00 NOON, HOUSTON TIME
BONDS AWARDED: 6:00 P.M., HOUSTON TIME
MONDAY, OCTOBER 27, 2025
HOUSTON, TEXAS



PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 22, 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 will be designated "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Moody's Investors Service (Underlying).... "A2"
See "SALE AND DISTRIBUTION OF THE BONDS - Municipal
Bond Insurance and Ratings" herein

\$5,555,000
MAYDE CREEK MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas located within Harris County, Texas)
UNLIMITED TAX BONDS, SERIES 2025

Dated: December 1, 2025

**Due: August 1, as shown on the
inside cover**

Interest Accrual Date: Date of Delivery

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 December 3, 2025) (the "Date of Delivery"), and is payable on August 1, 2026, and on each February 1 and August 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 are subject to redemption prior to maturity at the option of Mayde Creek Municipal Utility District (the "District"), as a whole or from time to time in part, on August 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 eleventh 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 "System") to serve the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District have authorized a total of \$81,340,000 principal amount of bonds for the purpose of acquiring and constructing the System and refunding such bonds, and \$7,440,000 principal amount of unlimited tax bonds for recreational facilities. Following the issuance of the Bonds, (i) \$255,000 combination unlimited tax and revenue bonds and \$54,745,000 unlimited tax bonds for constructing the System and refunding such bonds, and (ii) \$5,370,000 principal amount of unlimited tax bonds for recreational facilities 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. 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.

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 December 3, 2025.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

MATURITY SCHEDULE

CUSIP Prefix(a): 41430A

<u>Principal Amount</u>	<u>Maturity (Due August 1)</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Suffix (a)</u>
\$115,000	2031(c)	%	%	
125,000	2032(c)			
130,000	2033(c)			
135,000	2034(c)			
145,000	2035(c)			
155,000	2036(c)			
160,000	2037(c)			
170,000	2038(c)			
180,000	2039(c)			
190,000	2040(c)			
200,000	2041(c)			
210,000	2042(c)			
220,000	2043(c)			
235,000	2044(c)			
250,000	2045(c)			
260,000	2046(c)			
275,000	2047(c)			
290,000	2048(c)			
305,000	2049(c)			
325,000	2050(c)			
340,000	2051(c)			
360,000	2052(c)			
380,000	2053(c)			
400,000	2054(c)			

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- (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, audits, 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.

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."

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 risk factors 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.

Marketability

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

The prices and other terms 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 "A2" 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 "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 “SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Guaranty 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. will be at the option and expense of the Underwriter. 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 Guaranty 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	Mayde Creek Municipal Utility District (the “District”) is a political subdivision of the State of Texas located within Harris County, Texas. See “THE DISTRICT - Authority.”
Description	\$5,555,000 Unlimited Tax Bonds, Series 2025, are dated December 1, 2025, and mature on August 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, at the rates shown on the inside cover hereof, and is payable on August 1, 2026, and on each February 1 and August 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 are subject to redemption, in whole or in part, prior to their scheduled maturities, on August 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 (defined herein), 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 (hereinafter defined) 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 - Factors Affecting Taxable Values and Tax Payments.”
Use of Proceeds	Proceeds of the sale of the Bonds will be used by the District to (1) finance the Water Plant Improvements Project; (2) pay engineering fees associated with the foregoing project; and (3) pay for administrative and issuance costs, legal fees, fiscal agent’s fees, fees to the Texas Commission on Environmental

Quality (the “TCEQ” or the “Commission”) and the Attorney General of Texas, 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 eleventh series of bonds issued by the District for construction and acquisition of a waterworks, sanitary sewer and storm drainage system (the “System”). The District has previously issued Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1979 (the “Series 1979 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1983 (the “Series 1983 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1997 (the “Series 1997 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1999 (the “Series 1999 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2001 (the “Series 2001 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2002 (the “Series 2002 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2003 (the “Series 2003 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2004-A (the “Series 2004-A Bonds”), Unlimited Tax Bonds, Series 2009 (the “Series 2009 Bonds”) and Unlimited Tax Bonds, Series 2018 (the “Series 2018 Bonds”) to finance construction and acquisition of the System. The District issued Unlimited Tax Park Bonds, Series 2008 (the “Series 2008 Bonds”) to finance recreational facilities to serve the District. In addition, the District has issued Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 1995 (the “Series 1995 Refunding Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2004 (the “Series 2004 Refunding Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2005 (the “Series 2005 Refunding Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2012 (the “Series 2012 Refunding Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2016A (the “Series 2016A Refunding Bonds”) and Unlimited Tax Park Refunding Bonds, Series 2016B (the “Series 2016B Refunding Bonds”) to refund outstanding bonds of the District. Reference is made in this Official Statement to the District’s prior issued bonded indebtedness as the “Prior Bonds.” The District has timely paid all principal of and interest on the Prior Bonds when due. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was \$4,135,000 (collectively, the “Outstanding Bonds”), and after issuance of the Bonds, the aggregate principal amount of the District’s bonded indebtedness, including the Bonds, will be \$9,690,000.

Authorized But Unissued Bonds

(i) \$255,000 combination unlimited tax and revenue bonds and \$54,745,000 unlimited tax bonds for constructing the System and refunding such bonds, and (ii) \$5,370,000 unlimited tax bonds for construction and acquisition of recreational facilities will remain authorized but unissued after issuance of the Bonds. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt.” In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with the proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and Recreational facilities with the proceeds of bonds, if any, to be issued by the District in the future. If the District were to need to issue additional bonds for acquisition or construction of additional components of or improvements to the System, authorization for such issuance would need to be granted by the District’s voters at an election for such purpose. See “THE BONDS - Issuance of Additional Debt” and - “Use and Distribution of Bond Proceeds,” “FUTURE DEVELOPMENT,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

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 “A2” 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 “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 Counsel	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Qualified Tax-Exempt Obligations	The Bonds will be designated "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

THE DISTRICT

Description	The District is a political subdivision of the State of Texas, created by Order of the Texas Water Rights Commission (now the Texas Commission on Environmental Quality) on July 23, 1973. The District contains approximately 470.5 acres of land. The District is located entirely within Harris County, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The District is located approximately 23 miles west-northwest of the central business district of the City of Houston. The District is bounded on the north by Clay Road, on the south by Morton Road and on the east by Greenhouse Road. The District lies wholly within the Katy Independent School District. See "THE DISTRICT - Authority" and - "Description," "AERIAL PHOTOGRAPH OF THE DISTRICT," and "APPENDIX A - LOCATION MAP."
Development and Home Construction	As is described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," the development of the entirety of the developable land located within the District is complete, and the District has financed components of the System to serve the entirety thereof with the proceeds of the Prior Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

Of the District's total 470.5 acres, approximately 344.6 acres have been developed into fifteen single family residential subdivisions containing a total of 1,704 single-family residential lots. Such single-family residential lots have been developed as Silvermill Subdivision, Sections 1 through 4 and Westfield Subdivision, Sections 8 through 12, 14 and 16 through 20. Homes have been constructed on all of such 1,704 lots, and all of such homes have been sold to home purchasers. Associated with these single-family residential lots are an additional approximately 34.5 acres of detention park land, open space, and homeowner association recreation sites.

In addition, approximately 51.6 acres have been developed for various commercial uses, and of these approximately 41.4 acres have above-ground building improvements constructed on them. These above-ground improvements consist of the Cardiff Junior High School, a day care center, a general merchandise store, a gas station, and an auto repair shop. The land and improvements that are owned by the Katy ISD are not subject to taxation by the District

The balance of the land located in the District consists of approximately 39.8 acres which are located within drainage easements, District plant sites, arterial roadway rights-of-ways, and pipeline/utility easements that are not available for future development. See "TAX DATA - Principal 2025 Taxpayers" and "INVESTMENT CONSIDERATIONS – Economic Factors Affecting Taxable Values and Tax Payments.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(Unaudited)

2025 Assessed Valuation	\$	458,871,900 (a)
(As of January 1, 2025)		
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Outstanding Bonds	\$	4,135,000
The Bonds.....	\$	<u>5,555,000</u>
Total	\$	9,690,000 (b)
Estimated Overlapping Debt	\$	<u>23,909,880</u>
Total Direct and Estimated Overlapping Debt	\$	<u>33,599,880</u>
Direct Debt Ratios		
: as a percentage of 2025 Assessed Valuation.....		2.11 %
Direct and Overlapping Debt Ratios		
: as a percentage of 2025 Assessed Valuation.....		7.32 %
Debt Service Fund Balance as of August 25, 2025	\$	1,369,548 (c)
General Fund Balance as of August 25, 2025	\$	11,299,541
2024 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.29
Maintenance Tax.....		<u>0.39</u>
Total	\$	0.68 (d)
Anticipated 2025 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.28
Maintenance Tax.....		<u>0.39</u>
Total	\$	0.67 (d)
Percentage of Total Tax Collections (2014-2023) as of September 30, 2025		99.52 %
Percentage of 2024 Tax Collections as of September 30, 2025		98.47 %
(In process of collection.).....		
Average Annual Debt Service Requirements on the Bonds and the		
Outstanding Bonds (2031-2054)	\$	422,400
Maximum Annual Debt Service Requirements on the Bonds and the		
Outstanding Bonds (2027).....	\$	1,639,888
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual		
Debt Service Requirements on the Bonds and the		
Outstanding Bonds (2031-2054) at 95% Tax Collections		
Based Upon 2025 Assessed Valuation.....	\$	0.10

Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual
Debt Service Requirements on the Bonds and the
Outstanding Bonds (2027) at 95% Tax Collections

Based Upon 2025 Assessed Valuation.....	\$	0.38
Number of Single Family Residences		1,704

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- (a) As of January 1, 2025, and comprises the District's 2025 tax roll. 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 value as of January 1 of each year. The District's tax roll is certified by the Harris County 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 \$23,305,557, which total is included in the amount of \$458,871,900. The Appraisal District has proposed the valuation of such protested properties to be \$23,910,596. 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 \$4,703,755, which total is also included in the amount of \$458,871,900. 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 "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
- (b) In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with the proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and Recreational facilities with the proceeds of bonds, if any, to be issued by the District in the future. If the District were to need to issue additional bonds for acquisition or construction of additional components of or improvements to the System, authorization for such issuance would need to be granted by the District's voters at an election for such purpose. See "THE BONDS - Issuance of Additional Debt" and - "Use and Distribution of Bond Proceeds," "FUTURE DEVELOPMENT," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
- (c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such sum gives 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 requirement on the Bonds, consisting of an interest payment thereon, is due August 1, 2026.
- (d) The District levied a debt service tax rate of \$0.29 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation in 2024. The District anticipates levying a debt service tax rate of \$0.28 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation in 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 tax rate, is \$2.504853 per \$100 of Assessed Valuation. 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 "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

\$5,555,000
MAYDE CREEK MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX BONDS
SERIES 2025

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Mayde Creek Municipal Utility District (the “District”) of its Unlimited Tax Bonds, Series 2025 (the “Bonds”). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality (the “TCEQ”), an election held within the District on May 10, 2008 (see “THE BONDS - Authority for Issuance”), and a resolution authorizing issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”).

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the 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 December 1, 2025. Interest accrues from the Date of Delivery, at the rates shown on the inside cover page hereof, and is payable on August 1, 2026, and on each February 1 and August 1 thereafter until the earlier of stated maturity or redemption. The Bonds are fully registered bonds maturing on August 1 of the years 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., Houston, Texas, or any successor paying agent/registrar (the “Paying Agent/Registrar,” “Paying Agent” or “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 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.”

Payment Record

The Bonds are the eleventh series of bonds issued by the District for construction and acquisition of a waterworks, sanitary sewer and storm drainage system (the “System”). The District has previously issued Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1979 (the “Series 1979 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1983 (the “Series 1983 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1997 (the “Series 1997 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1999 (the “Series 1999 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2001 (the “Series 2001 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2002 (the “Series 2002 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2003 (the “Series 2003 Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2004- A (the “Series 2004-A Bonds”), Unlimited Tax Bonds, Series 2009 (the “Series 2009 Bonds”) and Unlimited Tax Bonds, Series 2018 (the “Series 2018 Bonds”) to finance construction and acquisition of the System. The District issued Unlimited Tax Park Bonds, Series 2008 (the “Series 2008 Bonds”) to finance recreational facilities to serve the District. In addition, the District has issued Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 1995 (the “Series 1995 Refunding Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2004 (the “Series 2004 Refunding Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2005 (the “Series 2005 Refunding Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2012 (the “Series 2012 Refunding Bonds”), Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2016A (the “Series 2016A Refunding Bonds”) and Unlimited Tax Park Refunding Bonds, Series 2016B (the “Series 2016B Refunding Bonds”) to refund outstanding bonds of the District. Reference is made in this Official Statement to the District’s prior issued bonded indebtedness as the “Prior Bonds.” The District has timely paid all principal of and interest on the Prior Bonds when due. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was \$4,135,000 (collectively, the “Outstanding Bonds”), and after issuance of the Bonds, the aggregate principal amount of the District’s bonded indebtedness, including the Bonds, will be \$9,690,000.

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 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 rating of "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

The District may decide to discontinue use of the system of book-entry 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 day of the month (whether or not a business day) preceding such interest payment date.

Assignments, Transfers and Exchanges

In the event the 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

The Bonds are subject to redemption and payment at the option of the District, in whole or from time to time in part, on August 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 Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. In order to act as Paying Agent/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.

Authority for Issuance

At elections held within the District on January 20, 1979, June 20, 1981, May 10, 2008, and May 3, 2025, the District authorized a total of \$81,340,000 bonds for the purpose of acquiring or constructing a waterworks, sanitary sewer and storm drainage system (the "System") and refunding such bonds and \$7,440,000 for recreational facilities. After issuance of the Bonds, (i) \$255,000 combination unlimited tax and revenue bonds and \$54,745,000 unlimited tax bonds for constructing the System and refunding such bonds, and (ii) \$5,370,000 for recreational facilities 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 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 collections, Registrar fees, and Appraisal District fees. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund and used solely to pay principal of and interest on the Bonds, and on additional bonds payable from taxes which may hereafter be issued, and Registrar fees.

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

In the Bond Resolution, the Debt Service Fund is confirmed, and the proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund to pay the costs of acquiring or constructing District water, sanitary sewer, and drainage facilities

and for paying the costs of issuing the Bonds. See “Use And Distribution Of Bond Proceeds” below for a more complete description of the use of Bond proceeds.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, 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 \$81,340,000 unlimited tax bonds for construction of the System and refunding, and could authorize additional amounts. Following the issuance of the Bonds, \$255,000 combination unlimited tax and revenue bonds and \$54,745,000 unlimited tax bonds for constructing the System and refunding such bonds will remain authorized but unissued. The District's voters also have authorized \$7,440,000 unlimited tax bonds for recreational facilities of which \$5,370,000 remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ). In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “Use and Distribution of Bond Proceeds” below and “THE SYSTEM”), the District may finance additional components of the System and recreational facilities with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. If the District were to need to issue additional bonds for acquisition or construction of additional components of or improvements to the System, authorization for such issuance would need to be granted. See “INVESTMENT CONSIDERATIONS - Future Debt.”

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, 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 greater than three percent of the value of the taxable property in the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue bonds to fund a fire plan, the following actions would be required: (a) authorization of a fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the City of Houston and the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See “INVESTMENT CONSIDERATIONS - Future Debt.

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 fact 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.

Dissolution

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, Texas, the District may be dissolved by the City of Houston, without the District's consent, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is dissolved, the City of Houston must assume the District's assets and obligations (including the Bonds) and abolish the District within 90 days of the date of dissolution. Dissolution 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; therefore, the District makes no representation that the City of Houston will ever dissolve 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 dissolution occur.

Consolidation

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

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 or 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. 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 a judgment could not 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.

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. 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 (1) finance the Water Plant Improvements Project; (2) pay engineering fees associated with the foregoing project; and (3) pay for administrative and issuance costs, legal fees, fiscal agent’s fees, fees to the TCEQ and the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

Construction Costs

District Share

A. Developer Contribution Items - None

B. District Items

1. Water Plant Improvements Project	\$3,980,000
2. Contingencies	398,000
3. Engineering	<u>597,000</u>
Total District Items	\$4,975,000
TOTAL CONSTRUCTION COSTS	\$4,975,000

Non-Construction Costs

1. Legal Fees	\$ 151,100
2. Fiscal Agent Fees	126,100
3. Bond Discount	166,650
4. Bond Issuance Expenses	56,707
5. Bond Application Report Costs	60,000
6. Attorney General Fee	5,555
7. TCEQ Bond Issuance Fee	13,888
8. Contingencies *	<u>0</u>
TOTAL NON-CONSTRUCTION COSTS	\$580,000
TOTAL BOND ISSUE REQUIREMENT	\$5,555,000

* 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 Developers for 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 Texas Water Rights Commission (predecessor to the TCEQ) dated July 23, 1973, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies totally 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 may also provide solid waste disposal and collection services. The District also is authorized to construct, develop and maintain parks and recreational facilities. 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 to the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting 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 SYSTEM.”

Description

The District contains approximately 470.5 acres of land. The District is located entirely within Harris County, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the “City”). The District is located approximately 23 miles west-northwest of the central business district of the City of Houston. The District is bounded on the north by Clay Road, on the south by Morton Road and on the east by Greenhouse Road. The District lies wholly within the Katy Independent School District. 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 in May in even numbered years.

The current members and officers of the Board, along with their respective terms of office, are listed below.

<u>Name</u>	<u>Position</u>	<u>Term Expires in May</u>
Cyrus Dumas	President	2028
Jessica Graham	Vice President	2028
Betty Mancia Alvarenga	Secretary	2026
Lee Crenshaw	Director	2028
Erwin Sanchez	Director	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's Tax Assessor/Collector is Bob Leared Interests. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Appraisal Districts and bills and collects such levy.

Bookkeeper

The District's bookkeeper is Claudia Redden & Associates. The District has Forvis Mazars LLP as the Regional Sewage Treatment Plant’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 annual audit is filed with the TCEQ. The District's current auditor is McCall Gibson Swedlund Barfoot Ellis PLLC. A copy of the District's audit for the fiscal year ended August 31, 2024, which was prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, is included as “APPENDIX B” to this Official Statement.

Engineer

The District has employed IDS Engineering Group, Houston, Texas, as Consulting Engineer (the “Engineer”) in connection with overall planning activities and the design of the System.

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.

Bond Counsel and General Counsel

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

Financial Advisor

The District has engaged Rathmann & Associates, L.P. as financial advisor (the “Financial Advisor”) to the District. The fee paid the Financial Advisor for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fee 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/companysearch.html>.

DEVELOPMENT AND HOME CONSTRUCTION

The development of the entirety of the developable land located within the District is complete, and the District has financed components of the System to serve the entirety thereof with the proceeds of the Prior Bonds. See “INVESTMENT CONSIDERATIONS - Future Debt” and “THE SYSTEM.” Of the District’s total 470.5 acres, approximately 344.6 acres have been developed into fifteen single family residential subdivisions containing a total of 1,704 single-family residential lots. Such single-family residential lots have been developed as Silvermill Subdivision, Sections 1 through 4 and Westfield Subdivision, Sections 8 through 12, 14 and 16 through 20. Homes have been constructed on all of such 1,704 lots, and all of such homes have been sold to home purchasers. Associated with these single-family residential lots are an additional approximately 34.5 acres of detention park land, open space, and homeowner association recreation sites.

In addition, approximately 51.6 acres have been developed for various commercial uses, and of these approximately 41.4 acres have above-ground building improvements constructed on them. These above-ground improvements consist of the Cardiff Junior High School, a day care center, a general merchandise store, a gas station, and an auto repair shop. The land and improvements that are owned by the Katy ISD are not subject to taxation by the District.

The balance of the land located in the District consists of approximately 39.8 acres which are located within drainage easements, District plant sites, arterial roadway rights-of-ways, and pipeline/utility easements that are not available for future development. See “TAX DATA - Principal 2025 Taxpayers” and “INVESTMENT CONSIDERATIONS - Economic Factors Affecting Taxable Values and Tax Payments.

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken October 2025)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2025)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2025)



DISTRICT DEBT

Debt Service Requirement Schedule

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

Year Ending December 31	Current Total Debt Service	Plus: The Bonds		New Total Debt Service
		Principal	Interest*	
2025	\$1,286,363			\$1,286,363
2026	1,283,263		\$203,683	1,486,946
2027	1,334,363		305,525	1,639,888
2028	574,163		305,525	879,688
2029	610,250		305,525	915,775
2030	618,000		305,525	923,525
2031		\$115,000	305,525	420,525
2032		125,000	299,200	424,200
2033		130,000	292,325	422,325
2034		135,000	285,175	420,175
2035		145,000	277,750	422,750
2036		155,000	269,775	424,775
2037		160,000	261,250	421,250
2038		170,000	252,450	422,450
2039		180,000	243,100	423,100
2040		190,000	233,200	423,200
2041		200,000	222,750	422,750
2042		210,000	211,750	421,750
2043		220,000	200,200	420,200
2044		235,000	188,100	423,100
2045		250,000	175,175	425,175
2046		260,000	161,425	421,425
2047		275,000	147,125	422,125
2048		290,000	132,000	422,000
2049		305,000	116,050	421,050
2050		325,000	99,275	424,275
2051		340,000	81,400	421,400
2052		360,000	62,700	422,700
2053		380,000	42,900	422,900
2054		400,000	22,000	422,000
	\$5,706,402	\$5,555,000	\$6,008,383	\$17,269,785

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

Average Annual Requirements (2031-2054)	\$ 422,400
Maximum Annual Requirement (2027)	\$ 1,639,888

Bonded Indebtedness

2025 Assessed Valuation	\$	458,871,900 (a)
(As of January 1, 2025)		
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Outstanding Bonds	\$	4,135,000
The Bonds.....	\$	<u>5,555,000</u>
Total	\$	9,690,000 (b)
Estimated Overlapping Debt	\$	<u>23,909,880</u>
Total Direct and Estimated Overlapping Debt	\$	<u>33,599,880</u>
Direct Debt Ratios		
: as a percentage of 2025 Assessed Valuation.....		2.11 %
Direct and Overlapping Debt Ratios		
: as a percentage of 2025 Assessed Valuation.....		7.32 %
Debt Service Fund Balance as of August 25, 2025	\$	1,369,548 (c)
General Fund Balance as of August 25, 2025	\$	11,299,541
2024 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.29
Maintenance Tax.....		<u>0.39</u>
Total	\$	0.68 (d)
Anticipated 2025 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.28
Maintenance Tax.....		<u>0.39</u>
Total	\$	0.67 (d)

(a) As of January 1, 2025, and comprises the District's 2025 tax roll. 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 value as of January 1 of each year. The District's tax roll is certified by the Harris County 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 \$23,305,557, which total is included in the amount of \$458,871,900. The Appraisal District has proposed the valuation of such protested properties to be \$23,910,596. 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 \$4,703,755, which total is also included in the amount of \$458,871,900. 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 "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with the proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and Recreational facilities with the proceeds of bonds, if any, to be issued

by the District in the future. If the District were to need to issue additional bonds for acquisition or construction of additional components of or improvements to the System, authorization for such issuance would need to be granted by the District's voters at an election for such purpose. See "THE BONDS - Issuance of Additional Debt" and - "Use and Distribution of Bond Proceeds," "FUTURE DEVELOPMENT," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

- (c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such sum gives 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 requirement on the Bonds, consisting of an interest payment thereon, is due August 1, 2026.
- (d) The District levied a debt service tax rate of \$0.29 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation in 2024. The District anticipates levying a debt service tax rate of \$0.28 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation in 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 tax rate, is \$2.504853 per \$100 of Assessed Valuation. 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 "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 <u>September 1, 2025</u>	Estimated Overlapping	
		<u>Percent</u>	<u>Amount</u>
Harris County	\$2,592,024,736	0.0691%	\$1,791,205
Harris County Department of Education	28,960,000	0.0691%	20,013
Harris County Flood Control District	958,695,000	0.0691%	662,501
Port of Houston Authority	406,509,397	0.0691%	280,916
Harris County Hospital District	867,820,000	0.0691%	599,702
Katy Independent School District	2,659,335,000	0.7730%	<u>20,555,542</u>
Total Estimated Overlapping Debt			\$23,909,880
The District (the Bonds and the Outstanding Bonds)			<u>\$9,690,000</u>
Total Direct & Estimated Overlapping Debt			\$33,599,880

Debt Ratios

	% of 2025 <u>Assessed Valuation</u>
Direct Debt	2.11%
Direct and Estimated Overlapping Debt	7.32%

TAX DATA

Debt Service Tax

All taxable property located 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, levied upon all taxable property within the District, sufficient to pay principal of and interest on the Bonds, and any future tax-supported bonds which may be issued from time to time as authorized. The Board covenants in the Bond Resolution to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements, and available funds. The District levied a debt service tax in 2024 of approximately \$0.29 per \$100 of Assessed Valuation, and anticipates levying a debt service tax in 2025 of approximately \$0.28 per \$100 of Assessed Valuation.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	\$1.50 per \$100 Assessed Valuation.

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 vote of the District's electors. On May 13, 2006, the Board was authorized by a vote of the District's electors to levy such maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds which may be issued in the future. The District levied a maintenance tax of \$0.39 per \$100 of Assessed Valuation for 2024, and anticipates levying a maintenance tax of \$0.39 per \$100 of Assessed Valuation for 2025, as is described below under the caption "Tax Rate Distribution."

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.

<u>Tax Year</u>	<u>Assessed Valuation</u>	<u>Tax Rate(a)</u>	<u>Adjusted Levy</u>	<u>Cumulative % Collections</u>	
				<u>Current & Prior Years(b)</u>	<u>Year Ended 9/30</u>
2015	\$225,636,564	\$0.93	\$2,097,156	99.72%	2016
2016	247,604,427	0.93	2,301,360	98.68	2017
2017	267,004,066	0.92	2,455,309	99.62	2018
2018	273,192,384	0.89	2,431,150	99.60	2019
2019	293,498,633	0.86	2,523,885	99.55	2020
2020	303,448,677	0.84	2,548,587	99.49	2021
2021	326,093,306	0.80	2,608,581	99.45	2022
2022	378,532,005	0.72	2,725,431	99.42	2023
2023	422,046,016	0.69	2,912,118	99.20	2024
2024	443,180,817	0.68	3,013,629	98.47(c)	2025
2025	458,871,900 (d)	0.67(e)	3,074,442(e)	(e)	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 September 30, 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) As of September 30, 2025. In process of collection.

(d) 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 \$23,305,557, which total is included in the amount of \$458,871,900. The Appraisal District has proposed the valuation of such protested properties to be \$23,910,596. 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 \$4,703,755, which total is also included in the amount of \$458,871,900. 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.

(e) The District anticipates levying a debt service tax rate of \$0.28 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation in 2025.

Tax Rate Distribution

	<u>2025*</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Debt Service	\$0.28	\$0.29	\$0.33	\$0.33	\$0.36	\$0.40
Maintenance & Operations	<u>0.39</u>	<u>0.39</u>	<u>0.36</u>	<u>0.39</u>	<u>0.44</u>	<u>0.44</u>
Total	\$0.67	\$0.68	\$0.69	\$0.72	\$0.80	\$0.84

* Anticipated tax rate.

Analysis of Tax Base

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

<u>Type of Property</u>	2025		2024		2023	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$108,654,349	23.68%	\$110,068,628	24.84%	\$95,256,194	22.57%
Improvements	365,118,207	79.57%	389,266,338	87.83%	409,479,850	97.02%
Personal Property	7,934,500	1.73%	8,586,287	1.94%	7,050,502	1.67%
Uncertified	28,009,312	6.10%	0	0.00%	0	0.00%
Exemptions	<u>-50,844,468</u>	<u>-11.08%</u>	<u>-64,740,436</u>	<u>-14.61%</u>	<u>-89,740,530</u>	<u>-21.26%</u>
Total	\$458,871,900	100.00%	\$443,180,817	100.00%	\$422,046,016	100.00%

<u>Type of Property</u>	2022		2021	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$83,538,441	22.07%	\$70,432,424	21.60%
Improvements	363,851,773	96.12%	286,968,356	88.00%
Personal Property	7,148,246	1.89%	6,380,935	1.96%
Exemptions	<u>-76,006,455</u>	<u>-20.08%</u>	<u>-37,688,409</u>	<u>-11.56%</u>
Total	\$378,532,005	100.00%	\$326,093,306	100.00%

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.

<u>Taxpayer</u>	<u>Type of Property</u>	2025 Taxable Value	% of 2025 Tax Roll
Kroozin Clay Real Estate	Land and Improvements	\$4,258,543	0.93%
Henderson American LLC	Land and Improvements	3,225,121	0.70%
NAVI Realty LLC	Land and Improvements	2,880,000	0.63%
Centerpoint Energy	Personal Property	2,229,050	0.49%
19411 Clay LLC	Land and Improvements	1,813,744	0.40%
Greenhouse Plaze LLC	Land and Improvements	1,770,000	0.39%
JSB Resources LLC	Land and Improvements	1,601,787	0.35%
Realty Income Properties	Land and Improvements	1,284,608	0.28%
Comcast of Houston LLC	Personal Property	1,185,500	0.26%
Centerpoint Energy Entex	Personal Property	<u>1,108,390</u>	<u>0.24%</u>
		\$21,356,743	4.65%

Tax Exemption

The District has adopted a residential homestead exemption for persons 65 years or older or disabled persons in the amount of \$20,000 in Assessed Valuation. The District has not adopted a general residential homestead exemption. See “TAXING PROCEDURES.”

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.

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's tax base occurs beyond the 2025 Assessed Valuation. The calculations assume collection of 95% of taxes levied, no use of District funds on hand other than tax collections, and the sale of no bonds by the District except the Bonds and the Prior Bonds.

Average Annual Debt Service Requirements (2031-2054)	\$422,400
Tax Rate of \$0.10 on the 2025 Assessed Valuation (\$458,871,900) produces.....	\$435,928
Maximum Annual Debt Service Requirement (2027)	\$1,639,888
Tax Rate of \$0.38 on the 2025 Assessed Valuation (\$458,871,900) produces.....	\$1,656,528

The District levied a debt service tax of \$0.29 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation for 2024. The District anticipates levying a debt service tax rate of \$0.28 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation in 2025. As the above table indicates, the anticipated 2025 debt service tax rate will be sufficient to pay the average annual but not the maximum annual debt service requirement on the Bonds given taxable values in the District at the level of the 2025 Assessed Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” However, as is illustrated above under the caption “Historical Values and Tax Collection History,” the District had collected 99.52% of its 2014 through 2023 tax levies as of September 30, 2025, and its 2024 tax levy, which is in the process of collection, was 98.47% collected as of such date. Moreover, the District's Debt Service Fund balance was \$1,369,548 as of August 25, 2025. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see “APPENDIX B”). Therefore, given these and other factors, the District anticipates that it will be able to meet the debt service requirements on the Bonds without increasing the tax rate for debt service above the debt service rate which the District anticipates levying for 2025 – \$0.28 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with the proceeds of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and Recreational facilities with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt” and - “Use and Distribution of Bond Proceeds,” “FUTURE DEVELOPMENT,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to the ad valorem taxes required to make debt service payments on bonded debt 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.

Set forth below is an estimation of all taxes per \$100 of assessed valuation levied by such jurisdictions. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions. The following chart includes the 2024 taxes per \$100 of assessed valuation levied by all such taxing jurisdictions.

<u>Taxing Jurisdiction</u>	<u>2024 Tax Rate Per \$100 of A.V.</u>
Harris County	\$0.385290
Harris County Department of Education	0.004799
Harris County Flood Control District	0.048970
Port of Houston Authority	0.006150
Harris County Hospital District	0.163480
Harris County Emergency Services District #47	0.099064
Katy Independent School District	1.117100
The District (i)	<u>0.680000</u>
	\$2.504853

- (i) The District levied a debt service tax of \$0.29 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation for 2024. The District anticipates levying a debt service tax rate of \$0.28 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation in 2025.

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 an amount sufficient to pay the principal of and interest on 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 may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations, if any. See “TAX DATA - Maintenance Tax” and - “Tax Rate Distribution.”

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 of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Harris Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Harris County, including the District. Such appraisal values will be subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board").

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

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 in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, 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 (if it were to annex the area), Harris County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

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 one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value 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 be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property 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 (3) years for agricultural use, open space land and timberland.

The Property Tax Code requires the Appraisal Districts 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 Districts at least once every three years. It is not known what frequency of reappraisals will be utilized by the Appraisal Districts 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 Districts 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 Districts choose 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 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.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2025 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developed 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. 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 tax payer 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 Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions 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 SYSTEM

Regulation

According to the District's Engineer, the 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.

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. The total number of equivalent single family connections ("ESFCs") estimated at this time for the District is approximately 1,956, and the estimated residential population is approximately 5,112 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

The System presently serves all of the developable land within the 470.5 acre District with the exception of minor line extensions. Approximately 344.6 acres have been developed into 15 single family residential subdivisions containing a total of 1,704 single-family residential lots that have been platted as Silvermill Subdivision, Sections 1 through 4 and Westfield Subdivision, Sections 8 through 12, 14 and 16 through 20. Homes have been constructed on all 1,704 single-family residential lots and all of such homes have been sold to home purchasers. Associated with these lots are an additional approximately 34.5 acres of detention park land, open space, and homeowner association recreation sites.

In addition, approximately 51.6 acres have been developed for various commercial uses, and of these approximately 41.4 acres have above-ground building improvements constructed on them. These above-ground improvements consist of the Cardiff Junior High School, a day care center, a general merchandise store, a gas station, and an auto repair shop.

The balance of the land located in the District consists of approximately 39.8 acres which are located within drainage easements, District plant sites, arterial roadway rights-of-ways, and pipeline/utility easements that are not available for future development. The District currently serves approximately 1,956 ESFCs, and the District Engineer estimates that the District will serve approximately 1,964 ESFCs at full build out.

Water Supply and Distribution

The District owns and operates water distribution and supply facilities to serve all of the development located in the District. Water supply is currently ground water provided by Well No. 1 (600 gallons per minute ("gpm")) and Well No. 2 (1,250 gpm) with a combined capacity of 1,850 gpm. The water plant facilities include two ground storage tanks with a total capacity of 720,000 gallons, six booster pumps with a total of capacity of 4,000 gpm, and two hydropneumatic tanks with a total capacity of 30,000 gallons. According to the District's Engineer, the water supply plant facilities have capacity sufficient to provide service to 2,000 ESFCs. The District is financing a Water Plant Improvements Project with a portion of the proceeds of the sale of the Bonds.

The District financed the cost of the underground water distribution and water plant facilities to serve Silvermill, Sections 1 through 4 and Westfield, Sections 8 through 12, 14 and 16 through 20 and all of the commercial tracts with portions of the proceeds of the sale of the Prior Bonds.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the North Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

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

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

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

Wastewater Collection and Treatment

The District owns and operates underground wastewater collections lines and wastewater treatment facilities to serve all of the development in the District. The District has contracted with Clay Road Municipal Utility District ("Clay Road") and Ricewood Municipal Utility District ("Ricewood") for the joint ownership and construction of a regional wastewater treatment plant (the "Plant"), which is located within the boundaries of the District. The District holds a

wastewater discharge permit issued by the TCEQ which it renews from time to time as required. The District's share of the 2,000,000 gallons-per-day Plant is 590,000 gallons-per-day. According to the District's Engineer, the District's share of the regional wastewater treatment capacity is sufficient to serve 1,967 ESFC's.

The District financed the cost of the underground wastewater collection lines, lift station, and wastewater treatment facilities to serve Silvermill, Sections 1 through 4 and Westfield, Sections 8 through 12, 14 and 16 through 20 and all of the commercial tracts with portions of the proceeds of the sale of the Prior Bonds.

Stormwater Drainage and Detention Improvements

The District provides storm water drainage for all of the land in the District by an internal storm sewer network, stormwater detention ponds and drainage channels which outfall ultimately into Harris County Flood Control District Channel Unit U101-03-01 or U201-01-01 and thence to U101-00-00 which is South Mayde Creek.

The District financed the cost of acquisition or construction of the underground storm sewers, stormwater detention basins, and drainage channels to serve Silvermill, Sections 1 through 4 and Westfield, Sections 8 through 12, 14 and 16 through 20 and all of the commercial tracts with a portion of the proceeds of the sale of the Prior Bonds.

100-Year Flood Plain

According to the National Flood Insurance Program Flood Insurance Rate Map for Harris County dated June 18, 2007, all of the land located within the District lies outside the 100-year flood plain.

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100 year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100 year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100 year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. If substantial or frequent flooding of homes were to occur in the area of the District, the marketing of homes and the future growth of property values in the District could be adversely affected. See "INVESTMENT CONSIDERATIONS - Extreme Weather Events."

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 Service Area. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any political subdivision other than the District, will be secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within 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 representations that over

the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. 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.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of single-family residences that have been constructed within the District. The assessed valuation of such homes is related to general economic conditions affecting the demand for residences. Demand for such homes can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and costs and the prosperity and demographic characteristics of the urban center toward which the marketing of homes is directed. Decreased levels of commercial construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. Volatility in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see “Potential Effects of Oil Price Volatility on the Houston Area” below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although the development to the date hereof is as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION” and “DEVELOPERS AND HOMEBUILDERS,” the District cannot predict the pace or magnitude of any future commercial construction in the District other than that which has occurred to date. See “FUTURE DEVELOPMENT.”

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 the development to the date hereof is as described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION” and “DEVELOPERS AND HOMEBUILDERS,” the District cannot predict the pace or magnitude of any future commercial construction in the District other than that which has occurred to date. See “FUTURE DEVELOPMENT.” The District cannot predict what impact, if any, a downturn in the local housing and financial markets or a downturn in the national housing and financial markets may have on the Houston market generally and the District specifically, or the maintenance of assessed values in the District.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of development funding have a direct impact on commercial development activity, particularly short-term interest rates at which developers are able to obtain financing for commercial development costs. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District. 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 commercial development within the District. In addition, since the District is located approximately 23 miles west-northwest of 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 commercial development and construction plans in the District and restrain the growth of the District’s property tax base.

Maximum Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2025 Assessed Valuation of property located within the District is \$458,871,900. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds will be \$1,639,888 (2027) and the average annual debt service requirements will

be \$422,400 (2031 through 2054, inclusive). Assuming no increase to nor decrease from the 2025 Assessed Valuation, tax rates of \$0.38 and \$0.10 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, on the Bonds and the Outstanding Bonds, assuming no use of other legally available funds on hand, and the issuance of no bonds by the District except the Bonds and the Prior Bonds. See “TAX DATA - Tax Rate Calculations.”

The District levied a debt service tax of \$0.29 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation for 2024. The District anticipates levying a debt service tax rate of \$0.28 per \$100 of Assessed Valuation plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation in 2025. As the above information indicates, the anticipated 2025 debt service tax rate will be sufficient to pay the average annual but not the maximum annual debt service requirement on the Bonds given taxable values in the District at the level of the 2025 Assessed Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.” However, as is illustrated above under the caption “Historical Values and Tax Collection History,” the District had collected 99.52% of its 2014 through 2023 tax levies as of September 30, 2025, and its 2024 tax levy, which is in the process of collection, was 98.47% collected as of such date. Moreover, the District's Debt Service Fund balance was \$1,369,548 as of August 25, 2025. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds (see “APPENDIX B”). Therefore, given these and other factors, the District anticipates that it will be able to meet the debt service requirements on the Bonds without increasing the tax rate for debt service above the debt service rate which the District anticipates levying for 2025 – \$0.28 per \$100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners.

Increases in the District's tax rate to substantially higher levels than the approximate debt service rate of \$0.29 per \$100 of Assessed Valuation which the District levied for 2024 (plus a maintenance tax of \$0.39 per \$100 of Assessed Valuation) may have an adverse impact upon future development of the District, the sale and construction of homes within the District, and 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 tax rate, is \$2.504853 per \$100 of Assessed Valuation. 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.

One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. See “TAX DATA - Estimated Overlapping Taxes,” “TAXING PROCEDURES,” and “THE BONDS - Registered Owners' Remedies.”

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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two years of foreclosure. 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.

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 judgement 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."

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 (i) \$255,000 combination unlimited tax and revenue bonds and \$54,745,000 unlimited tax bonds for constructing the System and refunding such bonds, and (ii) \$5,370,000 unlimited tax bonds for recreational facilities, and such additional bonds as may hereafter be approved by the voters of the District. 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 \$55,000,000 bonds for construction of the System is also subject to TCEQ authorization. In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and

Distribution of Bond Proceeds” and “THE SYSTEM”), the District may finance the acquisition or construction of additional components of the System and recreational facilities with the proceeds of the sale of bonds, if any, that the District expects to issue in the future. If the District were to need to issue additional bonds for acquisition or construction of additional components of or improvements to the System, authorization for such issuance would need to be granted by See “THE BONDS - Issuance of Additional Debt.” If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds and the Remaining Outstanding Bonds.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure 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.”

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.

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (the “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.

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.

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, is subject to occasional severe weather events, including tropical storms and hurricanes. 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 Engineer, the District's System did not sustain any material damage and there was no interruption of water and sewer service. Further, according to the District's Operator and Engineer, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes or commercial improvements 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.

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 construction activity within the District. The District cannot predict the impact that negative conditions in the oil industry could 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 - 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. 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.

Qualified Tax-Exempt Obligations

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

The Bonds will be designated "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2025.

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

Additional Federal Income Tax Considerations

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

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

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

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

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

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

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

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

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

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

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

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

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made as to the accuracy or completeness of the information contained herein that was obtained from sources other than the District. 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 District's financial statements for the fiscal year ended August 31, 2024, were audited McCall Gibson Swedlund Barfoot Ellis PLLC, and have been included herein as "APPENDIX B." McCall Gibson Swedlund Barfoot Ellis PLLC, has agreed to the publication of such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by IDS Engineering Group 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 "DISTRICT DEBT" and "TAX DATA" was provided by Bob Leared Interests, and the Appraisal District. Such information has been included herein in reliance upon Bob Leared Interests' authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are 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 Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; 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.”

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) regarding the District’s continuing disclosure obligations because the District has not issued more than \$10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the 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 specified material events, to the MSRB through its Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain financial information and operating data which is customarily prepared by the District and is publicly available, annually to the MSRB, or any successor, through its Electronic Municipal Market Access System (“EMMA”).

The financial information and operating data which will be provided with respect to the District is found in “APPENDIX B” (Annual Financial Report). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2025. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

The District’s current fiscal year end is August 31. Accordingly, it must provide updated information by the last day of February 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 events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

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 through its EMMA system at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 SEC Rule 15c2-12, taking into account any amendments or interpretations of such Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the

Bond Resolution if the SEC amends or repeals the applicable provisions of such 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 its prior continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

Official Statement “Deemed Final”

For purposes of compliance with SEC Rule 15c2-12, 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 SEC Rule 15c2-12.

This Official Statement was approved by the Board of Directors of Mayde Creek Municipal Utility District as of the date shown on the first page hereof.

President, Board of Directors
Mayde Creek Municipal
Utility District

ATTEST:

Secretary, Board of Directors
Mayde Creek Municipal
Utility District

LOCATION MAP



APPENDIX B

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
AUGUST 31, 2024**

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

AUGUST 31, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mayde Creek Municipal Utility District
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Mayde Creek Municipal Utility District (the "District") as of and for the year ended August 31, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of August 31, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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



McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 16, 2024

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

Management's discussion and analysis of Mayde Creek Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended August 31, 2024. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”). Budgetary comparison schedules are included as RSI for the General Fund and the Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$16,913,345 as of August 31, 2024.

A portion of the District’s net position reflects its net investment in capital assets (e.g. land and improvements, buildings and equipment as well as water, wastewater, drainage and recreational facilities less any debt used to acquire those assets that is still outstanding).

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 14,893,430	\$ 13,225,896	\$ 1,667,534
Capital Assets (Net of Accumulated Depreciation)	8,370,366	8,694,766	(324,400)
Total Assets	\$ 23,263,796	\$ 21,920,662	\$ 1,343,134
Deferred Outflow of Resources	\$ 50,027	\$ 89,922	\$ (39,895)
Long-Term Liabilities	\$ 4,166,213	\$ 5,356,874	\$ 1,190,661
Other Liabilities	2,234,265	1,746,957	(487,308)
Total Liabilities	\$ 6,400,478	\$ 7,103,831	\$ 703,353
Net Investment in Capital Assets	\$ 3,109,180	\$ 2,377,814	\$ 731,366
Restricted	1,416,548	1,192,090	224,458
Unrestricted	12,387,617	11,336,849	1,050,768
Total Net Position	\$ 16,913,345	\$ 14,906,753	\$ 2,006,592

The following table provides a summary of the District's operations for the years ending August 31, 2024, and August 31, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,911,097	\$ 2,727,284	\$ 183,813
Payments in Lieu of Taxes	52,239	50,350	1,889
Charges for Services	2,566,312	2,305,747	260,565
Other Revenues	775,248	594,010	181,238
Total Revenues	\$ 6,304,896	\$ 5,677,391	\$ 627,505
Expenses for Services	4,298,304	3,878,939	(419,365)
Change in Net Position	\$ 2,006,592	\$ 1,798,452	\$ 208,140
Net Position, Beginning of Year	14,906,753	13,108,301	1,798,452
Net Position, End of Year	\$ 16,913,345	\$ 14,906,753	\$ 2,006,592

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of August 31, 2024, were \$12,791,109, an increase of \$1,337,847 from the prior year.

The General Fund fund balance increased by \$1,128,093, primarily due to property tax and service revenue exceeding operation costs.

The Special Revenue Fund is revenue neutral. Costs incurred are billed to participants on a monthly basis.

The Debt Service Fund fund balance increased by \$209,754, primarily due to the structure of the District's outstanding debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the fiscal year. Actual revenues were \$505,649 more than budgeted revenues and actual expenditures were \$340,928 more than budgeted expenditures resulting in a positive variance of \$164,721.

CAPITAL ASSETS

Capital assets as of August 31, 2024, total \$8,370,366 (net of accumulated depreciation) and include land and improvements, buildings and equipment as well as the water, wastewater, drainage and recreational systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 735,900	\$ 735,900	\$
Construction in Progress	59,872		59,872
Capital Assets, Net of Accumulated Depreciation:			
Recreational Facilities	389,427	334,786	54,641
Water System	1,773,032	1,955,547	(182,515)
Wastewater System	2,901,221	3,058,851	(157,630)
Drainage System	1,864,934	1,929,992	(65,058)
Meeting Facility	645,980	679,690	(33,710)
Total Net Capital Assets	<u>\$ 8,370,366</u>	<u>\$ 8,694,766</u>	<u>\$ (324,400)</u>

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED AUGUST 31, 2024**

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of \$5,280,000.

The changes in the debt position of the District during the fiscal year ended August 31, 2024, are summarized as follows:

Bond Debt Payable, September 1, 2023	\$ 6,330,000
Less: Bond Principal Paid	<u>1,050,000</u>
Bond Debt Payable, August 31, 2024	<u>\$ 5,280,000</u>

The Series 2016A and Series 2016B bonds carry an underlying rating of “A2” from Moody’s Investors Services and an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2018 bonds carry an underlying rating of “A2” from Moody’s Investors Services and an insured rating of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Mayde Creek Municipal Utility District, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>
ASSETS		
Cash	\$ 221,261	\$ 675,080
Investments	11,071,738	
Receivables:		
Property Taxes	78,403	
Penalty and Interest on Delinquent Taxes		
Service Accounts	220,184	
Other	10,198	
Due from Other Funds	248,386	26,782
Prepaid Regional Water Authority Fees		
Prepaid Costs	113,245	26,809
Due from Other Governments		148,900
Advance for Regional Sewage Treatment Plant Operations	44,250	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	<u>\$ 12,007,665</u>	<u>\$ 877,571</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 12,007,665</u></u>	<u><u>\$ 877,571</u></u>

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

Debt Service Fund	Total	Adjustments	Statement of Net Position
\$ 42,081	\$ 938,422	\$	\$ 938,422
1,339,098	12,410,836		12,410,836
76,815	155,218		155,218
		39,821	39,821
	220,184		220,184
	10,198		10,198
	275,168	(275,168)	
		825,850	825,850
	140,054	3,947	144,001
	148,900		148,900
	44,250	(44,250)	
		735,900	735,900
		59,872	59,872
		7,574,594	7,574,594
<u>\$ 1,457,994</u>	<u>\$ 14,343,230</u>	<u>\$ 8,920,566</u>	<u>\$ 23,263,796</u>
 \$ - 0 -	 \$ - 0 -	 \$ 50,027	 \$ 50,027
<u><u>\$ 1,457,994</u></u>	<u><u>\$ 14,343,230</u></u>	<u><u>\$ 8,970,593</u></u>	<u><u>\$ 23,313,823</u></u>

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
AUGUST 31, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>
LIABILITIES		
Accounts Payable	\$ 91,842	\$ 70,161
Accrued Interest Payable		
Due to Other Governments	60,488	463,474
Due to Other Funds	26,782	193,936
Due to Taxpayers		
Due to Voluntary Services	3,394	
Security Deposits	267,339	
Advances from Participants		150,000
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	<u>\$ 449,845</u>	<u>\$ 877,571</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 78,403</u>	<u>\$ - 0 -</u>
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 113,245	\$
Advance for Regional Sewage Treatment Plant		
Operations	44,250	
Restricted for Debt Service		
Unassigned	<u>11,321,922</u>	
TOTAL FUND BALANCES	<u>\$ 11,479,417</u>	<u>\$ - 0 -</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 12,007,665</u>	<u>\$ 877,571</u>
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Debt Service Fund	Total	Adjustments	Statement of Net Position
\$ 1,550	\$ 163,553	\$	\$ 163,553
		11,780	11,780
	523,962		523,962
54,450	275,168	(275,168)	
13,487	13,487		13,487
	3,394		3,394
	267,339		267,339
	150,000	(44,250)	105,750
		1,145,000	1,145,000
		4,166,213	4,166,213
<u>\$ 69,487</u>	<u>\$ 1,396,903</u>	<u>\$ 5,003,575</u>	<u>\$ 6,400,478</u>
<u>\$ 76,815</u>	<u>\$ 155,218</u>	<u>\$ (155,218)</u>	<u>\$ - 0 -</u>
\$	\$ 113,245	\$ (113,245)	\$
	44,250	(44,250)	
1,311,692	1,311,692	(1,311,692)	
	11,321,922	(11,321,922)	
<u>\$ 1,311,692</u>	<u>\$ 12,791,109</u>	<u>\$ (12,791,109)</u>	<u>\$ - 0 -</u>
<u>\$ 1,457,994</u>	<u>\$ 14,343,230</u>		
		\$ 3,109,180	\$ 3,109,180
		1,416,548	1,416,548
		12,387,617	12,387,617
		<u>\$ 16,913,345</u>	<u>\$ 16,913,345</u>

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2024

Total Fund Balances - Governmental Funds	\$ 12,791,109
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital contributions to the West Harris County Regional Water Authority are not current financial resources and, therefore, are not reported as assets in the governmental funds.	825,850
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Bond insurance premiums paid at closing are amortized over the term of the refunding bonds.	3,947
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Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	8,370,366
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The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.	50,027
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Deferred inflows of resources related to property tax revenues and deferred penalty and interest revenues on delinquent taxes for the 2023 and prior tax levies became part of recognized revenues in the governmental activities of the District.	195,039
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (11,780)	
Bonds Payable Within One Year	(1,145,000)	
Bonds Payable After One Year	(4,166,213)	(5,322,993)
Total Net Position - Governmental Activities		\$ 16,913,345

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>General Fund</u>	<u>Special Revenue Fund</u>
REVENUES		
Property Taxes	\$ 1,511,900	\$
Payments in Lieu of Taxes	52,239	
Water Service	542,324	
Wastewater Service	742,865	702,328
Regional Water Authority Fees	641,284	
Regional Water Authority Credits	116,628	
Community Center Fees	46,806	
Penalty and Interest	46,692	
Tap Connection and Inspection Fees	50,830	
Investment Revenues	582,219	
Miscellaneous Revenues	58,690	
TOTAL REVENUES	<u>\$ 4,392,477</u>	<u>\$ 702,328</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 176,118	\$ 23,092
Contracted Services	878,606	73,432
Purchased Water Service	697,719	979
Purchased Wastewater Service	217,005	
Utilities	51,912	124,620
Regional Water Authority Assessments	232,851	
Repairs and Maintenance	354,607	106,007
Community Center	252,678	
Depreciation		
Other	213,657	343,608
Capital Outlay	189,231	30,590
Debt Service:		
Bond Principal		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	<u>\$ 3,264,384</u>	<u>\$ 702,328</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,128,093</u>	<u>\$ - 0 -</u>
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - SEPTEMBER 1, 2023	<u>10,351,324</u>	
FUND BALANCES/NET POSITION - AUGUST 31, 2024	<u>\$ 11,479,417</u>	<u>\$ - 0 -</u>

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

Debt Service Fund	Total	Adjustments	Statement of Activities
\$ 1,387,422	\$ 2,899,322	\$ 11,775	\$ 2,911,097
	52,239		52,239
	542,324		542,324
	1,445,193	(247,595)	1,197,598
	641,284		641,284
	116,628	(116,628)	
	46,806		46,806
35,303	81,995	5,475	87,470
	50,830		50,830
94,046	676,265	40,190	716,455
103	58,793		58,793
<u>\$ 1,516,874</u>	<u>\$ 6,611,679</u>	<u>\$ (306,783)</u>	<u>\$ 6,304,896</u>
\$ 10,411	\$ 209,621	\$	\$ 209,621
62,192	1,014,230		1,014,230
	698,698		698,698
	217,005	(217,005)	
	176,532		176,532
	232,851		232,851
	460,614		460,614
	252,678		252,678
		513,631	513,631
6,579	563,844		563,844
	219,821	(219,821)	
1,050,000	1,050,000	(1,050,000)	
177,938	177,938	(2,333)	175,605
<u>\$ 1,307,120</u>	<u>\$ 5,273,832</u>	<u>\$ (975,528)</u>	<u>\$ 4,298,304</u>
\$ 209,754	\$ 1,337,847	\$ (1,337,847)	\$
		2,006,592	2,006,592
1,101,938	11,453,262	3,453,491	14,906,753
<u>\$ 1,311,692</u>	<u>\$ 12,791,109</u>	<u>\$ 4,122,236</u>	<u>\$ 16,913,345</u>

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

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 1,337,847
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	11,775
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when the penalty and interest are assessed.	5,475
Governmental funds report West Harris County Regional Water Authority credits as revenues. However, in the government-wide financial statements, the principal portion of the credits decreases long-term receivables and the balance is recorded as investment revenue.	(76,438)
Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(513,631)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	189,231
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	1,050,000
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year end.	2,333
Change in Net Position - Governmental Activities	<u>\$ 2,006,592</u>

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 1. CREATION OF DISTRICT

Mayde Creek Municipal Utility District, located in Harris County, Texas, (the “District”) was created effective July 23, 1973, by the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct and maintain parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on August 3, 1973, and the first bonds were sold on August 20, 1979.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has entered into a joint operations agreement with Clay Road Municipal Utility District and Ricewood Municipal Utility District for wastewater disposal. The District has oversight responsibility for the regional sewage treatment plant. Additional disclosure concerning this joint operations agreement is provided in Note 8.

Financial Statement Presentation

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

- * Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- * Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- * Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers these funds to be major funds.

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

Special Revenue Fund – To account for financial resources collected and administered by the District for the operation of a regional sewage treatment plant.

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

Basis of Accounting

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost of \$5,000 or more and a useful life of at least two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Jogging Trails	30
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund and Special Revenue Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The original Special Revenue Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Fund present the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

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

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

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

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

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	<u>Series 2016A Refunding</u>
Amounts Outstanding – August 31, 2024	\$ 1,520,000
Interest Rates	2.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2025/2027
Interest Payment Dates	February 1/ August 1
Callable Dates	August 1, 2023*

- * Or on any date thereafter, at the option of the District, in whole or in part, at par plus accrued interest to the date fixed for redemption. Series 2016A Refunding term bonds maturing on August 1, 2024, and August 1, 2026, are subject to mandatory redemption by random selection beginning August 1, 2021, and August 1, 2025, respectively.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2016B Refunding	Series 2018
Amount Outstanding – August 31, 2024	\$ 2,060,000	\$ 1,700,000
Interest Rates	3.00%	2.65%-3.00%
Maturity Dates – Serially Beginning/Ending	August 1, 2025, 2026	August 1, 2028/2030
Interest Payment Dates	February 1/ August 1	February 1/ August 1
Callable Dates	August 1, 2023*	August 1, 2025*

* In whole or in part, or any date thereafter at par plus unpaid accrued interest. Series 2016B Refunding term bonds maturing on August 1, 2025, are subject to mandatory redemption by random selection beginning August 1, 2024.

The following is a summary of transactions regarding the changes in long-term debt for the year ended August 31, 2024:

	September 1, 2023	Additions	Retirements	August 31, 2024
Bonds Payable	\$ 6,330,000	\$	\$ 1,050,000	\$ 5,280,000
Unamortized Discounts	(4,399)		(4,791)	392
Unamortized Premiums	81,273		50,452	30,821
Bonds Payable, Net	<u>\$ 6,406,874</u>	<u>\$ -0-</u>	<u>\$ 1,095,661</u>	<u>\$ 5,311,213</u>
			Amount Due Within One Year	\$ 1,145,000
			Amount Due After One Year	<u>4,166,213</u>
			Bonds Payable, Net	<u>\$ 5,311,213</u>

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 3. LONG-TERM DEBT (Continued)

As of August 31, 2024, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	1,145,000	141,362	1,286,362
2026	1,175,000	108,262	1,283,262
2027	1,260,000	74,362	1,334,362
2028	525,000	49,162	574,162
2029	575,000	35,250	610,250
2030	600,000	18,000	618,000
	<u>\$ 5,280,000</u>	<u>\$ 426,398</u>	<u>\$ 5,706,398</u>

As of August 31, 2024, the District had authorized but unissued bonds in the amount of \$5,555,000 for utility facilities and refundings and \$930,000 for recreational facilities.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The Series 2012 and Series 2016A bonds are further payable from and secured by a lien on and pledge of net revenues to be received from the operations of the District's waterworks and sanitary sewer system.

During the year ended August 31, 2024, the District levied an ad valorem debt service tax at the rate of \$0.33 per \$100 of assessed valuation, which resulted in a tax levy of \$1,392,734 on the adjusted taxable valuation of \$422,040,496 for the 2023 tax year. 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 and the cost of assessing and collecting taxes. See Note 7 for maintenance tax.

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

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

- A. The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the moneys for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.
- B. The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5th year anniversary of each issue.
- C. The bond resolutions state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data to the Municipal Securities Rule Making Board via the Electronic Municipal Market Access (“EMMA”) system, and the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$938,422 and the bank balance was \$1,225,668. The District was not exposed to custodial credit risk at year-end.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at August 31, 2024, as listed below:

	<u>Cash</u>
GENERAL FUND	\$ 221,261
SPECIAL REVENUE FUND	675,080
DEBT SERVICE FUND	<u>42,081</u>
TOTAL DEPOSITS	<u><u>\$ 938,422</u></u>

Investments

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

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

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Hermes, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of August 31, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 11,071,738	\$ 11,071,738	\$	\$	\$
<u>DEBT SERVICE FUND</u>					
TexPool	<u>1,339,098</u>	<u>1,339,098</u>			
TOTAL INVESTMENTS	\$ 12,410,836	\$ 12,410,836	\$ - 0 -	\$ - 0 -	\$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At August 31, 2024, the District's investments in TexPool were rated "AAAm" by Standard and Poor's.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District.

Restrictions

All cash and investments of the Special Revenue Fund are restricted for the regional sewage treatment plant operations. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2024:

	September 1, 2023	Increases	Decreases	August 31, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 735,900	\$	\$	\$ 735,900
Construction in Progress		189,231	129,359	59,872
Total Capital Assets Not Being Depreciated	<u>\$ 735,900</u>	<u>\$ 189,231</u>	<u>\$ 129,359</u>	<u>\$ 795,772</u>
Capital Assets Subject to Depreciation				
Recreational Facilities	\$ 2,433,212	\$ 115,256	\$	\$ 2,548,468
Water System	6,224,817	14,103		6,238,920
Wastewater System	5,711,481			5,711,481
Drainage System	2,919,602			2,919,602
Meeting Facility	1,528,731			1,528,731
Total Capital Assets Subject to Depreciation	<u>\$ 18,817,843</u>	<u>\$ 129,359</u>	<u>\$ - 0 -</u>	<u>\$ 18,947,202</u>
Less Accumulated Depreciation				
Recreational Facilities	\$ 2,098,426	\$ 60,615	\$	\$ 2,159,041
Water System	4,269,270	196,618		4,465,888
Wastewater System	2,652,630	157,630		2,810,260
Drainage System	989,610	65,058		1,054,668
Meeting Facility	849,041	33,710		882,751
Total Accumulated Depreciation	<u>\$ 10,858,977</u>	<u>\$ 513,631</u>	<u>\$ - 0 -</u>	<u>\$ 11,372,608</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 7,958,866</u>	<u>\$ (384,272)</u>	<u>\$ - 0 -</u>	<u>\$ 7,574,594</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 8,694,766</u>	<u>\$ (195,041)</u>	<u>\$ 129,359</u>	<u>\$ 8,370,366</u>

The District has financed drainage facilities which a portion of these facilities have been conveyed to other entities for maintenance.

NOTE 7. MAINTENANCE TAX

On January 20, 1979, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.25 per \$100 of assessed valuation of taxable property within the District. On May 10, 2008, the voters of the District approved an increase to the levy and collection of a maintenance tax not to exceed \$0.50 per \$100 of assessed valuation of taxable property within the District. During the year ended August 31, 2024, the District levied an ad valorem maintenance tax at the rate of \$0.36 per \$100 of assessed valuation, which resulted in a tax levy of \$1,519,346 on the adjusted taxable valuation of \$422,040,496 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 8. JOINT OPERATIONS FOR WASTEWATER DISPOSAL

On March 5, 1979, the District, Clay Road Municipal Utility District and Ricewood Municipal Utility District executed a contract providing for the construction and operation of a 126,000 gallons-per-day regional sewage treatment plant. The contract is for a period of 40 years. The contract provides for each district to pay its pro rata share of the construction and engineering costs of the plant and provides for each district to share in any future expansions of the plant based upon each district's desired capacity in the expansion. Oversight of the plant is exercised by the Board of Directors of the District. Financial activity of the plant has been reported in the financial statements of the District in the Special Revenue Fund. Separate financial statements on the plant may be obtained by contacting the District's attorney or auditor.

On December 9, 1982, and on April 30, 1984, the parties executed amendments to the existing contract providing for two expansions of the regional sewage treatment plant. On March 16, 1987, the second expansion was completed and currently the plant is capable of processing 2,000,000 gallons per day. On March 18, 2003, the third amendment to the agreement was approved to provide for the sale of 135,000 gallons per day of capacity from Ricewood to Mayde Creek. On December 1, 2004, the fourth amendment to the agreement was executed and states that all districts will fund their pro-rata share of rehabilitative improvements to the regional sewage treatment plant at an estimated cost of \$2,529,984. Effective March 1, 2019, the fifth amendment to the agreement extend the term to June 10, 2019. Effective June 1, 2019, the sixth amendment to the agreement extend the term to August 10, 2019. Effective August 1, 2019, the seventh amendment to the agreement extend the term to October 10, 2019. The District operates the facilities and holds title for the benefit of the participants.

On August 10, 2019, the parties executed an amended and restated waste disposal contract that supersedes and replaces the original contract in its entirety. The term of the contract is for a period of 10 years from the effective date and shall automatically renew for successive one-year terms thereafter, unless earlier terminated.

The participating districts and their respective pro rata share of capacity in the regional sewage treatment plant are as follows:

	<u>Capacity in Gallons per Day</u>	<u>Percentage of Total Capacity</u>
Mayde Creek Municipal Utility District	590,000	29.50%
Ricewood Municipal Utility District	860,000	43.00
Clay Road Municipal Utility District	<u>550,000</u>	<u>27.50</u>
Total	<u><u>2,000,000</u></u>	<u><u>100.00%</u></u>

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 8. JOINT VENTURE FOR WASTEWATER DISPOSAL (Continued)

Each district is billed monthly based upon actual costs incurred during the prior month as follows:

Fixed costs - include regular, monthly costs that do not fluctuate on the basis of the amount of waste treatment. Allocations are based upon each district's pro rata share of capacity owned in the plant.

Variable costs - consist of operation and maintenance expenses, which shall be paid by each party based on the average number of active connections during the previous 12-month period.

Under the terms of the contract between the districts, a reasonable operating reserve consisting of at least two months estimated operating costs will be established. The District has determined that a reserve of \$150,000 is reasonable. Each district has paid their pro-rata share of the reserve based upon capacity owned in the plant.

The District's pro-rata share of the operating reserve is \$44,250. During the current fiscal year the District recorded \$217,005 for its pro-rata share of the actual operating costs of the plant. A new Joint Operations Agreement is being prepared and plans for adoption will occur in next year's fiscal year end.

NOTE 9. WATER SUPPLY AGREEMENTS

Clay Road Municipal Utility District

On February 26, 1980, the District executed an emergency water supply agreement with Clay Road Municipal Utility District ("Clay Road"). The agreement was amended on January 28, 1986 and February 1, 2008. The term of the contract is 40 years. All necessary costs of connection to each district's system were shared equally between the districts. The charge for service to either district is as follows:

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 9. WATER SUPPLY AGREEMENTS (Continued)

Clay Road Municipal Utility District (Continued)

First Day in Any Calendar Month:

No charge

First and Second Day in Any Calendar Month:

0 to 100 connections	\$ 40.00
Each additional increment of 100 connections (or any portion thereof)	\$ 40.00

Third and Subsequent Days:

0 to 100 connections	\$ 20.00
Each additional increment of 100 connections (or any portion thereof)	\$ 20.00

In addition to the payment for water service described above, the receiving district shall also pay to the supplying district any pumpage fees or other charges incurred by the supplying district with respect to the water supplied levied by any regional water authority or other entity lawfully authorized to levy fees or charges for the pumpage of ground water, including a charge per 1,000 gallons of water in the amount charged by the West Harris County Regional Water Authority.

Ricewood Utility District

On February 3, 1982, the District entered into an agreement with Ricewood Utility District ("Ricewood") to provide emergency water supply services. The agreement was amended on October 22, 1985 to provide for a second point of water interconnection and on October 18, 2011, to provide for a third point of water interconnection. The term of the agreement is for a period of 40 years.

Water delivered during an emergency an emergency will be billed at a rate of \$1.00 per thousand gallons. In addition to the payment for water service described above, the receiving district shall also pay to the supplying district any pumpage fees or other charges incurred by the supplying district with respect to the water supplied levied by any regional water authority or other entity lawfully authorized to levy fees or charges for the pumpage of ground water, including a charge per 1,000 gallons of water in the amount charged by the West Harris County Regional Water Authority.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 9. WATER SUPPLY AGREEMENTS (Continued)

Harris County Municipal Utility District No. 238

On August 28, 1995, the District entered into an agreement with Harris County Municipal Utility District No. 238 (“District No. 238”). The term of the contract is 35 years. District No. 238 is responsible for constructing the water line to connect to the District’s line. The price to be paid for water delivered shall be \$0.75 per thousand gallons of average daily usage for the number of days water is received. If the supplying district has converted to surface water, the rate per thousand gallons shall be the actual cost to the supplying district to purchase surface water. The agreement was amended on June 28, 1999, to more accurately reflect actual usage of water for billing purposes. On June 8, 2009, the Second Amendment to the Water Supply Agreement was executed with District No. 238. In this agreement, water delivered during an emergency will be billed at the rate of \$0.75 per thousand gallons of “average daily usage”. Methods for calculating average daily usage are predicated upon whether water is recovered from groundwater, treated surface water from the regional water authority or a combination of both sources. The agreement also makes provision for billings between districts should a district, not party to the agreement, supplies water to a participating district and such water supplied is passed through to another participating district. The agreement further provides that should either district be in the process of converting its water disinfection system from chlorine to chloramines a method of notification of such change and appropriate controls of the supply valves must be carefully controlled.

NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the West Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 1842 (the “Act”), as passed by the 77th Texas Legislature, in 2001. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that their participants comply with subsidence district pumpage requirements.

The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee is \$3.95 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$232,851 for fees assessed during the current fiscal year.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

The District also recorded an expenditure of \$697,719 for water received from the Authority during the current fiscal year. The current rate is \$4.35 per 1,000 gallons of water received.

On April 20, 2005, the District made a capital contribution of \$861,186 to the Authority for the District's share of surface water facilities. The Authority will provide the District monthly reimbursement credits over 306 months to be applied against all fees, rates, and charges due from the District for groundwater pumpage fees or surface water purchased after June 1, 2005. The reimbursement credits include an issuance cost component of \$7,832 and interest at 4.7264% from June 1, 2005 through the date that the 306th credit is applied by the Authority. The District began receiving credits in June 2005. Total credits received in the current fiscal year were \$58,704 of which \$42,616 was principal and \$16,088 was interest.

The following is a schedule of the remaining reimbursement credits to be received under the terms of the agreement.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 44,674	\$ 14,030	\$ 58,704
2026	46,832	11,872	58,704
2027	49,094	9,610	58,704
2028	51,466	7,238	58,704
2029	53,951	4,753	58,704
2030-2031	<u>71,119</u>	<u>2,261</u>	<u>73,380</u>
	<u>\$ 317,136</u>	<u>\$ 49,764</u>	<u>\$ 366,900</u>

On January 25, 2010, the District made an additional capital contribution of \$867,135 to the Authority. The Authority will provide the District monthly reimbursement credits over 310 months to be applied against all fees, rates, and charges due from the District for groundwater pumpage fees or surface water purchased after March 1, 2010. The reimbursement credits include an issuance cost component of \$10,038 and interest at 4.5725% from March 1, 2010 through the date that the 310th credit is applied by the Authority. The District began receiving credits in March 2010. Total credits received in the current fiscal year were \$57,924 of which \$33,822 was principal and \$24,102 was interest.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2024

NOTE 10. WEST HARRIS COUNTY REGIONAL WATER AUTHORITY
(Continued)

Fiscal Year	Principal	Interest	Total
2025	\$ 35,401	\$ 22,523	\$ 57,924
2026	37,054	20,870	57,924
2027	38,785	19,139	57,924
2028	40,596	17,328	57,924
2029	42,491	15,433	57,924
2030-2034	244,138	45,481	289,619
2035-2036	<u>70,249</u>	<u>2,156</u>	<u>72,405</u>
	<u>\$ 508,714</u>	<u>\$ 142,930</u>	<u>\$ 651,644</u>

NOTE 11. RISK MANAGEMENT

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

NOTE 12. INTERFUND BALANCES

As of August 31, 2024, the District had the following significant interfund liabilities. The Debt Service Fund (Tax Account) owed the General Fund \$54,450 for maintenance tax collections. The General Fund owed the Special Revenue Fund \$26,782 for purchased sewer services. The Special Revenue Fund owed the General Fund \$193,939 for capital advances.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

AUGUST 31, 2024

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED AUGUST 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 1,400,000	\$ 1,511,900	\$ 111,900
Payments in Lieu of Taxes	50,000	52,239	2,239
Water Service	530,000	542,324	12,324
Wastewater Service	625,000	742,865	117,865
Regional Water Authority Fees	624,000	641,284	17,284
Regional Water Authority Credits	116,628	116,628	
Community Center Fees	45,000	46,806	1,806
Penalty and Interest	35,000	46,692	11,692
Tap Connection and Inspection Fees	5,000	50,830	45,830
Investment Revenues	400,000	582,219	182,219
Miscellaneous Revenues	56,200	58,690	2,490
TOTAL REVENUES	<u>\$ 3,886,828</u>	<u>\$ 4,392,477</u>	<u>\$ 505,649</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 218,000	\$ 176,118	\$ 41,882
Contracted Services	841,276	878,606	(37,330)
Purchased Water Service	550,000	697,719	(147,719)
Purchased Wastewater Service	223,600	217,005	6,595
Utilities	58,000	51,912	6,088
Regional Water Authority Assessments	50,000	232,851	(182,851)
Repairs and Maintenance	343,000	354,607	(11,607)
Community Center	323,480	252,678	70,802
Other	179,100	213,657	(34,557)
Capital Outlay	137,000	189,231	(52,231)
TOTAL EXPENDITURES	<u>\$ 2,923,456</u>	<u>\$ 3,264,384</u>	<u>\$ (340,928)</u>
NET CHANGE IN FUND BALANCE	\$ 963,372	\$ 1,128,093	\$ 164,721
FUND BALANCE - SEPTEMBER 1, 2023	<u>10,351,324</u>	<u>10,351,324</u>	
FUND BALANCE - AUGUST 31, 2024	<u><u>\$ 11,314,696</u></u>	<u><u>\$ 11,479,417</u></u>	<u><u>\$ 164,721</u></u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND – WASTEWATER TREATMENT FACILITIES
FOR THE YEAR ENDED AUGUST 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	\$ 696,850	\$ 702,328	\$ 5,478
TOTAL REVENUES	<u>\$ 696,850</u>	<u>\$ 702,328</u>	<u>\$ 5,478</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 48,000	\$ 23,092	\$ 24,908
Contracted Services	72,500	73,432	(932)
Purchased Water Service	2,850	979	1,871
Utilities	135,600	124,620	10,980
Repairs and Maintenance	106,000	106,007	(7)
Other	331,900	343,608	(11,708)
Capital Outlay	<u>30,590</u>	<u>30,590</u>	<u>(30,590)</u>
TOTAL EXPENDITURES	<u>\$ 696,850</u>	<u>\$ 702,328</u>	<u>\$ (5,478)</u>
NET CHANGE IN FUND BALANCE	\$ - 0 -	\$ - 0 -	\$ - 0 -
FUND BALANCE - SEPTEMBER 1, 2023	<u> </u>	<u> </u>	<u> </u>
FUND BALANCE - AUGUST 31, 2024	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ - 0 -</u></u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

AUGUST 31, 2024

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024

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

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the rate order effective June 26, 2024.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 20.00	5,000	N	\$ 1.50	5,001 – 10,000
				\$ 2.00	10,001 – 15,000
				\$ 2.50	15,001 – 20,000
				\$ 3.00	20,001 and up
WASTEWATER:	\$ 41.00		Y		
SURCHARGE:					
Regional Water Authority Fees			N	\$ 4.79	All
Commission Regulatory Assessment			N	0.5% of water and wastewater charges	
District employs winter averaging for wastewater usage?					<u> </u> <u> X </u> Yes No

Total monthly charges per 10,000 gallons usage: Water: \$27.50 Wastewater: \$41.00 Surcharge: \$48.24 Total: \$116.74

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024**

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	1,687	1,674	x 1.0	1,674
1"	49	47	x 2.5	118
1½"	1	1	x 5.0	5
2"	11	10	x 8.0	80
3"			x 15.0	
4"	2	2	x 25.0	50
6"			x 50.0	
8"	1	1	x 80.0	80
10"			x 115.0	
Total Water Connections	1,751	1,735		2,007
Total Wastewater Connections	1,722	1,707	x 1.0	1,707

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

Gallons pumped into system:	60,285,000	Water Accountability Ratio 92.8% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	152,534,000	From: West Harris County Regional Water Authority
Gallons billed to customers:	135,648,000	
Gallons Sold:	61,900,000	To: Ricewood Municipal Utility District

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED AUGUST 31, 2024**

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

Does the District have Operation and Maintenance standby fees? Yes ☐ No ☒

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes ☒ No ☐

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☒ Partly ☐ Not at all ☐

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

PROFESSIONAL FEES:	
Auditing	\$ 22,000
Engineering	54,951
Legal	<u>99,167</u>
TOTAL PROFESSIONAL FEES	<u>\$ 176,118</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 697,719
Purchased Wastewater Service	<u>217,005</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 914,724</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 32,025
Operations and Billing	84,589
Solid Waste Disposal	496,907
Security	<u>265,085</u>
TOTAL CONTRACTED SERVICES	<u>\$ 878,606</u>
UTILITIES:	
Electricity	\$ 48,021
Telephone	<u>3,891</u>
TOTAL UTILITIES	<u>\$ 51,912</u>
REPAIRS AND MAINTENANCE	<u>\$ 354,607</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 28,803
Insurance	27,970
Office Supplies and Postage	33,359
Payroll Taxes	10,302
Other	<u>19,158</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 119,592</u>
CAPITAL OUTLAY	<u>\$ 189,231</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED AUGUST 31, 2024

TAP CONNECTIONS	\$ <u>13,450</u>
COMMUNITY CENTER:	
Property Management	\$ 98,112
Building Cleaning	32,225
Building Maintenance and Repairs	36,246
Building Landscaping	50,429
Law Enforcement	3,600
Office Supplies	186
Mileage and Lunches	2,302
Telephone	2,921
Utilities	9,723
Other	<u>16,934</u>
TOTAL COMMUNITY CENTER	\$ <u>252,678</u>
OTHER EXPENDITURES:	
Chemicals	\$ 15,921
Inspection Fees	3,959
Laboratory Fees	14,714
Permit Fees	5,065
Reconnection Fees	31,740
Regional Water Authority Assessments	232,851
Commission Regulatory Assessments	<u>9,216</u>
TOTAL OTHER EXPENDITURES	\$ <u>313,466</u>
TOTAL EXPENDITURES	<u><u>\$ 3,264,384</u></u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
INVESTMENTS
AUGUST 31, 2024

<u>Fund</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 11,071,738	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 1,339,098	\$ - 0 -
TOTAL				\$ 12,410,836	\$ - 0 -

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
SEPTEMBER 1, 2023	\$	72,809	\$	70,634
Adjustments to Beginning				
Balance		<u>(1,852)</u>		<u>869</u>
	\$	70,957	\$	71,503
Original 2023 Tax Levy	\$	1,425,654	\$	1,306,850
Adjustment to 2023 Tax Levy		<u>93,692</u>		<u>85,884</u>
		1,519,346		1,392,734
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,590,303		\$ 1,464,237
TAX COLLECTIONS:				
Prior Years	\$	17,877	\$	17,901
Current Year		<u>1,494,023</u>		<u>1,369,521</u>
		1,511,900		1,387,422
TAXES RECEIVABLE -				
AUGUST 31, 2024		<u>\$ 78,403</u>		<u>\$ 76,815</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	25,323	\$	23,213
2022		11,449		9,687
2021		9,115		7,457
2020		7,566		6,878
2019		6,750		6,443
2018		4,891		5,002
2017		5,128		5,127
2016		3,699		3,780
2015		2,326		3,520
2014 and prior		<u>2,156</u>		<u>5,708</u>
TOTAL	\$	<u>78,403</u>	\$	<u>76,815</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 95,256,194	\$ 83,495,414	\$ 70,432,424	\$ 63,804,705
Improvements	409,479,850	363,799,078	287,119,879	271,136,292
Personal Property	6,961,476	7,162,120	5,627,361	5,317,895
Exemptions	<u>(89,657,024)</u>	<u>(75,604,994)</u>	<u>(36,970,201)</u>	<u>(36,914,899)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 422,040,496</u>	<u>\$ 378,851,618</u>	<u>\$ 326,209,463</u>	<u>\$ 303,343,993</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.33	\$ 0.33	\$ 0.36	\$ 0.40
Maintenance**	<u>0.36</u>	<u>0.39</u>	<u>0.44</u>	<u>0.44</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.69</u>	<u>\$ 0.72</u>	<u>\$ 0.80</u>	<u>\$ 0.84</u>
ADJUSTED TAX LEVY*	<u>\$ 2,912,080</u>	<u>\$ 2,727,732</u>	<u>\$ 2,609,675</u>	<u>\$ 2,548,067</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.33 %</u>	<u>99.23 %</u>	<u>99.36 %</u>	<u>99.43 %</u>

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

** Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation approved by voters on May 10, 2008.

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

REFUNDING SERIES - 2016 A			
Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2025	\$ 125,000	\$ 30,400	\$ 155,400
2026	135,000	27,900	162,900
2027	1,260,000	25,200	1,285,200
2028			
2029			
2030			
	<u>\$ 1,520,000</u>	<u>\$ 83,500</u>	<u>\$ 1,603,500</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

REFUNDING SERIES - 2016B			
Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2025	\$ 1,020,000	\$ 61,800	\$ 1,081,800
2026	1,040,000	31,200	1,071,200
2027			
2028			
2029			
2030			
	<u>\$ 2,060,000</u>	<u>\$ 93,000</u>	<u>\$ 2,153,000</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

S E R I E S - 2 0 1 8			
Due During Fiscal Years Ending August 31	Principal Due August 1	Interest Due February 1/ August 1	Total
2025	\$	\$ 49,162	\$ 49,162
2026		49,162	49,162
2027		49,162	49,162
2028	525,000	49,162	574,162
2029	575,000	35,250	610,250
2030	<u>600,000</u>	<u>18,000</u>	<u>618,000</u>
	<u>\$ 1,700,000</u>	<u>\$ 249,898</u>	<u>\$ 1,949,898</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
AUGUST 31, 2024

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending August 31	Total Principal Due	Total Interest Due	Total Principal Interest Due
2025	\$ 1,145,000	\$ 141,362	\$ 1,286,362
2026	1,175,000	108,262	1,283,262
2027	1,260,000	74,362	1,334,362
2028	525,000	49,162	574,162
2029	575,000	35,250	610,250
2030	<u>600,000</u>	<u>18,000</u>	<u>618,000</u>
	<u>\$ 5,280,000</u>	<u>\$ 426,398</u>	<u>\$ 5,706,398</u>

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED AUGUST 31, 2024

Description	Original Bonds Issued	Bonds Outstanding September 1, 2023
Mayde Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2012	\$ 6,170,000	\$ 1,035,000
Mayde Creek Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2016A	3,050,000	1,530,000
Mayde Creek Municipal Utility District Unlimited Tax Park Refunding Bonds - Series 2016B	2,070,000	2,065,000
Mayde Creek Municipal Utility District Unlimited Tax Bonds - Series 2018	<u>1,700,000</u>	<u>1,700,000</u>
TOTAL	<u><u>\$ 12,990,000</u></u>	<u><u>\$ 6,330,000</u></u>

Bond Authority:	<u>Tax Bonds</u>	<u>Refunding Bonds</u>	<u>Park Bonds</u>
Amount Authorized by Voters	\$ 26,340,000	\$ - 0 -	\$ 3,000,000
Amount Issued	<u>20,785,000</u>	<u> </u>	<u>2,070,000</u>
Remaining to be Issued	<u><u>\$ 5,555,000</u></u>	<u><u>\$ - 0 -</u></u>	<u><u>\$ 930,000</u></u>

Debt Service Fund cash and investment balances as of August 31, 2024: \$ 1,381,179

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 951,066

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

See accompanying independent auditor's report.

Current Year Transactions				
Bonds Sold	Retirements		Bonds Outstanding August 31, 2024	
	Principal	Interest		
\$	\$ 1,035,000	\$ 36,225	\$ - 0 -	The Bank of New York Mellon Trust Company, NA Dallas, TX
	10,000	30,600	1,520,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
	5,000	61,950	2,060,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
		49,163	1,700,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
<u>\$ - 0 -</u>	<u>\$ 1,050,000</u>	<u>\$ 177,938</u>	<u>\$ 5,280,000</u>	

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND – FIVE YEARS

	Amount		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,511,900	\$ 1,467,498	\$ 1,442,121
Payments in Lieu of Taxes	52,239	50,350	48,514
Water Service	542,324	513,153	520,084
Wastewater Service	742,865	623,826	590,915
Regional Water Authority Fees	641,284	646,108	608,407
Regional Water Authority Credits	116,628	115,274	113,014
Community Center Fees	46,806	38,247	43,274
Penalty and Interest	46,692	39,637	38,051
Tap Connection and Inspection Fees	50,830	4,920	4,990
Investment Revenues	582,219	425,619	45,474
Miscellaneous Revenues	58,690	53,473	44,850
TOTAL REVENUES	<u>\$ 4,392,477</u>	<u>\$ 3,978,105</u>	<u>\$ 3,499,694</u>
EXPENDITURES			
Professional Fees	\$ 176,118	\$ 194,501	\$ 153,373
Contracted Services	878,606	728,639	713,147
Purchased Water Service	697,719	513,734	467,528
Purchased Wastewater Service	217,005	202,722	252,018
Utilities	51,912	53,584	51,224
Regional Water Authority Assessments	232,851	120,481	136,846
Repairs and Maintenance	354,607	376,730	238,542
Community Center	252,678	228,693	225,676
Other	213,657	187,966	183,190
Capital Outlay	189,231	58,124	89,843
TOTAL EXPENDITURES	<u>\$ 3,264,384</u>	<u>\$ 2,665,174</u>	<u>\$ 2,511,387</u>
NET CHANGE IN FUND BALANCE	\$ 1,128,093	\$ 1,312,931	\$ 988,307
BEGINNING FUND BALANCE	<u>10,351,324</u>	<u>9,038,393</u>	<u>8,050,086</u>
ENDING FUND BALANCE	<u>\$ 11,479,417</u>	<u>\$ 10,351,324</u>	<u>\$ 9,038,393</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2021	2020	2024	2023	2022	2021	2020	
\$ 1,317,655	\$ 1,270,420	34.3 %	36.9 %	41.2 %	40.4 %	37.2 %	
49,866	49,365	1.2	1.3	1.4	1.5	1.4	
507,790	518,366	12.3	12.9	14.9	15.6	15.2	
591,582	589,083	16.9	15.7	16.9	18.2	17.2	
533,106	536,584	14.6	16.2	17.4	16.4	15.7	
120,000	116,628	2.7	2.9	3.2	3.7	3.4	
6,993	14,870	1.1	1.0	1.2	0.2	0.4	
28,268	29,767	1.1	1.0	1.1	0.9	0.9	
47,365	4,195	1.2	0.1	0.1	1.5	0.1	
4,480	72,538	13.3	10.7	1.3	0.1	2.1	
49,667	217,252	1.3	1.3	1.3	1.5	6.4	
<u>\$ 3,256,772</u>	<u>\$ 3,419,068</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 143,205	\$ 171,337	4.0 %	4.9 %	4.4 %	4.4 %	5.0 %	
642,842	635,635	20.0	18.3	20.4	19.7	18.6	
469,975	475,654	15.9	12.9	13.4	14.4	13.9	
216,240	252,619	4.9	5.1	7.2	6.6	7.4	
50,833	43,010	1.2	1.3	1.5	1.6	1.3	
50,672	34,148	5.3	3.0	3.9	1.6	1.0	
311,916	252,537	8.1	9.5	6.8	9.6	7.4	
191,751	237,877	5.8	5.7	6.4	5.9	7.0	
155,487	175,091	4.9	4.7	5.2	4.8	5.1	
259,809	521,126	4.3	1.5	2.6	8.0	15.2	
<u>\$ 2,492,730</u>	<u>\$ 2,799,034</u>	<u>74.4 %</u>	<u>66.9 %</u>	<u>71.8 %</u>	<u>76.6 %</u>	<u>81.9 %</u>	
\$ 764,042	\$ 620,034	25.6 %	33.1 %	28.2 %	23.4 %	18.1 %	
<u>7,286,044</u>	<u>6,666,010</u>						
<u>\$ 8,050,086</u>	<u>\$ 7,286,044</u>						

See accompanying independent auditor's report.

MAYDE CREEK MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND – FIVE YEARS

	Amount		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,387,422	\$ 1,237,604	\$ 1,182,654
Penalty and Interest	35,303	25,761	44,407
Investment Revenues	94,046	72,640	9,450
Miscellaneous Revenues	<u>103</u>	<u></u>	<u></u>
TOTAL REVENUES	<u>\$ 1,516,874</u>	<u>\$ 1,336,005</u>	<u>\$ 1,236,511</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 75,957	\$ 75,149	\$ 80,134
Debt Service Principal	1,050,000	1,000,457	965,470
Debt Service Interest and Fees	<u>181,163</u>	<u>220,081</u>	<u>254,068</u>
TOTAL EXPENDITURES	<u>\$ 1,307,120</u>	<u>\$ 1,295,687</u>	<u>\$ 1,299,672</u>
NET CHANGE IN FUND BALANCE	\$ 209,754	\$ 40,318	\$ (63,161)
BEGINNING FUND BALANCE	<u>1,101,938</u>	<u>1,061,620</u>	<u>1,124,781</u>
ENDING FUND BALANCE	<u>\$ 1,311,692</u>	<u>\$ 1,101,938</u>	<u>\$ 1,061,620</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,735</u>	<u>1,739</u>	<u>1,740</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,707</u>	<u>1,713</u>	<u>1,714</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2021	2020	2024	2023	2022	2021	2020
\$ 1,198,407	\$ 1,214,022	91.5 %	92.7 %	95.6 %	97.8 %	96.1 %
25,192	28,614	2.3	1.9	3.6	2.1	2.3
872	20,347	6.2	5.4	0.8	0.1	1.6
69	378					
<u>\$ 1,224,540</u>	<u>\$ 1,263,361</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 67,898	\$ 61,376	5.0 %	5.6 %	6.5 %	5.5 %	4.9 %
930,483	915,495	69.2	74.9	78.1	76.0	72.5
281,904	303,543	11.9	16.5	20.5	23.0	24.0
<u>\$ 1,280,285</u>	<u>\$ 1,280,414</u>	<u>86.1 %</u>	<u>97.0 %</u>	<u>105.1 %</u>	<u>104.5 %</u>	<u>101.4 %</u>
\$ (55,745)	\$ (17,053)	13.9 %	3.0 %	(5.1) %	(4.5) %	(1.4)
1,180,526	1,197,579					
<u>\$ 1,124,781</u>	<u>\$ 1,180,526</u>					
1,736	1,735					
1,710	1,709					

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024**

District Mailing Address - Mayde Creek Municipal Utility District
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6460

Board Members:	Term of Office (Elected or Appointed)	Fees of Office for the year ended August 31, 2024	Expense Reimbursements for the year ended August 31, 2024	Title
Cyrus Dumas	05/24 05/28 (Elected)	\$ 6,851	\$ -0-	President
Jessica Graham	05/24 05/28 (Elected)	\$ 4,570	\$ -0-	Vice President
Betty Mancia Alvarenga	05/22 05/26 (Elected)	\$ 6,774	\$ 2,556	Secretary
Lee Crenshaw	05/24 05/28 (Elected)	\$ 5,525	\$ 2,265	Director
Erwin Sanchez	01/24 05/26 (Appointed)	\$ -0-	\$ -0-	Director

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

Submission date of most recent District Registration Form: May 28, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 28, 2003. Fees of Office are the amounts paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**MAYDE CREEK MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
AUGUST 31, 2024**

	<u>Date Hired</u>	<u>Fees for the year ended August 31, 2024 District</u>	<u>Fees for the year ended August 31, 2024 Plant</u>	<u>Title</u>
Consultants:				
Allen Boone Humphries Robinson LLP	03/25/11	\$ 99,166	\$ 1,374	General Counsel
McCall Gibson Swedlund Barfoot PLLC	07/29/96	\$ 22,000	\$ 12,000	Auditor
Claudia Redden & Associates, Inc	08/25/88	\$ 39,420	\$ -0-	Bookkeeper
Forvis Mazars, LLP	04/25/22	\$ -0-	\$ 36,900	Bookkeeper
Perdue Brandon Fielder Collins & Mott, LLP	04/18/11	\$ 10,411	\$ -0-	Delinquent Tax Attorney
IDS Engineering Group	04/21/93	\$ 117,036	\$ 40,383	Engineer
Claudia Redden	08/09/10	\$ -0-	\$ -0-	Investment Officer
Rathmann & Associates, L.P.	04/11/11	\$ -0-	\$ -0-	Financial Advisor
Inframark Water Infrastructure Operations	11/01/01	\$ 339,961	\$ 136,354	Operator
Bob Leared Interests	01/22/85	\$ 41,116	\$ -0-	Tax Assessor/ Collector
Boston Fern, Inc.	04/1/11	\$	\$ -0-	Landscape Maintenance
Park Rangers, LLC	12/1/12	\$	\$ -0-	Landscape Maintenance

See accompanying independent auditor's report.

