

**HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 230
(Harris County, Texas)**

**PRELIMINARY OFFICIAL STATEMENT
DATED: OCTOBER 10, 2025**

**\$5,405,000
UNLIMITED TAX BONDS
SERIES 2025**

**BIDS DUE: 10:00 A.M., HOUSTON TIME
BONDS AWARDED: 12:30 P.M., HOUSTON TIME
MONDAY, NOVEMBER 3, 2025
HOUSTON, TEXAS**



PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 10, 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

Rating: S&P Global Ratings (Underlying).... "A" (stable outlook)
See "SALE AND DISTRIBUTION OF THE BONDS - Municipal
Bond Insurance and Ratings" herein

\$5,405,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
(A Political Subdivision of the State of Texas, located within Harris County, Texas)
UNLIMITED TAX BONDS, SERIES 2025

Dated: December 1, 2025

**Due: September 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 March 1, 2026, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

The Bonds are subject to redemption prior to maturity at the option of Harris County Municipal Utility District No. 230 (the "District"), as a whole or from time to time in part, on September 1, 2030, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

See Maturity Schedule on the inside cover

The Bonds constitute the seventeenth 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 authorized a total of \$100,603,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing the System or for refunding such bonds and \$4,800,000 principal amount of unlimited tax bonds for parks and recreational facilities. Following the issuance of the Bonds, \$3,000 principal amount of bonds for the purpose of acquiring and constructing the System, \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes and \$1,800,000 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): 413876

<u>Principal Amount</u>	<u>Maturity (Due September 1)</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (b)</u>	<u>CUSIP Suffix (a)</u>
\$155,000	2036(c)	%	%	
165,000	2037(c)			
175,000	2038(c)			
180,000	2039(c)			
190,000	2040(c)			
200,000	2041(c)			
215,000	2042(c)			
225,000	2043(c)			
240,000	2044(c)			
250,000	2045(c)			
265,000	2046(c)			
280,000	2047(c)			
295,000	2048(c)			
310,000	2049(c)			
330,000	2050(c)			
345,000	2051(c)			
365,000	2052(c)			
385,000	2053(c)			
405,000	2054(c)			
430,000	2055(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 S&P Global Ratings ("S&P"), a division of S&P Global Inc., 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 guaranty insurance policy, and the payment of fees in connection with such ratings except the S&P rating fees as described below. S&P has assigned an underlying rating of "A" (stable outlook) to the Bonds. If the Underwriter chooses to purchase municipal bond guaranty insurance on the Bonds, separate rating(s), including a rating by S&P, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds a guaranty 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 S&P and the S&P rating associated with the guaranty insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

BOND INSURANCE RISK FACTORS

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of any such insurer and its claims paying ability. An insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of an insurer and the ratings on bonds insured by any such insurer, including the Bonds, would not be subject to downgrade. Such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

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

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	Harris County Municipal Utility District No. 230 (the “District”) is a political subdivision of the State of Texas located within Harris County, Texas. See “THE DISTRICT - Authority.”
Description	\$5,405,000 Unlimited Tax Bonds, Series 2025, are dated May, 1, 2025, and mature on September 1 in the years and principal amounts shown on the inside cover page of this Official Statement. Interest on the Bonds accrues from the Date of Delivery, at the rates shown on the inside cover hereof, and is payable on March 1, 2026, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds are issued in fully registered form and will be issued in denominations of \$5,000 of principal amount or integral multiples thereof. The Bonds maturing on and after September 1, 2031, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2030, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. See “THE BONDS.”
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (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 pay the cost of design and construction of Water Plant No. 1 ground storage tank no. 3 and electrical improvements,

Wastewater Treatment Plant air pipe replacement and headworks improvements; and rehabilitation of lift stations nos. 2 and 4. The District will also use the proceeds of the Bonds to pay for bond issuance costs, legal fees, fiscal agent's fees, fees to the Texas Commission on Environmental Quality (the "TCEQ") and the Attorney General of Texas and engineering fees relating to the foregoing projects. See "THE BONDS - Use and Distribution of Bond Proceeds."

Payment Record

The District has previously issued Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds"), Unlimited Tax Bonds, Series 2000 (the "Series 2000 Bonds"); Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"); Unlimited Tax Bonds, Series 2003 (the "Series 2003 Bonds"); Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"); Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"); and Unlimited Tax Bonds, Series 2011A (the "Series 2011A Bonds") all of which Bonds were issued to finance the acquisition and construction of the District's water supply and distribution, wastewater collection and treatment and storm drainage system (the "System"). The District also has issued Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds") to finance the acquisition and construction of recreational facilities. The District also has issued Unlimited Tax Refunding Bonds, Series 2006 (the "Series 2006 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2018 (the "Series 2018 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds") to refund portions of the outstanding principal amount of bonds previously issued by 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 \$12,365,000 (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 \$17,770,000.

Authorized But Unissued Bonds

\$3,000 principal amount of bonds for the purpose of acquiring and constructing the System, \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes and \$1,800,000 principal amount of bonds for 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 and recreational facilities that the District has

financed with the proceeds of the Prior Bonds and the components of the System the District 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.”

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 S&P Global Ratings (“S&P”), a division of S&P Global Inc., 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 guaranty insurance policy, and the payment of fees in connection with such ratings except the S&P rating fees as described below. S&P has assigned an underlying rating of “A” (stable outlook) to the Bonds. If the Underwriter chooses to purchase municipal bond guaranty insurance on the Bonds, separate rating(s), including a rating by S&P, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds a guaranty 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 S&P and the S&P rating associated with the guaranty insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Official Statement under the caption “LEGAL MATTERS - No Material Adverse Change,” if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer’s creditworthiness by any rating agency does not and will not in any manner affect the District’s financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District’s financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

Bond Counsel

Allen Boone Humphries Robinson LLP, 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” for financial institutions. See “TAX MATTERS - Qualified Tax-Exempt Obligations.”

THE DISTRICT

Description

Harris County Municipal Utility District No. 230, a political subdivision of the State of Texas, was created by the Texas Water Commission, now the Texas Commission on Environmental Quality (the “TCEQ”), in 1983, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District contains approximately 545.96 acres of land. The District is located entirely within Harris County, Texas, approximately 22 miles northwest of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction and partially within the limited purpose jurisdiction of the City of Houston and entirely within the Cypress-Fairbanks Independent School District. State Highway 249 approximately bisects the District from north to south and Cypresswood Drive approximately bisects the District from east to west. The District is bounded on the south by Grant Road. See “THE DISTRICT - Authority” and - “Description,” “AERIAL PHOTOGRAPH OF THE DISTRICT,” and “APPENDIX A - LOCATION MAP.”

Development and Home Construction

The land located within the District has been developed to date for single-family residential, townhome, multi-family residential and commercial usage. As of October 1, 2025, the District contained a total of 766 single-family homes and townhomes that have been constructed on all of the 766 total lots that have been developed within the District (including 691 completed single-family homes and 75 completed townhomes), all 766 of which homes and townhomes have been sold to home purchasers. Above-ground improvements that have been constructed to date within commercial/multi-family residential reserves that have been developed within the District include a total of approximately 1,630,295 square feet of completed building area contained in commercial and office/medical buildings and a total of 2,752 completed apartment units.

The development of approximately 501.46 of the approximately 545.96 acres located within the District is complete. Such acres have been developed into 766 single-family residential lots, including 75 townhome lots (a total of approximately 187.1 acres) in the residential subdivisions known as Mandolin Village, Sections 1 through 4, Mandolin Park, Sections 1 and 2, the Mandolin Village Townhomes, Grants Trace and Fairlane Village; and a total of approximately 220.4 acres of commercial/multi-family residential reserves, including the completion of underground water distribution, wastewater collection and storm sewer facilities and street paving to serve the single-family residential and townhome lots; and trunk underground water

distribution, wastewater collection and storm sewer facilities and street paving to the perimeters of the commercial/multi-family reserves.

Commercial, office/medical, warehouse, and hotel establishments totaling approximately 1,630,295 square feet of building area have been constructed on approximately 99.02 acres located within the District include the following: Kroger's, Lowe's Home Improvement, office and medical buildings, Grant Palace Strip Center, Cy-Creek Plaza, Mandolin Square, multiple retail shopping centers, freestanding buildings including a Kiddie Academy, restaurants, and a hotel.

Completed multi-family improvements located within the District (totaling 2,752 units on approximately 121.36 acres) include the 384-unit Villages of Cypress Creek Apartments, 384-unit The Lyndon Apartments, 363-unit Palazzo at Cypresswood Apartments, 336-unit Highpoint at Cypress Apartments, 324-unit The Lakes at Cypresswood Apartment Homes, 260-unit Discovery at Cypresswood Apartments, 239-unit The Park at Napoli Apartments and 462-unit Perry Road Apartments. See "TAXING PROCEDURES - Certain Tax Exemptions Provided for Affordable Housing."

As is described under the immediately following caption "Developers and Principal Land Owners," approximately 60.16 acres located within the District on which an approximately 420,724 office building/parking structure has been constructed are owned by Greenwood/MILP (hereinafter defined). Upon successful petition by Greenwood (hereinafter defined), Harris County has created a reinvestment zone over such approximately 60.16 acres of property inside the District boundaries. See "TAX DATA - Tax Abatement in the District." Greenwood/MILP also currently owns 26.72 acres located within the District upon which no above-ground improvements have been constructed. The District cannot represent when, or whether any taxable above-ground improvements might be constructed on any of such land owned by Greenwood/MILP.

Approximately 87.4 acres of land located within the District that have not been developed with trunk underground water distribution, wastewater collection and storm sewer facilities and are available for the construction of above-ground improvements are owned by various parties. The District cannot represent when, or whether, any taxable above-ground improvements might be constructed on any of such land.

Approximately 44.5 acres contained within the platted residential and commercial acreage of the District consist of pipeline, road and drainage channel rights-of-way, detention pond, water plant and wastewater treatment plant sites, or are otherwise not available for future development. See "FUTURE DEVELOPMENT

The District has financed the acquisition or construction of certain facilities, including a water plant, wastewater treatment plant and a lift station, force main, and water line extension constructed within the right-of-way of Cypresswood Drive, excavation of drainage ditch K-139-00, phases 1 and 2 of a storm water detention basin; and underground water distribution, wastewater collection and storm drainage facilities to serve Lowe's Home Improvement Center; Mandolin Village, Sections 1 through 4, Mandolin Park, Sections 1 and 2, the Mandolin Village Townhomes, Fairlane Village, Grants Trace, Chasewood Crossing, Lakes at Cypresswood Apartments, Discovery at Mandolin Apartments, Villages of Cypress Creek Apartments, recreational facilities, and other facilities, with the proceeds of the sale of the Prior Bonds. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the Prior Bonds and the components of the System the District 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 "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

Developers and Home Builders

The developers of land within the District include the related parties of Greenwood Properties, L.P. ("Greenwood"), a Texas limited partnership and Mandolin Investments, L.P. ("MILP"), a Texas limited partnership (Greenwood and MILP, collectively "Greenwood/MILP"). Greenwood/MILP currently own approximately 60.16 acres of land within the District upon which an approximately 420,724 square foot office building has been constructed as Chasewood III building. Upon successful petition by Greenwood, Harris County has created a reinvestment zone over such approximately 60.16 acres of property inside the District boundaries. See "TAX DATA - Tax Abatement in the District." Greenwood/MILP also currently owns 26.72 acres located within the District upon which no above-ground improvements have been constructed. The District cannot represent when, or whether any taxable above-ground improvements might be constructed on any of such land owned by Greenwood/MILP.

The largest component of the District's 2025 tax roll consists of the land and improvements located within the District owned by 13801 Napoli LLC, the owner of the 363-unit Palazzo at Cypresswood Apartments within the District. The 2025 Assessed Valuation of such property comprised approximately 7.74% of the District's total 2025 Assessed Valuation. The second largest component of the District's 2025 tax roll consists of the land and improvements owned by BR HR Cypress Creek LLC, the owner of the 384-unit Villages of Cypress Creek Apartments, the 2025 Assessed Valuation of which property comprised approximately 6.72% of the District's total 2025 Assessed Valuation. The third largest component of the District's 2025 tax roll consists of the land and improvements owned by KV Lyndon Apartments LLC, the owner of the 384-

unit The Lyndon Apartments within the District, the 2025 Assessed Valuation of such property comprised approximately 6.37% of the District's total 2025 Assessed Valuation. The fourth largest component of the District's 2025 tax roll consists of the land and improvements located within the District owned by The Park at Napoli LLC, the owner of the 239-unit The Park at Napoli Apartments within the District the 2025 Assessed Valuation of such property comprised approximately 6.29% of the District's total 2025 Assessed Valuation. The fifth largest component of the District's 2025 tax roll consists of the land, improvements and personal property owned by Chasewood Land Venture, LP, the owner of the 324-unit Lakes at Cypresswood Apartment Homes within the District, the 2025 Assessed Valuation of which property comprised approximately 5.86% of the District's total 2025 Assessed Valuation. The sixth largest component of the District's 2025 tax roll consists of the land, improvements and personal property owned by Greenwood, the 2025 Assessed Valuation of which comprised approximately 5.83% of the District's total 2025 Assessed Valuation. The District and Greenwood entered into a tax abatement agreement on August 1, 2018, for a period of ten years. The value of the property in the tax abatement zone is \$19,530,294. After applying the District's agreement with Greenwood, the value in the zone that will be subject to taxation by the District is \$10,781,185. See "TAX DATA - Tax Abatement in the District." The 2025 Assessed Valuation of the land and commercial improvements located within the District owned by Greenwood, Chasewood, MILP and Cypresswood totaled \$66,995,111 and comprised approximately 10.63% of the District's total 2025 Assessed Valuation. No other owner of property located within the District owns property the 2025 Assessed Valuation of which exceeded 4.54% of the District's total 2025 Assessed Valuation. The District's ten principal taxpayers in 2025 owned property located in the District the aggregate Assessed Valuation of which comprised approximately 51.65% of the District's total 2025 Assessed Valuation. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Principal Landowners' Obligations to the District," "TAXING PROCEDURES - Certain Tax Exemptions Provided for Affordable Housing," and "TAX DATA - Principal 2025 Taxpayers."

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)

2024 Assessed Valuation	\$	613,664,696 (a)
(As of January 1, 2024)		
See "TAX DATA" and "TAXING PROCEDURES"		
2025 Assessed Valuation	\$	630,254,690 (b)
(As of January 1, 2025)		
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Outstanding Bonds	\$	12,365,000
The Bonds.....	\$	<u>5,405,000</u>
Total	\$	17,770,000 (c)
Estimated Overlapping Debt	\$	<u>35,480,078</u>
Total Direct and Estimated Overlapping Debt	\$	<u>53,250,078</u>
Direct Debt Ratios		
: as a percentage of 2024 Assessed Valuation.....		2.90 %
: as a percentage of 2025 Assessed Valuation.....		2.82 %
Direct and Overlapping Debt Ratios		
: as a percentage of 2024 Assessed Valuation.....		8.68 %
: as a percentage of 2025 Assessed Valuation.....		8.45 %
Debt Service Fund Balance as of October 6, 2025	\$	687,785 (d)
General Fund Balance as of October 6, 2025	\$	5,285,699
2025 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.247
Maintenance Tax.....		<u>0.130</u>
Total	\$	0.377 (e)
Percentage of Total Tax Collections (2015-2024) as of September 30, 2025		99.85 %
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2034)	\$	1,869,840
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2032).....	\$	2,049,275
Tax Rate per \$100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2034) at 95% Tax Collections:		
Based Upon 2024 Assessed Valuation.....	\$	0.33
Based Upon 2025 Assessed Valuation.....	\$	0.32
Tax Rate per \$100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2032) at 95% Tax Collections:		
Based Upon 2024 Assessed Valuation.....	\$	0.36
Based Upon 2025 Assessed Valuation.....	\$	0.35

Single-Family Homes

766 (including 691 completed single-family homes and 75 completed townhomes)

Commercial and Office/Medical Improvements

Approximately 1,619,795 Total Square Feet of Building Area

2,752 Completed Apartments

384-unit The Lyndon Apartments

384-unit Villages of Cypress Creek Apartments

324-unit The Lakes at Cypresswood Apartment Homes

260-unit Discovery at Cypresswood Apartments

363-unit Palazzo at Cypresswood Apartments

336-unit Highpoint at Cypresswood Apartments

239-unit The Park at Napoli Apartments

462-unit Perry Road Apartments

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- (a) As of January 1, 2024, and comprises the District's 2024 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"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
- (b) As of January 1, 2025, and comprises the District's 2025 tax roll. 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 \$27,098,962, which total is included in the amount of \$630,254,690. The Appraisal District has proposed the valuation of such protested properties to be \$29,663,506. 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 \$6,781,220, which total is also included in the amount of \$630,254,690. 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."
- (c) In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the Prior Bonds and the components of the System the District 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."
- (d) 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 March 1, 2026.
- (e) The District levied a debt service tax rate of \$0.247 per \$100 of Assessed Valuation plus a maintenance tax of \$0.13 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 2025 tax rate, is \$2.311819 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."

\$5,405,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
UNLIMITED TAX BONDS
SERIES 2025

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Harris County Municipal Utility District No. 230 (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 April 5, 1986 (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, upon payment of duplication costs. 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 March 1, 2026, and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds are fully registered bonds maturing on September 1 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.”

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

Replacement of Registrar

Provision is made in the Bond Resolution for replacement of the 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.

Payment Record

The District has previously issued Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds"), Unlimited Tax Bonds, Series 2000 (the "Series 2000 Bonds"); Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"); Unlimited Tax Bonds, Series 2003 (the "Series 2003 Bonds"); Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"); Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"); and Unlimited Tax Bonds, Series 2011A (the "Series 2011A Bonds") all of which Bonds were issued to finance the acquisition and construction of the District's water supply and distribution, wastewater collection and treatment and storm drainage system (the "System"). The

District also has issued Unlimited Tax Bonds, Series 2010 (the “Series 2010 Bonds”) to finance the acquisition and construction of recreational facilities. The District also has issued Unlimited Tax Refunding Bonds, Series 2006 (the “Series 2006 Refunding Bonds”); Unlimited Tax Refunding Bonds, Series 2010 (the “Series 2010 Refunding Bonds”); Unlimited Tax Refunding Bonds, Series 2012 (the “Series 2012 Refunding Bonds”), Unlimited Tax Refunding Bonds, Series 2013 (the “Series 2013 Refunding Bonds”); Unlimited Tax Refunding Bonds, Series 2015 (the “Series 2015 Refunding Bonds”); Unlimited Tax Refunding Bonds, Series 2017 (the “Series 2017 Refunding Bonds”); Unlimited Tax Refunding Bonds, Series 2018 (the “Series 2018 Refunding Bonds”) and Unlimited Tax Refunding Bonds, Series 2020 (the “Series 2020 Refunding Bonds”) to refund portions of the outstanding principal amount of bonds previously issued by 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 \$12,365,000 (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 \$17,770,000.

Authority for Issuance

At elections held on November 8, 1983 (the “1983 Election”), April 5, 1986 (the “1986 Election”), November 7, 2006 (the “2006 Election”) and May 3, 2025 (the “2025 Election”), District voters have authorized \$100,603,000 unlimited tax bonds for waterworks, sanitary sewer and drainage facilities and \$4,800,000 unlimited tax bonds for recreational facilities. Following the issuance of the Bonds, \$3,000 principal amount of bonds for the purpose of acquiring and constructing the System from the 1986 Election, \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes from the 2025 Election and \$1,800,000 principal amount of unlimited tax bonds for recreational facilities from the 2006 Election will remain authorized but unissued. See “Outstanding Bonds and Payment Record” and “Issuance of Additional Debt” below. The Bonds are issued pursuant to the Bond Resolution, an election held within the District, Chapters 49 and 54 of the Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. Issuance of the Bonds has been further authorized by 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. Voters in the District have authorized a total of \$100,603,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing the System or for refunding such bonds and \$4,800,000 principal amount of unlimited tax bonds for recreational facilities. Following the issuance of the Bonds, \$3,000 principal amount of bonds for the purpose of acquiring and constructing the System from the 1986 Election, \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes from the 2025 Election and \$1,800,000 principal amount of unlimited tax bonds for recreational facilities from the 2006 Election will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ).

In addition to the components of the System and recreational facilities that the District has financed with portions of the proceeds of the sale of the Outstanding Bonds and the components of the System the District 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 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 - Authority for Issuance" and - "Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Based on present engineering cost estimates and anticipated development, in the opinion of the District's consulting engineer, BGE, Inc. (the "Engineer"), the remaining \$3,000 principal amount of bonds for the purpose of acquiring and constructing the System from the 1986 Election and \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes from the 2025 Election will be adequate to finance the extension of water, wastewater and storm drainage facilities and services to serve the entirety of the District at the full development thereof. See "DEVELOPMENT AND HOME CONSTRUCTION," FUTURE DEVELOPMENT," and "THE SYSTEM."

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 such bonds, the following actions would be required: (a) authorization of a detailed fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered developing a fire plan or calling an election at this time for such purposes.

The District is authorized by statute to develop recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District adopted a master recreational facilities plan on April 3, 2006 (the "Master Recreational Facilities Plan"), and voters of the District approved the issuance of \$4,800,000 unlimited tax bonds for recreational facilities at the 2006 Election (\$1,800,000 of which are currently authorized but unissued). The District issued the Series 2010 Bonds to finance the construction of recreational facilities. Before the District issues additional unlimited tax bonds for recreational facilities payable from taxes, the following actions are required: (a) approval of the recreational facilities project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The outstanding principal amount of unlimited tax bonds for recreational facilities may not exceed an amount equal to one percent but not greater than three percent of the value of the taxable property in the District.

Under certain circumstances the District also is authorized to construct, develop and maintain roads. It is not anticipated at this time that the District will participate in such activities.

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.

Annexation and Consolidation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the “City”), the District must conform to a City consent ordinance. Generally, the District may be annexed by the City without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District.

However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See - “Strategic Partnership” below for a description of the strategic partnership agreement between the District and the City.

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

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.

In certain circumstances, the District may alter its boundaries to exclude land subject to taxation within the District that is not served by District facilities if the District simultaneously annexes land of equal acreage and value that may be practicably served by District facilities. No representation is made concerning the likelihood that the District would effect such a substitution of land.

Strategic Partnership

As of December 2, 2002, and as amended on December 19, 2011, the District entered into a strategic partnership agreement (the “Agreement”) with the City of Houston pursuant to Section 43.0751, Texas Local Government Code, whereby the commercial portion of the District was annexed into the City for limited purposes, while the balance of the District remains in the City’s extraterritorial jurisdiction. As a result of the Agreement, the City imposes its 1% sales and use taxes (but not its property taxes) within the area of limited purpose annexation, and remits one-half of the City’s 1%

sales and use tax receipts from within the District (the “Contract Sales Tax Revenue”) to the District to be used for any lawful District purpose. In addition, for the 30-year term of the Agreement, the City agrees not to annex the District for general purposes, thus, without additional agreement by the District, delaying for at least 30 years from the date of the Agreement any dissolution of the District and assumption of its assets and liabilities (including the Bonds) by the City. The City and the District may amend the Agreement at any time. Funds received by the District under the Agreement are not pledged to the payment of the Bonds. The District has received such Contract Sales Tax Revenue and deposited same in the District’s General Fund in each of the District’s fiscal years ended June 30 since the receipt of the initial such payments in the District’s fiscal year ended June 30, 2003. See “APPENDIX B - ANNUAL FINANCIAL REPORT” of the District.

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 pay the cost of design and construction of Water Plant No. 1 ground storage tank no. 3 and electrical improvements, Wastewater Treatment Plant air pipe replacement and headworks improvements; and rehabilitation of lift stations nos. 2 and 4. The District will also use the proceeds of the Bonds to pay for bond issuance costs, legal fees, fiscal agent's fees, fees to the TCEQ and the Attorney General of Texas and engineering fees relating to the foregoing projects.

Construction Costs

District Share

A. Developer Contribution Items - None

B. District Items

1. Water Plant No. 1 Ground Storage Tank No. 3	\$1,143,700
2. Wastewater Treatment Plant Air Pipe Replacement	336,000
3. Wastewater Treatment Plant Headworks Improvements	1,005,000
4. Water Plant No. 1 Electrical Improvements	750,000
5. Lift Station No. 2 Rehabilitation	270,000
6. Lift Station No. 4 Rehabilitation	260,000
7. Contingencies	376,470
8. Engineering	<u>745,410</u>
Total District Items	\$4,886,580
TOTAL CONSTRUCTION COSTS	\$4,886,580

Non-Construction Costs

1. Legal Fees	\$ 126,075
2. Fiscal Agent Fees	108,100
3. Bond Discount	162,150
4. Bond Issuance Expenses	48,177
5. Bond Application Report	55,000
6. Attorney General Fee	5,405
7. TCEQ Bond Issuance Fee	13,513
8. Contingencies *	<u>0</u>
TOTAL NON-CONSTRUCTION COSTS	\$518,420
TOTAL BOND ISSUE REQUIREMENT	\$5,405,000

* 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

Authority

The District is a municipal utility district created by an order of the Texas Water Commission (now the TCEQ) dated October 20, 1983. The creation of the District was confirmed at an election held within the District on November 8, 1983. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

Under certain limited circumstances the District also is authorized to construct, develop and maintain park and recreational facilities and to construct roads. In addition, the District is authorized, after approval by the voters of the District and the TCEQ, to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. The City of Houston, Texas (the "City"), within whose corporate boundaries the District lies, consented to creation of the District. The City imposes certain requirements which limit the purposes for which the District may sell bonds to the acquisition and improvement of waterworks, wastewater, and drainage facilities, firefighting facilities, roads, and recreational facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain approvals by the City of the District's construction plans and specifications.

Description

The District originally encompassed approximately 267.9003 acres of land. Subsequent annexations of land by the District have resulted in the current area of the District that encompasses a total of approximately 545.96 acres. The District is located entirely within Harris County, Texas, approximately 22 miles northwest of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction and partially within the limited purpose jurisdiction of the City of Houston, and entirely within the Cypress-Fairbanks Independent School District. State Highway 249 approximately bisects the District from north to south and Cypresswood Drive approximately bisects the District from east to west. The District is bounded on the south by Grant Road. See “AERIAL PHOTOGRAPH OF THE DISTRICT” and “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. All of the Directors own property in the District.

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>
Luke Grainge	President	2028
Karla Velasquez	Vice President	2028
Diana Henderson	Secretary	2026
Virgil Hargis	Assistant Vice President	2026
Clyde Williams	Assistant Secretary	2026

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

Tax Assessor/Collector

The District's Tax Assessor/Collector is Assessments of the Southwest, Inc., Friendswood, Texas. 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 District Data Services, Inc.

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 June 30, 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 BGE, Inc., 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 land located within the District has been developed to date for single-family residential, townhome, multi-family residential and commercial usage. As of October 1, 2025, the District contained a total of 766 single-family homes and townhomes that have been constructed on all of the 766 total lots that have been developed within the District (including 691 completed single-family homes and 75 completed townhomes), all 766 of which homes and townhomes have been sold to home purchasers. Above-ground improvements that have been constructed to date within commercial/multi-family residential reserves that have been developed within the District include a total of approximately 1,630,295 square feet of completed building area contained in commercial and office/medical buildings and a total of 2,752 completed apartment units.

The development of approximately 501.46 of the approximately 545.96 acres located within the District is complete. Such acres have been developed into 766 single-family residential lots, including 75 townhome lots (a total of approximately 187.1 acres) in the residential subdivisions known as Mandolin Village, Sections 1 through 4, Mandolin Park, Sections 1 and 2, the Mandolin Village Townhomes, Grants Trace and Fairlane Village; and a total of approximately 220.4 acres of commercial/multi-family residential reserves, including the completion of underground water distribution, wastewater collection and storm sewer facilities and street paving to serve the single-family residential and townhome lots; and trunk underground water distribution, wastewater collection and storm sewer facilities and street paving to the perimeters of the commercial/multi-family reserves.

Commercial, office/medical, warehouse, and hotel establishments totaling approximately 1,630,295 square feet of building area have been constructed on approximately 99.02 acres located within the District include the following: Kroger’s, Lowe’s Home Improvement, office and medical buildings, Grant Palace Strip Center, Cy-Creek Plaza,

Mandolin Square, multiple retail shopping centers, freestanding buildings including a Kiddie Academy, restaurants, and a hotel.

Completed multi-family improvements located within the District (totaling 2,752 units on approximately 121.36 acres) include the 384-unit Villages of Cypress Creek Apartments, 384-unit The Lyndon Apartments, 363-unit Palazzo at Cypresswood Apartments, 336-unit Highpoint at Cypress Apartments, 324-unit The Lakes at Cypresswood Apartment Homes, 260-unit Discovery at Cypresswood Apartments, 239-unit The Park at Napoli Apartments and 462-unit Perry Road Apartments. See "TAXING PROCEDURES - Certain Tax Exemptions Provided for Affordable Housing."

As is described under the immediately following caption "DEVELOPERS AND PRINCIPAL LAND OWNERS," approximately 60.16 acres located within the District on which an approximately 420,724 office building/parking structure has been constructed are owned by Greenwood/MILP (hereinafter defined). Upon successful petition by Greenwood (hereinafter defined), Harris County has created a reinvestment zone over such approximately 60.16 acres of property inside the District boundaries. See "TAX DATA - Tax Abatement in the District." Greenwood/MILP also currently owns 26.72 acres located within the District upon which no above-ground improvements have been constructed. The District cannot represent when, or whether any taxable above-ground improvements might be constructed on any of such land owned by Greenwood/MILP.

Approximately 87.4 acres of land located within the District that have not been developed with trunk underground water distribution, wastewater collection and storm sewer facilities and are available for the construction of above-ground improvements are owned by various parties. The District cannot represent when, or whether, any taxable above-ground improvements might be constructed on any of such land.

Approximately 44.5 acres contained within the platted residential and commercial acreage of the District consist of pipeline, road and drainage channel rights-of-way, detention pond, water plant and wastewater treatment plant sites, or are otherwise not available for future development. See "FUTURE DEVELOPMENT

The District has financed the acquisition or construction of certain facilities, including a water plant, wastewater treatment plant and a lift station, force main, and water line extension constructed within the right-of-way of Cypresswood Drive, excavation of drainage ditch K-139-00, phases 1 and 2 of a storm water detention basin; and underground water distribution, wastewater collection and storm drainage facilities to serve Lowe's Home Improvement Center; Mandolin Village, Sections 1 through 4, Mandolin Park, Sections 1 and 2, the Mandolin Village Townhomes, Fairlane Village, Grants Trace, Chasewood Crossing, Lakes at Cypresswood Apartments, Discovery at Mandolin Apartments, Villages of Cypress Creek Apartments, recreational facilities, and other facilities, with the proceeds of the sale of the Prior Bonds. In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the Prior Bonds and the components of the System the District 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 "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

DEVELOPERS AND PRINCIPAL LAND OWNERS

General

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be emplaced in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of emplacing certain of the water, wastewater and drainage facilities in the municipal utility district pursuant to the rules of the TCEQ. The District requested an exemption from such developer participation requirement with

respect to the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a district.

Description of the Developers and Principal Land Owners

The developers of land within the District include the related parties of Greenwood Properties, L.P. ("Greenwood"), a Texas limited partnership and Mandolin Investments, L.P. ("MILP"), a Texas limited partnership (Greenwood and MILP, collectively "Greenwood/MILP"). Greenwood/MILP currently own approximately 60.16 acres of land within the District upon which an approximately 420,724 square foot office building has been constructed as Chasewood III building. Upon successful petition by Greenwood, Harris County has created a reinvestment zone over such approximately 60.16 acres of property inside the District boundaries. See "TAX DATA - Tax Abatement in the District." Greenwood/MILP also currently owns 26.72 acres located within the District upon which no above-ground improvements have been constructed. The District cannot represent when, or whether any taxable above-ground improvements might be constructed on any of such land owned by Greenwood/MILP.

The largest component of the District's 2025 tax roll consists of the land and improvements located within the District owned by 13801 Napoli LLC, the owner of the 363-unit Palazzo at Cypresswood Apartments within the District. The 2025 Assessed Valuation of such property comprised approximately 7.74% of the District's total 2025 Assessed Valuation. The second largest component of the District's 2025 tax roll consists of the land and improvements owned by BR HR Cypress Creek LLC, the owner of the 384-unit Villages of Cypress Creek Apartments, the 2025 Assessed Valuation of which property comprised approximately 6.72% of the District's total 2025 Assessed Valuation. The third largest component of the District's 2025 tax roll consists of the land and improvements owned by KV Lyndon Apartments LLC, the owner of the 384-unit The Lyndon Apartments within the District, the 2025 Assessed Valuation of such property comprised approximately 6.37% of the District's total 2025 Assessed Valuation. The fourth largest component of the District's 2025 tax roll consists of the land and improvements located within the District owned by The Park at Napoli LLC, the owner of the 239-unit The Park at Napoli Apartments within the District the 2025 Assessed Valuation of such property comprised approximately 6.29% of the District's total 2025 Assessed Valuation. The fifth largest component of the District's 2025 tax roll consists of the land, improvements and personal property owned by Chasewood Land Venture, LP, the owner of the 324-unit Lakes at Cypresswood Apartment Homes within the District, the 2025 Assessed Valuation of which property comprised approximately 5.86% of the District's total 2025 Assessed Valuation. The sixth largest component of the District's 2025 tax roll consists of the land, improvements and personal property owned by Greenwood, the 2025 Assessed Valuation of which comprised approximately 5.83% of the District's total 2025 Assessed Valuation. The District and Greenwood entered into a tax abatement agreement on August 1, 2018, for a period of ten years. The value of the property in the tax abatement zone is \$19,530,294. After applying the District's agreement with Greenwood, the value in the zone that will be subject to taxation by the District is \$10,781,185. See "TAX DATA - Tax Abatement in the District." The 2025 Assessed Valuation of the land and commercial improvements located within the District owned by Greenwood, Chasewood, MILP and Cypresswood totaled \$66,995,111 and comprised approximately 10.63% of the District's total 2025 Assessed Valuation. No other owner of property located within the District owns property the 2025 Assessed Valuation of which exceeded 4.54% of the District's total 2025 Assessed Valuation. The District's ten principal taxpayers in 2025 owned property located in the District the aggregate Assessed Valuation of which comprised approximately 51.65% of the District's total 2025 Assessed Valuation. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Principal Landowners' Obligations to the District," "TAXING PROCEDURES - Certain Tax Exemptions Provided for Affordable Housing," and "TAX DATA - Principal 2025 Taxpayers."

FUTURE DEVELOPMENT

As is described above under the caption “DEVELOPERS AND PRINCIPAL LAND OWNERS,” approximately 26.72 acres located within the District that have been developed with trunk underground water distribution, wastewater collection and storm sewer facilities and street paving to the perimeter of such property and are available for the construction of above-ground improvements are owned by Greenwood/MILP. Approximately 87.4 acres of land located within the District that have not been developed with trunk underground water distribution, wastewater collection and storm sewer facilities and are available for the construction of above-ground improvements are owned by various parties. The District cannot represent when, or whether, any taxable above-ground improvements might be constructed on any of such land owned by Greenwood/MILP or any other party. Approximately 44.5 acres contained within the platted residential and commercial acreage of the District consist of pipeline, road and drainage channel rights-of-way, detention pond, water plant and wastewater treatment plant sites, or are otherwise not available for future development. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

Although the aforementioned undeveloped acres may be developed in the future, the initiation of any new development beyond that described in this Official Statement will be dependent on several factors including, to a great extent, the general and other economic conditions which would affect any party's ability to develop and/or sell commercial and multi-family residential tracts described in this Official Statement under the caption “INVESTMENT CONSIDERATIONS.” Since no party, including Greenwood/MILP, has any obligation to the District to construct additional above-ground improvements on any land that it owns within the District, the District cannot represent whether, or when, any future above-ground improvements will be constructed within the District. The District financed the construction of recreational facilities with portions of the proceeds of the sale of the \$3,000,000 Series 2010 Bonds, which constituted the initial issuance of \$4,800,000 unlimited tax bonds that have been authorized by District voters for recreational facilities. See “THE BONDS - Issuance of Additional Debt,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.” In addition, the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention and recreational facilities with portions of the proceeds of the sale of its bonds, if any, to be issued by the District in the future. No party is under any obligation to complete any development, if begun, and may modify or discontinue development plans in its sole discretion. Accordingly, the District makes no representation that future development will occur. See “INVESTMENT CONSIDERATIONS - 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)



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	\$1,593,350			\$1,593,350
2026	1,509,700		\$222,956	1,732,656
2027	1,522,000		297,275	1,819,275
2028	1,523,300		297,275	1,820,575
2029	1,513,800		297,275	1,811,075
2030	1,743,800		297,275	2,041,075
2031	1,746,600		297,275	2,043,875
2032	1,752,000		297,275	2,049,275
2033	1,469,800		297,275	1,767,075
2034	1,446,400		297,275	1,743,675
2035	696,800		297,275	994,075
2036		\$155,000	297,275	452,275
2037		165,000	288,750	453,750
2038		175,000	279,675	454,675
2039		180,000	270,050	450,050
2040		190,000	260,150	450,150
2041		200,000	249,700	449,700
2042		215,000	238,700	453,700
2043		225,000	226,875	451,875
2044		240,000	214,500	454,500
2045		250,000	201,300	451,300
2046		265,000	187,550	452,550
2047		280,000	172,975	452,975
2048		295,000	157,575	452,575
2049		310,000	141,350	451,350
2050		330,000	124,300	454,300
2051		345,000	106,150	451,150
2052		365,000	87,175	452,175
2053		385,000	67,100	452,100
2054		405,000	45,925	450,925
2055		430,000	23,650	453,650
	\$16,517,550	\$5,405,000	\$6,539,156	\$28,461,706

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

Average Annual Requirements (2026-2034)	\$ 1,869,840
Maximum Annual Requirement (2032)	\$ 2,049,275

Bonded Indebtedness

2024 Assessed Valuation	\$	613,664,696 (a)
(As of January 1, 2024)		
See "TAX DATA" and "TAXING PROCEDURES"		
2025 Assessed Valuation	\$	630,254,690 (b)
(As of January 1, 2025)		
See "TAX DATA" and "TAXING PROCEDURES"		
Direct Debt:		
Outstanding Bonds	\$	12,365,000
The Bonds.....	\$	<u>5,405,000</u>
Total	\$	17,770,000 (c)
Estimated Overlapping Debt	\$	<u>35,480,078</u>
Total Direct and Estimated Overlapping Debt	\$	<u>53,250,078</u>
Direct Debt Ratios		
: as a percentage of 2024 Assessed Valuation.....		2.90 %
: as a percentage of 2025 Assessed Valuation.....		2.82 %
Direct and Overlapping Debt Ratios		
: as a percentage of 2024 Assessed Valuation.....		8.68 %
: as a percentage of 2025 Assessed Valuation.....		8.45 %
Debt Service Fund Balance as of October 6, 2025	\$	687,785 (d)
General Fund Balance as of October 6, 2025	\$	5,285,699
2025 Tax Rate per \$100 of Assessed Valuation		
Debt Service Tax.....	\$	0.247
Maintenance Tax.....		<u>0.130</u>
Total	\$	0.377 (e)

(a) As of January 1, 2024, and comprises the District's 2024 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"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) As of January 1, 2025, and comprises the District's 2025 tax roll. 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 \$27,098,962, which total is included in the amount of \$630,254,690. The Appraisal District has proposed the valuation of such protested properties to be \$29,663,506. 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 \$6,781,220, which total is also included in the amount of \$630,254,690. 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."

- (c) In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the Prior Bonds and the components of the System the District 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.”
- (d) 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 March 1, 2026.
- (e) The District levied a debt service tax rate of \$0.247 per \$100 of Assessed Valuation plus a maintenance tax of \$0.13 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 2025 tax rate, is \$2.311819 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>April 1, 2025</u>	Estimated Overlapping	
		<u>Percent</u>	<u>Amount</u>
Harris County	\$2,257,734,736	0.09158%	\$2,067,568
Harris County Department of Education	28,960,000	0.09158%	26,521
Harris County Flood Control District	937,165,000	0.09158%	858,229
Harris County Hospital District	867,820,000	0.09158%	794,725
Port of Houston Authority	406,509,397	0.09158%	372,270
Lone Star College System	434,530,000	0.19292%	838,304
Cypress-Fairbanks Independent School District	3,484,020,000	0.86777%	30,233,247
Harris County Emergency Services District No. 13	5,500,000	5.25843%	<u>289,214</u>
Total Estimated Overlapping Debt			\$35,480,078
The District (the Bonds and the Outstanding Bonds)			<u>\$17,770,000</u>
Total Direct & Estimated Overlapping Debt			\$53,250,078

Debt Ratios

	<u>% of 2024 Assessed Valuation</u>	<u>% of 2025 Assessed Valuation</u>
Direct Debt	2.90%	2.82%
Direct and Estimated Overlapping Debt	8.68%	8.45%

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 2025 of approximately \$0.247 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 7, 1994, 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 \$0.13 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>Total Levy</u>	<u>Cumulative % Collections</u>	
				<u>Current & Prior Years(b)</u>	<u>Year Ended 9/30</u>
2015	\$445,967,175	\$0.520	\$2,319,029	99.99%	2016
2016	473,488,607	0.510	2,414,792	99.97	2017
2017	475,198,605	0.500	2,375,993	99.93	2018
2018	483,964,863	0.490	2,371,428	99.95	2019
2019	510,432,711	0.480	2,450,077	99.93	2020
2020	533,856,776	0.460	2,455,741	99.88	2021
2021	548,589,385	0.430	2,358,934	99.86	2022
2022	573,922,409	0.400	2,295,690	99.80	2023
2023	605,617,798	0.375	2,271,067	99.77	2024
2024	613,664,696	0.377	2,313,516	99.41	2025
2025	630,254,690(c)	0.377(d)	2,376,060(d)	(d)	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.

(c) 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 \$27,098,962, which total is included in the amount of \$630,254,690. The Appraisal District has proposed the valuation of such protested properties to be \$29,663,506. 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 \$6,781,220, which total is also included in the amount of \$630,254,690. 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.

(d) The District levied a debt service tax rate of \$0.247 per \$100 of Assessed Valuation plus a maintenance tax of \$0.13 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>
Debt Service	\$0.247	\$0.227	\$0.225	\$0.25	\$0.28
Maintenance & Operations	<u>0.130</u>	<u>0.150</u>	<u>0.150</u>	<u>0.15</u>	<u>0.15</u>
Total	\$0.377	\$0.377	\$0.375	\$0.40	\$0.43

Analysis of Tax Base

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

Type of Property	2025		2024		2023	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$147,210,157	23.36%	\$162,784,371	26.53%	\$160,115,550	26.44%
Improvements	593,567,552	94.18%	561,280,659	91.46%	582,612,707	96.20%
Personal Property	29,793,683	4.73%	27,937,255	4.55%	26,287,632	4.34%
Uncertified	33,880,182	5.38%	0	0.00%	0	0.00%
Exemptions	<u>-174,196,884</u>	<u>-27.64%</u>	<u>-138,337,589</u>	<u>-22.54%</u>	<u>-163,398,091</u>	<u>-26.98%</u>
Total	\$630,254,690*	100.00%	\$613,664,696	100.00%	\$605,617,798	100.00%

Type of Property	2022		2021	
	<u>Assessed Value</u>	<u>%</u>	<u>Assessed Value</u>	<u>%</u>
Land	\$146,380,798	25.51%	\$142,054,783	25.89%
Improvements	507,735,395	88.47%	431,049,692	78.57%
Personal Property	22,389,537	3.90%	23,840,446	4.35%
Exemptions	<u>-102,583,321</u>	<u>-17.87%</u>	<u>-48,355,536</u>	<u>-8.81%</u>
Total	\$573,922,409	100.00%	\$548,589,385	100.00%

* Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is \$27,098,962, which total is included in the amount of \$630,254,690. The Appraisal District has proposed the valuation of such protested properties to be \$29,663,506. 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 \$6,781,220, which total is also included in the amount of \$630,254,690. The District is unable to predict the amount of the District's final 2025 Assessed Valuation. Such final 2025 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2025.

Principal 2025 Taxpayers

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

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2025 Taxable Value</u>	<u>% of 2025 Tax Roll</u>
13801 Napoli LLC(a)	Multi-Family	\$48,791,905	7.74%
BR HR Cypress Creek, LLC(a)	Multi-Family	42,365,050	6.72%
KV Lyndon Apartments LLC(a)	Multi-Family	40,168,945	6.37%
The Park At Napoli LLC(a)	Multi-Family	39,647,985	6.29%
Chasewood Land Venture LP(a)	Multi-Family	36,911,508	5.86%
Greenwood Properties(b)(c)	Commercial	36,726,606	5.83%
19401 Tomball Tx LP(a)	Multi-Family	28,625,434	4.54%
Lowes Home Centers Inc	Commercial	21,470,692	3.41%
Chasewood Crossing II, LP(b)	Commercial	20,165,347	3.20%
Ctr Partnership LP	Commercial	<u>10,664,032</u>	<u>1.69%</u>
		\$325,537,504	51.65%

-
- (a) See "TAXING PROCEDURES - Certain Tax Exemptions Provided for Affordable Housing."
- (b) Related entities. The 2025 Assessed Valuation of the land and commercial improvements owned by such entities plus the 2025 Assessed Valuation of the land and commercial improvements owned by MILP (\$4,991,800), Cypresswood (\$2,894,628) and Chasewood Crossing III (\$2,216,730) which are entities that are related to such entities, totaled \$66,995,111, or approximately 10.63% of the District's total 2025 Assessed Valuation. See "DEVELOPERS AND PRINCIPAL LAND OWNERS."
- (c) The District and Greenwood entered into a tax abatement agreement on August 1, 2018, for a period of ten years. The value of the property in the tax abatement zone is \$19,530,294. After applying the District's agreement with Greenwood, the value in the zone that will be subject to taxation by the District is \$10,781,185. See "TAX DATA - Tax Abatement in the District."

Tax Exemption

The District has adopted an exemption of \$30,000 for persons 65 or older or disabled persons and a 15% general residential homestead exemption for 2025. 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 2024 Assessed Valuation or 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.

Average Annual Debt Service Requirements (2026-2034)	\$1,869,840
Tax Rate of \$0.33 on the 2024 Assessed Valuation (\$613,664,696) produces.....	\$1,923,839
Tax Rate of \$0.32 on the 2025 Assessed Valuation (\$630,254,690) produces.....	\$1,915,974
Maximum Annual Debt Service Requirement (2032)	\$2,049,275
Tax Rate of \$0.36 on the 2024 Assessed Valuation (\$613,664,696) produces.....	\$2,098,733
Tax Rate of \$0.35 on the 2025 Assessed Valuation (\$630,254,690) produces.....	\$2,095,597

The District levied a debt service tax of \$0.247 per \$100 of Assessed Valuation plus a maintenance tax of \$0.13 per \$100 of Assessed Valuation for 2025. As the above table indicates, the 2025 debt service tax rate will not be sufficient to pay the average annual and 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 99.85% of its 2015 through 2024 tax levies as of September 30, 2025. Moreover, the District's Debt Service Fund balance was \$687,785 as of October 6, 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 levied for 2025 – \$0.247 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 and recreational facilities that the District has financed with the proceeds of the Prior Bonds and the components of the System the District 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
Harris County Hospital District	0.163480
Port of Houston Authority	0.006150
Lone Star College System	0.107600
Cypress-Fairbanks Independent School District	1.086900
Harris County Emergency Services District No. 13	0.093336
Harris County Emergency Services District No. 11	0.038294
The District (i)	<u>0.377000</u>
	\$2.311819

- (i) The District levied a debt service tax of \$0.247 per \$100 of Assessed Valuation plus a maintenance tax of \$0.13 per \$100 of Assessed Valuation for 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 granted a 15% 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.

Certain Tax Exemptions Provided for Affordable Housing

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

The PFC Act authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. A PFC project approved on or after June 18, 2023, does not qualify for an exemption with respect to taxes imposed by a conservation and reclamation district providing water, sewer, or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H.B. 2071 are governed by the prior law and are not subject to the same requirements. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

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

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

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. The District and Greenwood entered into a tax abatement agreement on August 1, 2018, for a period of ten years. The value of the property in the tax abatement zone is \$19,530,294. After applying the District's agreement with Greenwood, the value in the zone that will be subject to taxation by the District is \$10,781,185.

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 Developing District.

Additional Penalties

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. 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

According to the District's Engineer, the District's water supply and distribution, wastewater collection and treatment and storm drainage facilities (collectively, the "System") have been designed in accordance with the criteria of various regulatory agencies including the City of Houston, Harris County, and the TCEQ. The construction and installation of the facilities must be made in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The District has financed the costs of the acquisition or construction of certain components of the System, including a water plant, wastewater treatment plant and a lift station, force main, and water line extension constructed within the right-of-way of Cypresswood Drive, excavation of drainage ditch K-139-00, phases 1 and 2 of a storm water detention basin; and underground water distribution, wastewater collection and storm drainage

facilities to serve Lowe's Home Improvement Center, Mandolin Village, Sections 1 through 4, Mandolin Park, Sections 1 and 2, the Mandolin Village Townhomes, Fairlane Village, Grants Trace, Chasewood Crossing, Lakes at Cypresswood Apartments, Discovery at Mandolin Apartments, and Villages of Cypress Creek Apartments, recreational facilities, and other facilities, with the proceeds of the sale of the Prior Bonds. In addition, the District expects to finance the acquisition or construction additional water distribution, wastewater collection, storm drainage/detention and recreational facilities with portions of the proceeds of the sale of its bonds, if any, to be issued by the District in the future. See "INVESTMENT CONSIDERATIONS." The total number of equivalent single-family connections ("ESFCs") projected for the District at the full development of its approximately 527.96 acres is approximately 2,484 with a total estimated population of approximately 8,694 people. Descriptions of certain portions of the District's System follow. The System currently provides service to the approximately 430.5 acres which have been developed within the District as is described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT." The descriptions which follow are based upon information supplied by the District's Engineer.

Water Supply

The District's water supply facilities include one water well with a capacity of approximately 1,500 gallons-per-minute ("gpm"), ground storage tanks with a total capacity of 500,000 gallons, two 25,000 gallon hydropneumatic tanks, and booster pumps with total capacity of 5,750 gpm. Additionally, the District receives water from the North Harris County Regional water Authority. According to the District's Engineer, these facilities, the acquisition of which the District financed with a portion of the proceeds of the sale of the Prior Bonds, can serve approximately 2,500 ESFCs. The District maintains a water interconnection line with the adjoining Cypress Creek Utility District as an emergency second source of water supply for both districts.

Wastewater Treatment

The District financed the acquisition of a 760,000 gallons-per-day ("gpd") permanent wastewater treatment facility with a portion of the proceeds of the sale of the Prior Bonds. The plant is capable of serving 3,040 ESFCs, assuming a flow factor of 250 gpd/ESFC.

Drainage Improvements

Stormwater drainage for the District is provided by an internal network of underground drainage facilities which outfall into drainage channels which flow into Cypress Creek or Greens Bayou. The District is located within two watershed areas. Primarily, the District drains through various detention ponds to K-139-00-00, where it outfalls directly to Cypress Creek. Other portions of the District drain to Cypresswood Drive, which also drains to Cypress Creek. A third portion of the District drains to SH 249, which outfalls to Greens Bayou, and a fourth portion of the District outfalls through a series of detention ponds into adjacent roadside ditches, which ultimately drain to Greens Bayou.

100-Year Flood Plain

According to the District's Engineer, other than the approximately 11.4 acres of land developed as the Kroger Center, none of the developable acres within the District lies within the 100-year flood plain of any water course including Cypress Creek or Greens Bayou as determined by the applicable FIRM. However, 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. Additionally, the District's storm water drainage system has been designed and constructed in accordance with current applicable regulatory standards for a development of this size and location.

"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.

Regulation

Construction and operation of the District's System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of several federal, state and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Harris County, and, in some instances, the Harris County Flood Control District, the TCEQ, and the U.S. Army Corps of Engineers. Harris County and the City of Houston also exercise regulatory jurisdiction over the District's System.

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 (the “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 substantial disincentive fee penalty of \$9.24 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.

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: The rate of development of land intended to be used for multi-family residential and commercial usage, and the construction of taxable above-ground multi-family residential and commercial improvements within the District are directly related to the vitality of the multi-family residential housing and commercial development and building industries. New multi-family residential housing construction and the construction of new commercial improvements and related development activities can be significantly affected by factors such as interest rates, construction costs, credit availability, energy availability and cost, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. 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 PRINCIPAL LAND OWNERS," the District cannot predict the pace or magnitude of any future multi-family residential or commercial property development or construction of any other taxable multi-family residential or commercial improvements in the District in addition to the aforementioned development and improvements that have been completed in the District. The District cannot represent the level of occupancy of the commercial and office/medical buildings or apartments that have been constructed within the District. 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 PRINCIPAL LAND OWNERS,” the District cannot predict the pace or magnitude of any future multi-family residential or commercial property development or construction of any other taxable multi-family residential or commercial improvements in the District in addition to the aforementioned development and improvements that have been completed in the District. The District cannot represent the level of occupancy of the commercial and office/medical buildings or apartments that have been constructed within the District.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on development activity and the construction of future apartments or future office, retail or other commercial improvements within the District, particularly short-term interest rates at which developers are able to obtain financing for development costs or at which the construction of future apartments or future office, retail or other commercial improvements within the District might be financed. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District, or the undertaking of the construction of future apartments, office, retail or other commercial improvements 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 development or the construction of future apartments or future office, retail or other commercial improvements within the District. In addition, since the District is located approximately 22 miles northwest of the central business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect development plans and the construction of future apartments or future office, retail or other commercial improvements in the District and restrain the growth of the District’s property tax base.

Principal Land Owner’s Obligation to the District: The ability of any principal land owner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District’s ability to meet its debt service obligations. The largest component of the District’s 2025 tax roll consists of the land and improvements located within the District owned by 13801 Napoli LLC, the owner of the 363-unit Palazzo at Cypresswood Apartments within the District. The 2025 Assessed Valuation of such property comprised approximately 7.74% of the District’s total 2025 Assessed Valuation. The second largest component of the District’s 2025 tax roll consists of the land and improvements owned by BR HR Cypress Creek LLC, the owner of the 384-unit Villages of Cypress Creek Apartments, the 2025 Assessed Valuation of which property comprised approximately 6.72% of the District’s total 2025 Assessed Valuation. The third largest component of the District’s 2025 tax roll consists of the land and improvements owned by KV Lyndon Apartments LLC, the owner of the 384-unit The Lyndon Apartments within the District, the 2025 Assessed Valuation of such property comprised approximately 6.37% of the District’s total 2025 Assessed Valuation. The fourth largest component of the District’s 2025 tax roll consists of the land and improvements located within the District owned by The Park at Napoli LLC, the owner of the 239-unit The Park at Napoli Apartments within the District the 2025 Assessed Valuation of such property comprised approximately 6.29% of the District’s total 2025 Assessed Valuation. The fifth largest component of the District’s 2025 tax roll consists of the land, improvements and personal property owned by Chasewood Land Venture, LP, the owner of the 324-unit Lakes at Cypresswood Apartment Homes within the District, the 2025 Assessed Valuation of which property comprised approximately 5.86% of the District’s total 2025 Assessed Valuation. The sixth largest component of the District’s 2025 tax roll consists of the land, improvements and personal property owned by Greenwood, the 2025 Assessed Valuation of which comprised approximately 5.83% of the District’s total 2025 Assessed Valuation. The District and Greenwood entered into a tax abatement agreement on August 1, 2018, for a period of ten years. The value of the property in the tax abatement zone is \$19,530,294. After applying the District’s agreement with Greenwood, the value in the zone that will be subject to taxation by the

District is \$10,781,185. See “TAX DATA - Tax Abatement in the District.” The 2025 Assessed Valuation of the land and commercial improvements located within the District owned by Greenwood, Chasewood, MILP and Cypresswood totaled \$66,995,111 and comprised approximately 10.63% of the District’s total 2025 Assessed Valuation. No other owner of property located within the District owns property the 2025 Assessed Valuation of which exceeded 4.54% of the District’s total 2025 Assessed Valuation. See “TAX DATA - Principal 2025 Taxpayers.”

The District's tax base is currently concentrated in a small number of taxpayers. As is reflected in this Official Statement under the caption “TAX DATA - Principal 2025 Taxpayers,” the District’s ten principal taxpayers in 2025 owned property located in the District the aggregate Assessed Valuation of which comprised approximately 51.65% of the District’s total 2025 Assessed Valuation. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers, or (ii) less concentrated in property owned by a relatively small number of property owners, than it is currently. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse affect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet its debt service requirements. In addition, for so long as the District's tax base continues to be concentrated in a relatively small number of taxpayers, the willingness and ability of such taxpayers to pay maintenance taxes may affect the flow of funds into the District's General Fund. See “APPENDIX B - ANNUAL FINANCIAL REPORT.”

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 2024 Assessed Valuation of property located within the District is \$613,664,696. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds will be \$2,049,275 (2032) and the average annual debt service requirements will be \$1,869,840 (2026 through 2034, inclusive). Assuming no increase to nor decrease from the 2024 Assessed Valuation, tax rates of \$0.36 and \$0.33 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. The 2025 Assessed Valuation of property located within the District is \$630,254,690. Assuming no increase to nor decrease from the 2025 Assessed Valuation, tax rates of \$0.35 and \$0.32 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 \$0.247 per \$100 of Assessed Valuation plus a maintenance tax of \$0.13 per \$100 of Assessed Valuation for 2025. As the above information indicates, the 2025 debt service tax rate will not be sufficient to pay the average annual and 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 99.85% of its 2015 through 2024 tax levies as of September 30, 2025, and its 2024 tax levy, which is in the process of collection, was 95.06% collected as of such date. Moreover, the District's Debt Service Fund balance was \$687,785 as of October 6, 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 levied for 2025 – \$0.247 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 \$0.247 per \$100 of Assessed Valuation which the District levied for 2025 (plus a maintenance tax of \$0.13 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 2025 tax rate, is \$2.311819 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 judgment for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “THE BONDS - Registered Owners’ Remedies.”

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 has the right to issue the remaining \$3,000 principal amount of bonds for the purpose of acquiring and constructing the System from the 1986 Election and \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes from the 2025 Election (see “THE BONDS Issuance of Additional Debt”), the \$1,800,000 principal amount of unlimited tax bonds for recreational facilities from the 2006 Election, and such additional bonds as may hereafter be approved by both the Board and voters of the District. The District also has the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining \$3,000 principal amount of bonds for the purpose of acquiring and constructing the System from the 1986 Election and \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes from the 2025 Election 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 \$3,000 principal amount of bonds for the purpose of acquiring and constructing the System from the 1986 Election and \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes from the 2025 Election is also subject to TCEQ authorization.

The District's consulting engineer, BGE, Inc. (the “Engineer”) currently estimates that the aforementioned \$3,000 principal amount of bonds for the purpose of acquiring and constructing the System from the 1986 Election and \$70,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding purposes from the 2025 Election which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities that will be necessary to provide service to all of the currently undeveloped portions of the District. See “DEVELOPMENT AND HOME CONSTRUCTION,” “FUTURE DEVELOPMENT,” and “THE SYSTEM.” In addition to the components of the System and recreational facilities that the District has financed with the proceeds of the Prior Bonds and the components of the System the District 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” and “THE SYSTEM.”

The District is authorized by statute to develop recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District adopted a master recreational facilities plan on April 3, 2006 (the “Master Recreational Facilities Plan”), and voters of the District approved the issuance of \$4,800,000 unlimited tax bonds for recreational facilities at an election held on November 7, 2006 (\$1,800,000 of which are currently authorized but unissued). The District issued the Series 2010 Bonds to finance the construction of recreational facilities. Before the District issues additional unlimited tax bonds for recreational facilities payable from taxes, the following actions are required: (a) approval of the recreational facilities project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. The outstanding principal amount of unlimited tax bonds for recreational facilities may not exceed an amount equal to one percent but not greater than three percent of the value of the taxable property in the District.

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.

Competitive Nature of Houston Multi-Family Residential/Commercial Market

The housing industry in the Houston area is very competitive, and the District can give no assurance that the development or building programs which are planned by the Developers or any future developer will be continued or completed. The respective competitive positions of the Developers and any other developer(s) which might attempt future development projects in the District in the sale of developed lots or in the construction and sale of multi-family residential or commercial improvements are affected by most of the factors discussed in this section. Such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

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.

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. According to the District's Operator and Engineer, the District's System did not sustain any material damage and there was no interruption of water and sewer service from Hurricane Harvey. Further, according to the District's Operator, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to single-family homes or apartment complexes within the District. However, the Kroger Center, the Cypresswood One office building and the medical office building experienced structural flooding. According to the District's Operator, all of such buildings have been repaired and are currently operational.

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. If the Underwriter elects to purchase bond insurance, the rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

TAX MATTERS

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

Tax Exemption

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

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

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

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

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

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 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 Developers, 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 June 30, 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 BGE, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

In the resolution authorizing the issuance of the Bonds (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 Municipal Securities Rulemaking Board (“MSRB”). The MSRB has established the Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The information to be updated with respect to the District includes the quantitative financial information and operating data of the District of the general type included in this Official Statement under the headings “DISTRICT DEBT,” “TAX DATA,” and in “APPENDIX B” (Financial Report). The District will update and provide this information to EMMA within six months after the end of each of its fiscal years ending in or after 2025.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District's audit is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements within the required time, and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

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

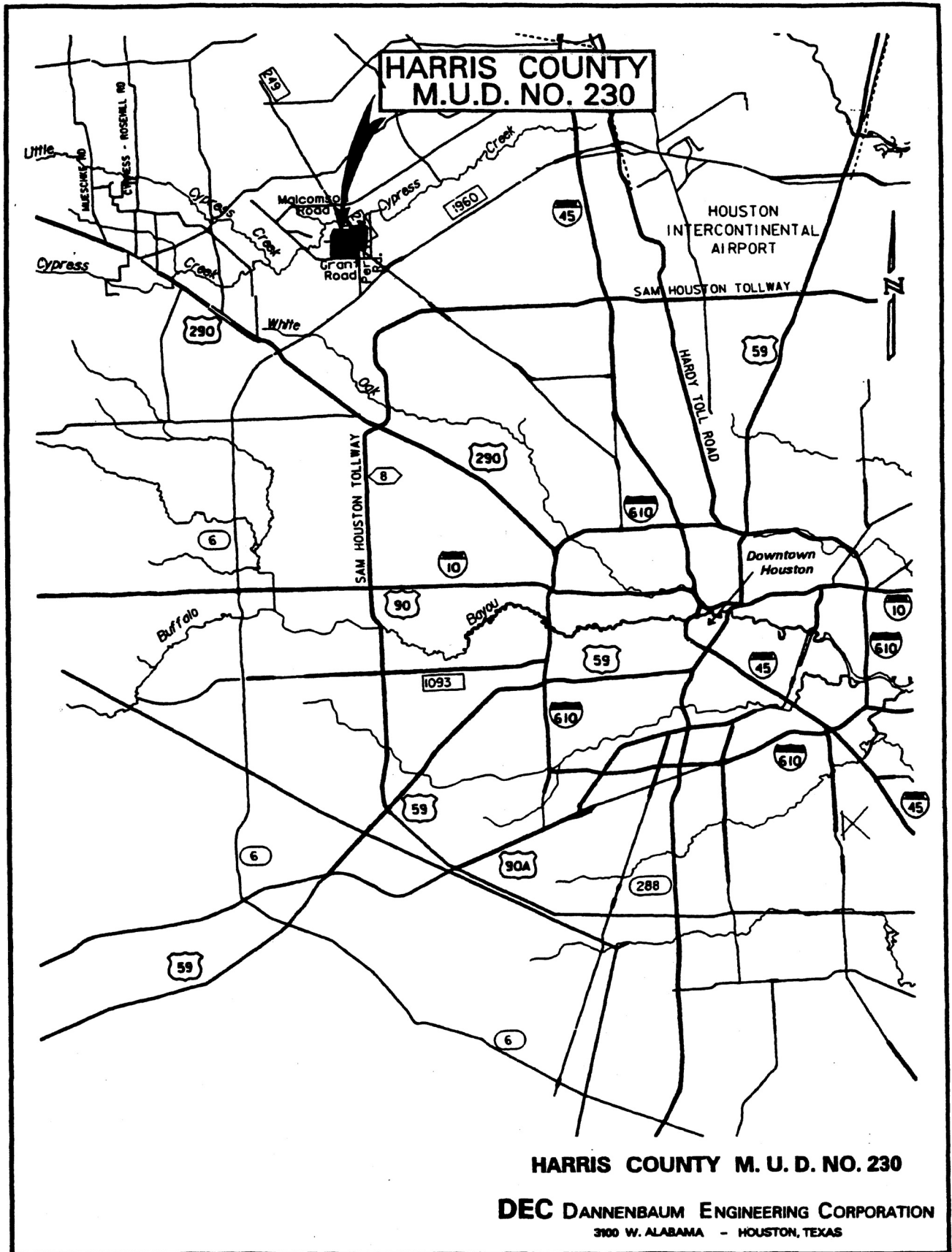
This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 230 as of the date shown on the first page hereof.

President, Board of Directors
Harris County Municipal
Utility District No. 230

ATTEST:

Secretary, Board of Directors
Harris County Municipal
Utility District No. 230

APPENDIX A
LOCATION MAP



APPENDIX B

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 230
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 230 (the "District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 June 30, 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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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.

A handwritten signature in black ink that reads "McCall Gibson Swedlund Barfoot PLLC". The signature is written in a cursive, flowing style.

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

October 7, 2024

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED JUNE 30, 2024

Management’s discussion and analysis of the financial performance of Harris County Municipal Utility District No. 230 (the “District”) provides an overview of the District’s financial activities for the fiscal year ended June 30, 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 Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District’s annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide portion of these statements provides 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 is the District-wide statement of its financial position presenting information that includes all of the District’s assets, liabilities, and deferred 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 government-wide 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 two governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$6,232,362 as of June 30, 2024. A portion of the District’s net position reflects its net investment in capital assets land and the recreational, water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following is a comparative analysis of government-wide changes in net position for the current and prior fiscal years.

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 8,093,430	\$ 7,565,706	\$ 527,724
Capital Assets (Net of Accumulated Depreciation)	13,910,995	14,399,178	(488,183)
Total Assets	\$ 22,004,425	\$ 21,964,884	\$ 39,541
Deferred Outflows of Resources	\$ 180,916	\$ 185,817	\$ (4,901)
Bonds Payable	\$ 15,069,206	\$ 16,181,713	\$ 1,112,507
Other Liabilities	883,773	960,563	76,790
Total Liabilities	\$ 15,952,979	\$ 17,142,276	\$ 1,189,297
Net Position:			
Net Investment in Capital Assets	\$ (1,021,715)	\$ (1,641,138)	\$ 619,423
Restricted	2,111,198	2,274,861	(163,663)
Unrestricted	5,142,879	4,374,702	768,177
Total Net Position	\$ 6,232,362	\$ 5,008,425	\$ 1,223,937

The following table provides a summary of the District's operations for the years ending June 30, 2024, and June 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,221,647	\$ 2,291,754	\$ (70,107)
Charges for Services	2,619,451	2,512,497	106,954
Other Revenues	783,175	589,980	193,195
Total Revenues	\$ 5,624,273	\$ 5,394,231	\$ 230,042
Expenses for Services	4,400,336	4,571,182	170,846
Change in Net Position	\$ 1,223,937	\$ 823,049	\$ 400,888
Net Position, Beginning of Year	5,008,425	4,185,376	823,049
Net Position, End of Year	\$ 6,232,362	\$ 5,008,425	\$ 1,223,937

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2024, were \$7,282,903, an increase of \$591,147 from the prior year.

The General Fund fund balance increased by \$786,030, primarily due to service revenues, property tax revenues, and sales tax revenues exceeding capital outlay, operating, and administrative costs.

The Debt Service Fund fund balance decreased by \$194,883, primarily due to the structure of the District's outstanding debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors annually adopts a budget for the General Fund, which was not amended during the current year. Actual revenues were \$634,188 more than budgeted revenues and actual expenditures were \$224,288 less than budgeted expenditures which resulted in a positive variance compared to budget of \$858,476. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of June 30, 2024, total \$13,910,995 (net of accumulated depreciation) and include land and the recreational, water, wastewater and drainage facilities.

Capital Assets At Year-End			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 3,366,764	\$ 3,366,764	\$
Capital Assets Subject to Depreciation:			
Recreational Facilities	3,783,719	3,783,719	
Water System	3,832,006	3,832,006	
Wastewater System	7,034,085	7,034,085	
Drainage System	4,202,048	4,202,048	
Less Accumulated Depreciation	(8,307,627)	(7,819,444)	(488,183)
Total Net Capital Assets	<u>\$ 13,910,995</u>	<u>\$ 14,399,178</u>	<u>\$ (488,183)</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024

LONG-TERM DEBT ACTIVITY

At year end the District had total bond debt payable of \$14,570,000. The changes in the debt position of the District during the current fiscal year are summarized as follows:

Bond Debt Payable, July 1, 2023	\$ 15,615,000
Less: Bond Principal Paid	<u>(1,045,000)</u>
Bond Debt Payable, June 30, 2024	<u>\$ 14,570,000</u>

The District carries an underlying rating of “A”. The Series 2015 Refunding Bonds, Series 2018 Refunding Bonds and Series 2020 Refunding Bonds carry insured ratings of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2017 Refunding Bonds carry an insured rating of “A” by virtue of bond insurance issued by National Public Finance Guarantee Corporation. The District’s bond ratings are subject to change based on changes in the ratings of its insurers.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The current 2025 budget projects a General Fund fund balance decrease of \$843,795. Revenues are budgeted to be \$3,675,500, while expenditures are budgeted to be \$4,519,295.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 230, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>
ASSETS		
Cash	\$ 232,108	\$ 71,656
Investments	5,085,331	2,227,026
Receivables:		
Property Taxes	31,700	52,712
Penalty and Interest on Delinquent Taxes		
Service Accounts	206,988	
Other	15,010	
Due from City of Houston	102,074	
Due from Other Funds	45,555	
Prepaid Costs	13,580	
Capital Assets (Net of Accumulated Depreciation):		
Land		
Recreational Facilities		
Water, Wastewater and Drainage Systems		
TOTAL ASSETS	<u>\$ 5,732,346</u>	<u>\$ 2,351,394</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	<u>\$ -0-</u>	<u>\$ -0-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 5,732,346</u>	<u>\$ 2,351,394</u>

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

Total	Adjustments	Statement of Net Position
\$ 303,764	\$	\$ 303,764
7,312,357		7,312,357
84,412		84,412
	22,407	22,407
206,988		206,988
15,010		15,010
102,074		102,074
45,555	(45,555)	
13,580	32,838	46,418
	3,366,764	3,366,764
	2,647,180	2,647,180
	7,897,051	7,897,051
<u>\$ 8,083,740</u>	<u>\$ 13,920,685</u>	<u>\$ 22,004,425</u>
<u>\$ -0-</u>	<u>\$ 180,916</u>	<u>\$ 180,916</u>
<u>\$ 8,083,740</u>	<u>\$ 14,101,601</u>	<u>\$ 22,185,341</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2024

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 334,672	\$ 48,565
Accrued Interest Payable		
Due to Other Funds		45,555
Security Deposits	287,633	
Due to Developer		
Long-term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	<u>\$ 622,305</u>	<u>\$ 94,120</u>
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	<u>\$ 31,700</u>	<u>\$ 52,712</u>
FUND BALANCES		
Nonspendable -		
Prepaid Costs	\$ 13,580	\$
Restricted for Debt Service		2,204,562
Assigned for 2025 Budgeted Deficit	843,795	
Unassigned	<u>4,220,966</u>	
TOTAL FUND BALANCES	<u>\$ 5,078,341</u>	<u>\$ 2,204,562</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,732,346</u>	<u>\$ 2,351,394</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.

Total	Adjustments	Statement of Net Position
\$ 383,237	\$	\$ 383,237
	168,483	168,483
45,555	(45,555)	
287,633		287,633
	44,420	44,420
	1,080,000	1,080,000
	13,989,206	13,989,206
<u>\$ 716,425</u>	<u>\$ 15,236,554</u>	<u>\$ 15,952,979</u>
<u>\$ 84,412</u>	<u>\$ (84,412)</u>	<u>\$ - 0 -</u>
\$ 13,580	\$ (13,580)	\$
2,204,562	(2,204,562)	
843,795	(843,795)	
4,220,966	(4,220,966)	
<u>\$ 7,282,903</u>	<u>\$ (7,282,903)</u>	<u>\$ - 0 -</u>
<u>\$ 8,083,740</u>		
	\$ (1,021,715)	\$ (1,021,715)
	2,111,198	2,111,198
	5,142,879	5,142,879
	<u>\$ 6,232,362</u>	<u>\$ 6,232,362</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds	\$ 7,282,903
--	--------------

Amounts reported for governmental activities in the Statement of Net Position are different because:

Prepaid bond insurance costs are amortized over the term of the bonds in the government-wide financial statements.	32,838
--	--------

Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.	180,916
--	---------

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	13,910,995
--	------------

Deferred tax revenues and penalty and interest receivable on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.	106,819
---	---------

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	\$ (168,483)	
Due to Developer	(44,420)	
Bonds Payable	<u>(15,069,206)</u>	<u>(15,282,109)</u>

Total Net Position - Governmental Activities	<u>\$ 6,232,362</u>
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The accompanying notes to the financial
statements are an integral part of this report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 880,420	\$ 1,313,516
Water Service	816,555	
Wastewater Service	636,402	
Sales Tax Revenues	364,153	
Water Authority Fees	1,110,232	
Penalty and Interest	27,636	24,080
Payment in Lieu of Taxes	74,812	
Investment and Miscellaneous Revenues	254,478	89,732
TOTAL REVENUES	\$ 4,164,688	\$ 1,427,328
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 280,966	\$ 8,850
Contracted Services	458,359	37,449
Water Authority Assessments	1,063,732	
Utilities	156,902	
Repairs and Maintenance	1,076,955	
Depreciation		
Other	341,744	8,912
Debt Service:		
Bond Principal		1,045,000
Bond Interest		522,000
TOTAL EXPENDITURES/EXPENSES	\$ 3,378,658	\$ 1,622,211
NET CHANGE IN FUND BALANCES	\$ 786,030	\$ (194,883)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION -		
JULY 1, 2023	4,292,311	2,399,445
FUND BALANCES/NET POSITION -		
JUNE 30, 2024	\$ 5,078,341	\$ 2,204,562

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

Total	Adjustments	Statement of Activities
\$ 2,193,936	\$ 27,711	\$ 2,221,647
816,555		816,555
636,402		636,402
364,153		364,153
1,110,232		1,110,232
51,716	4,546	56,262
74,812		74,812
344,210		344,210
<u>\$ 5,592,016</u>	<u>\$ 32,257</u>	<u>\$ 5,624,273</u>
\$ 289,816	\$	\$ 289,816
495,808		495,808
1,063,732	25,505	1,089,237
156,902		156,902
1,076,955		1,076,955
	488,183	488,183
350,656		350,656
1,045,000	(1,045,000)	
522,000	(69,221)	452,779
<u>\$ 5,000,869</u>	<u>\$ (600,533)</u>	<u>\$ 4,400,336</u>
\$ 591,147	\$ (591,147)	\$
	1,223,937	1,223,937
6,691,756	(1,683,331)	5,008,425
<u>\$ 7,282,903</u>	<u>\$ (1,050,541)</u>	<u>\$ 6,232,362</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

Net Change in Fund Balances - Governmental Funds	\$ 591,147
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	27,711
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalty and interest are assessed.	4,546
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(488,183)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,045,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	69,221
Credits received from the Authority related to reimbursing the District's capital cost of the water reuse system offset the long-term receivable in governmental activities.	(25,505)
Change in Net Position - Governmental Activities	<u>\$ 1,223,937</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 230 was created effective October 20, 1983, by an Order of the Texas Water Rights 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, 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.

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

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”).

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 on the following page.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

- 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 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 funds 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 revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

The District has two governmental funds and considers each to be major funds. The General Fund accounts for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed and 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 collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2024, the Debt Service Fund owed the General Fund \$45,555 for maintenance tax collections.

Budgeting

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets and are reported in the Statement of Net Position. Capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. 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 greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation over estimated useful lives ranging between 3 and 45 years.

Service Accounts Receivable

The District provides for uncollectible accounts receivable through the allowance method of accounting. Under this method a provision for uncollectible accounts is charged to bad debt expense, and the allowance account is increased based on past collection history and management's evaluation of accounts receivable. All amounts considered uncollectible are charged against the allowance account, and recoveries of previously charged off accounts are added to the account. At year end the District had no allowance for doubtful accounts.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that fees of office received by Directors 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 and liabilities associated with the activities are reported. Fund equity is classified as net position.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has an assigned fund balance of \$843,795 pertaining to the fiscal year 2025 budgeted deficit.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT

Bonds payable at June 30, 2024, consist of the following:

	Series 2015 Refunding Bonds	Series 2017 Refunding Bonds	Series 2018 Refunding Bonds	Series 2020 Refunding Bonds
Amount Outstanding – June 30, 2024	\$ 3,100,000	\$ 2,300,000	\$ 4,680,000	\$ 4,490,000
Interest Rates	2.00% - 4.00%	3.00% - 4.00%	4.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2024/2032	September 1, 2024/2032	September 1, 2024/2035	September 1, 2024/2029
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2023 (1)	September 1, 2024 (1)	September 1, 2023 (1)	September 1, 2025 (1)

- (1) Or on any other date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2015 Refunding Term Bonds maturing on September 1, 2025, 2027, and 2029 are subject to mandatory redemption beginning on September 1, 2024, 2026, and 2028, respectively. Series 2017 Refunding Term Bonds maturing on September 1, 2026 and 2029 are subject to mandatory redemption beginning on September 1, 2024 and 2027, respectively. Series 2018 Refunding Term Bonds maturing on September 1, 2033 are subject to mandatory redemption beginning on September 1, 2032.

The District has authorized but unissued bonds in the amount of \$5,408,000 for utility facilities and \$1,800,000 for parks and recreational facilities.

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

	July 1, 2023	Additions	Retirements	June 30, 2024
Bonds Payable	\$ 15,615,000	\$	\$ (1,045,000)	\$ 14,570,000
Unamortized Premiums	566,713		(67,507)	499,206
Bonds Payable, Net	<u>\$ 16,181,713</u>	<u>\$ -0-</u>	<u>\$ (1,112,507)</u>	<u>\$ 15,069,206</u>
		Amount Due Within One Year		\$ 1,080,000
		Amount Due After One Year		<u>13,989,206</u>
		Bonds Payable, Net		<u>\$ 15,069,206</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2024, the debt service requirements on the outstanding bonds were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	1,080,000	486,900	\$ 1,566,900
2026	1,125,000	449,025	1,574,025
2027	1,080,000	415,850	1,495,850
2028	1,120,000	387,650	1,507,650
2029	1,150,000	358,550	1,508,550
2030-2034	6,980,000	1,114,800	8,094,800
2035-2036	2,035,000	67,500	2,102,500
	<u>\$ 14,570,000</u>	<u>\$ 3,280,275</u>	<u>\$ 17,850,275</u>

During the year ended June 30, 2024, the District levied an ad valorem debt service tax rate of \$0.225 per \$100 of assessed valuation, which resulted in a tax levy of \$1,400,292 on the adjusted taxable valuation of \$622,352,192 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

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 certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of each series.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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 \$303,764 and the bank balance was \$442,179. The District was not exposed to custodial credit risk at year end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at June 30, 2024, as reflected in the following table:

	<u>Cash</u>
GENERAL FUND	\$ 232,108
DEBT SERVICE FUND	<u>71,656</u>
TOTAL DEPOSITS	<u><u>\$ 303,764</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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 State Comptroller of Public Accounts of the State of Texas 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.

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

Funds and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 5,085,331	\$ 5,085,331
<u>DEBT SERVICE FUND</u>		
TexPool	<u>2,227,026</u>	<u>2,227,026</u>
TOTAL INVESTMENTS	<u>\$ 7,312,357</u>	<u>\$ 7,312,357</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District's investment in TexPool was 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 its investment 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, unless there has been a significant change in value.

Restrictions

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 6. CAPITAL ASSETS

Capital asset activity for the current fiscal year is summarized in the following table:

	July 1, 2023	Increases	Decreases	June 30, 2024
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 3,366,764	\$ - 0 -	\$ - 0 -	\$ 3,366,764
Capital Assets Subject to Depreciation				
Recreational Facilities	\$ 3,783,719	\$	\$	\$ 3,783,719
Water System	3,832,006			3,832,006
Wastewater System	7,034,085			7,034,085
Drainage System	4,202,048			4,202,048
Total Capital Assets Subject to Depreciation	\$ 18,851,858	\$ - 0 -	\$ - 0 -	\$ 18,851,858
Accumulated Depreciation				
Recreational Facilities	\$ 1,034,310	\$ 102,229	\$	\$ 1,136,539
Water System	2,014,013	163,733		2,177,746
Wastewater System	3,500,222	96,661		3,596,883
Drainage System	1,270,899	125,560		1,396,459
Total Accumulated Depreciation	\$ 7,819,444	\$ 488,183	\$ - 0 -	\$ 8,307,627
Total Depreciable Capital Assets, Net of Accumulated Depreciation	\$ 11,032,414	\$ (488,183)	\$ - 0 -	\$ 10,544,231
Total Capital Assets, Net of Accumulated Depreciation	\$ 14,399,178	\$ (488,183)	\$ - 0 -	\$ 13,910,995

NOTE 7. MAINTENANCE TAX

At an election held on May 7, 1994, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to fund expenditures of operating the District's facilities as well as other lawful general and administrative costs. During the year ended June 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.15 per \$100 of assessed valuation, which resulted in a tax levy of \$933,528 on the adjusted taxable valuation of \$622,352,192 for the 2023 tax year.

On November 7, 2006, the voters of the District also approved the use of the maintenance tax of \$1.50 per \$100 of assessed valuation to fund the park facilities.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 8. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act, as amended, empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority is overseeing that its participants comply with the Harris-Galveston Subsidence District pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. As of June 30, 2024, the pumpage fee was \$3.60 per 1,000 gallons of water pumped from each well and the surface water fee was \$4.05 per 1,000 gallons. Fees paid to the Authority for the current fiscal year totaled \$1,063,732.

On January 16, 2015, the District entered into an Alternative Water Use Incentive Agreement with the Authority. The District received approval from the Commission authorizing the reuse of Type 1 wastewater effluent from the District’s 760,000 gallons-per-day wastewater treatment plant to be used for the irrigation of landscapes and public parks and for wastewater treatment plant use. Upon execution of the agreement, the District received a credit of \$28,486, or 10% of the capital cost of the system. Additional credits were given on a monthly basis equal to \$0.75 per 1,000 gallons of metered alternative water use during the preceding month. Total credits received in the current and prior years equaled the capital cost of the system of \$284,866.

NOTE 9. RISK MANAGEMENT

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

NOTE 10. TAX ABATEMENT AGREEMENT

Effective August 1, 2018, the District entered into a Tax Abatement Agreement (the “Agreement”), which is governed by Chapter 312 of the Texas Tax Code, with Greenwood Properties, L.P. and Chasewood Crossing Three, LLC (collectively referred to as the “Owner”). Pursuant to the Agreement, the Owner is to develop the property within the District and agrees to hire at least ten additional full-time equivalent employees prior to December 31, 2023. The District has agreed to abate 50% of the ad valorem property taxes assessed on the property and improvements and owed by the Owner to the District. The abatement term is for a period of ten years terminating on August 1, 2028.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 11. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 19, 2011, the District entered into an Amended and Restated Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City shall annex a tract of land defined as the “Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District.

The City began imposing a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax is imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City delivers to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller’s office. During the fiscal year ended June 30, 2024, the District received sales tax revenues of \$364,153, of which \$102,074 is recorded as a receivable as of year-end.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from December 19, 2011.

NOTE 12. EMERGENCY WATER SUPPLY AGREEMENTS

On December 5, 2011, the District entered into an Emergency Water Supply Agreement with Cypress Creek Utility District (“Cypress Creek”) for an alternate water supply available for emergencies. Each district will sell and deliver water to the receiving district at a cost of \$1.00 per 1,000 gallons of water supplied based on the interconnect meter reading by the supplying district’s operator. In addition, the receiving district will pay the per gallon pumpage fee charged to the supplying district by the Authority. Except during an emergency, either district may draw water only with written consent of the other District. The term of this agreement is 40 years.

On June 9, 2016, the District entered into an Emergency Water Supply Agreement with Prestonwood Forest Utility District (“Prestonwood”) for an alternate water supply available for emergencies. Each district will deliver water to the receiving district at a cost of either (i) in kind, by redelivery of a like quantity of water to the supplying District, or (ii) at the rate paid by the supplying District per 1,000 gallons to purchase surface water plus an additional \$0.25 per 1,000 gallons. Except during an emergency, either district may draw water only with written consent of the other District. The term of this agreement is 20 years.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 13. UNREIMBURSED COSTS

The District has executed reimbursement agreements with Developers within the District which call for the Developers to fund costs associated with water, wastewater and drainage facilities and park and recreational facilities until such time as the District can sell bonds. As of June 30, 2024, approximately \$44,420 has been expended on behalf of the District for completed utility facilities which has not been reimbursed. This liability has been recorded in the Statement of Net Position and is unchanged from the prior fiscal year.

NOTE 14. PILOT AGREEMENT

On May 27, 2022, the District entered into an agreement for payment in lieu of taxes (the PILOT Agreement) with GS-CS Perry Road Owner, LP (“Greystar”). Under the PILOT Agreement, Greystar will make yearly payments in lieu of ad valorem taxes to the District in an amount equal to 100% of the ad valorem taxes which would otherwise be due if such property were not exempt from ad valorem taxation. Payments will begin the first tax year following the effective date of the agreement and are due by January 31st. During the year ended June 30, 2024, Greystar paid the District \$74,812 in lieu of taxes.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 880,000	\$ 880,420	\$ 420
Water Service	500,000	816,555	316,555
Wastewater Service	385,000	636,402	251,402
Sales Tax Revenues	450,000	364,153	(85,847)
Water Authority Fees	1,100,000	1,110,232	10,232
Penalty and Interest	25,000	27,636	2,636
Payment in Lieu of Taxes		74,812	74,812
Investment and Miscellaneous Revenues	<u>190,500</u>	<u>254,478</u>	<u>63,978</u>
TOTAL REVENUES	<u>\$ 3,530,500</u>	<u>\$ 4,164,688</u>	<u>\$ 634,188</u>
EXPENDITURES			
Service Operations:			
Professional Fees	208,000	280,966	(72,966)
Contracted Services	585,296	458,359	126,937
Water Authority Assessments	1,100,000	1,063,732	36,268
Utilities	155,400	156,902	(1,502)
Repairs and Maintenance	1,220,000	1,076,955	143,045
Other	<u>334,250</u>	<u>341,744</u>	<u>(7,494)</u>
TOTAL EXPENDITURES	<u>\$ 3,602,946</u>	<u>\$ 3,378,658</u>	<u>\$ 224,288</u>
NET CHANGE IN FUND BALANCE	\$ (72,446)	\$ 786,030	\$ 858,476
FUND BALANCE - JULY 1, 2023	<u>4,292,311</u>	<u>4,292,311</u>	<u></u>
FUND BALANCE - JUNE 30, 2024	<u><u>\$ 4,219,865</u></u>	<u><u>\$ 5,078,341</u></u>	<u><u>\$ 858,476</u></u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230

**SUPPLEMENTARY INFORMATION – REQUIRED BY THE
WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**

JUNE 30, 2024

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 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> X </u>	Irrigation
<u> X </u>	Parks/Recreation	<u> </u>	Fire Protection	<u> X </u>	Security
<u> </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 emergency interconnect)				
<u> </u>	Other (specify):				
<u> </u>					

2. RETAIL SERVICE PROVIDERS

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

The following rates are based on the rate order effective January 4, 2023.

	<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:	\$ 15.00	8,000	N	\$ 1.00 1.50	8,001 to 20,000 20,001 and up
WASTEWATER:	\$ 10.00	8,000	N	\$ 1.00	8,001 and up
SURCHARGE:					
Water Authority Fees	110% of the NHCRWA surface water rate per 1,000 gallons				

District employs winter averaging for wastewater usage? X
Yes No

Total monthly charges per 10,000 gallons usage: Water: \$17.00 Wastewater: \$12.00 Surcharge: \$44.60

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2024

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤¾"	<u>782</u>	<u>774</u>	x 1.0	<u>774</u>
1"	<u>45</u>	<u>44</u>	x 2.5	<u>110</u>
1½"	<u>14</u>	<u>14</u>	x 5.0	<u>70</u>
2"	<u>59</u>	<u>58</u>	x 8.0	<u>464</u>
3"	<u>3</u>	<u>3</u>	x 15.0	<u>45</u>
4"	<u>2</u>	<u>2</u>	x 25.0	<u>50</u>
6"	<u>9</u>	<u>9</u>	x 50.0	<u>450</u>
8"	<u>5</u>	<u>5</u>	x 80.0	<u>400</u>
10"			x 115.0	
Total Water Connections	<u>919</u>	<u>909</u>		<u>2,363</u>
Total Wastewater Connections	<u>939</u>	<u>921</u>	x 1.0	<u>921</u>

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

Gallons pumped into system: 259,437,000 Water Accountability Ratio: 93.4%
 (Gallons billed/Gallons pumped)

Gallons billed to customers: 242,290,000

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 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 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 extraterritorial jurisdiction (ETJ)?

Entirely ☒ Partly ☐ Not at all ☐

ETJ 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2024

PROFESSIONAL FEES:	
Auditing	\$ 20,000
Engineering	154,547
Legal	<u>106,419</u>
TOTAL PROFESSIONAL FEES	<u>\$ 280,966</u>
CONTRACTED SERVICES:	
Operator	\$ 112,218
Security	326,060
Bookkeeper	<u>20,081</u>
TOTAL CONTRACTED SERVICES	<u>\$ 458,359</u>
UTILITIES:	
Electricity	\$ 154,317
Telephone	<u>2,585</u>
TOTAL UTILITIES	<u>\$ 156,902</u>
REPAIRS AND MAINTENANCE	<u>\$ 1,076,955</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 33,474
Insurance	24,698
Office Supplies and Postage	15,951
Website, Garbage and Other	26,538
Travel and Meetings	<u>16,527</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 117,188</u>
OTHER EXPENDITURES:	
Chemicals	\$ 112,620
Connection and Inspection Fees	46,168
Laboratory	49,500
Permit Fees	3,900
Water Authority Assessments	1,063,732
Regulatory Assessment	<u>12,368</u>
TOTAL OTHER EXPENDITURES	<u>\$ 1,288,288</u>
TOTAL EXPENDITURES	<u>\$ 3,378,658</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
INVESTMENTS
JUNE 30, 2024

<u>Funds</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	XXXX0002	Varies	Daily	\$ 5,085,331	\$
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0001	Varies	Daily	<u>2,227,026</u>	<u> </u>
TOTAL - ALL FUNDS				<u>\$ 7,312,357</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Maintenance Taxes</u>		<u>Debt Service Taxes</u>	
TAXES RECEIVABLE -				
JULY 1, 2023	\$	19,620	\$	37,081
Adjustments to Beginning				
Balance		<u>(41,028)</u>		<u>(71,145)</u>
	\$	(21,408)	\$	(34,064)
Original 2023 Tax Levy	\$	920,804	\$	1,381,206
Adjustment to 2023 Tax Levy		<u>12,724</u>		<u>19,086</u>
		933,528		1,400,292
TOTAL TO BE				
ACCOUNTED FOR		\$ 912,120		\$ 1,366,228
TAX COLLECTIONS:				
Prior Years	\$	(28,363)	\$	(49,660)
Current Year		<u>908,783</u>		<u>1,363,176</u>
		880,420		1,313,516
TAXES RECEIVABLE -				
JUNE 30, 2024		<u>\$ 31,700</u>		<u>\$ 52,712</u>
TAXES RECEIVABLE BY				
YEAR:				
2023	\$	24,745	\$	37,116
2022		2,449		4,082
2021		1,236		2,307
2020		921		1,903
2019		536		1,179
2018 and prior		<u>1,813</u>		<u>6,125</u>
TOTAL		<u>\$ 31,700</u>		<u>\$ 52,712</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
PROPERTY VALUATIONS:				
Land	\$ 162,557,380	\$ 145,370,095	\$ 143,694,190	\$ 130,189,354
Improvements	596,522,677	530,650,726	445,445,083	455,530,207
Personal Property	26,283,826	25,037,898	24,943,957	23,624,575
Exemptions	<u>(163,011,691)</u>	<u>(104,570,452)</u>	<u>(49,014,619)</u>	<u>(45,945,778)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 622,352,192</u>	<u>\$ 596,488,267</u>	<u>\$ 565,068,611</u>	<u>\$ 563,398,358</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.225	\$ 0.25	\$ 0.28	\$ 0.31
Maintenance	<u>0.150</u>	<u>0.15</u>	<u>0.15</u>	<u>0.15</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.375</u>	<u>\$ 0.40</u>	<u>\$ 0.43</u>	<u>\$ 0.46</u>
ADJUSTED TAX LEVY*	<u>\$ 2,333,820</u>	<u>\$ 2,385,954</u>	<u>\$ 2,429,795</u>	<u>\$ 2,591,633</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>97.35 %</u>	<u>99.73 %</u>	<u>99.85 %</u>	<u>99.89 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on May 7, 1994.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

REFUNDING SERIES - 2015			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 105,000	\$ 121,900	\$ 226,900
2026	105,000	117,700	222,700
2027	130,000	113,000	243,000
2028	130,000	107,800	237,800
2029	130,000	102,600	232,600
2030	125,000	97,500	222,500
2031	750,000	80,000	830,000
2032	790,000	49,200	839,200
2033	835,000	16,700	851,700
2034			
2035			
2036			
	<u>\$ 3,100,000</u>	<u>\$ 806,400</u>	<u>\$ 3,906,400</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

REFUNDING SERIES - 2017			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 75,000	\$ 90,500	\$ 165,500
2026	85,000	87,300	172,300
2027	70,000	84,200	154,200
2028	80,000	81,200	161,200
2029	90,000	77,800	167,800
2030	100,000	74,000	174,000
2031	580,000	60,400	640,400
2032	600,000	36,800	636,800
2033	620,000	12,400	632,400
2034			
2035			
2036			
	<u>\$ 2,300,000</u>	<u>\$ 604,600</u>	<u>\$ 2,904,600</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

REFUNDING SERIES - 2018			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 290,000	\$ 181,400	\$ 471,400
2026	300,000	169,600	469,600
2027	105,000	161,500	266,500
2028	105,000	157,300	262,300
2029	105,000	153,100	258,100
2030	105,000	148,900	253,900
2031	100,000	144,800	244,800
2032	100,000	140,800	240,800
2033	100,000	136,800	236,800
2034	1,335,000	108,100	1,443,100
2035	1,365,000	54,100	1,419,100
2036	670,000	13,400	683,400
	<u>\$ 4,680,000</u>	<u>\$ 1,569,800</u>	<u>\$ 6,249,800</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

REFUNDING SERIES - 2020			
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2025	\$ 610,000	\$ 93,100	\$ 703,100
2026	635,000	74,425	709,425
2027	775,000	57,150	832,150
2028	805,000	41,350	846,350
2029	825,000	25,050	850,050
2030	840,000	8,400	848,400
2031			
2032			
2033			
2034			
2035			
2036			
	<u>\$ 4,490,000</u>	<u>\$ 299,475</u>	<u>\$ 4,789,475</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2024

ANNUAL REQUIREMENTS FOR ALL SERIES			
Due During Fiscal Years Ending June 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$ 1,080,000	\$ 486,900	\$ 1,566,900
2026	1,125,000	449,025	1,574,025
2027	1,080,000	415,850	1,495,850
2028	1,120,000	387,650	1,507,650
2029	1,150,000	358,550	1,508,550
2030	1,170,000	328,800	1,498,800
2031	1,430,000	285,200	1,715,200
2032	1,490,000	226,800	1,716,800
2033	1,555,000	165,900	1,720,900
2034	1,335,000	108,100	1,443,100
2035	1,365,000	54,100	1,419,100
2036	670,000	13,400	683,400
	<u>\$ 14,570,000</u>	<u>\$ 3,280,275</u>	<u>\$ 17,850,275</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2024

Description	Original Bonds Issued	Bonds Outstanding July 1, 2023
Harris County Municipal Utility District No. 230 Unlimited Tax Refunding Bonds - Series 2015	\$ 3,700,000	\$ 3,205,000
Harris County Municipal Utility District No. 230 Unlimited Tax Refunding Bonds - Series 2017	2,655,000	2,370,000
Harris County Municipal Utility District No. 230 Unlimited Tax Refunding Bonds - Series 2018	6,455,000	4,960,000
Harris County Municipal Utility District No. 230 Unlimited Tax Refunding Bonds - Series 2020	<u>5,700,000</u>	<u>5,080,000</u>
TOTAL	<u><u>\$ 18,510,000</u></u>	<u><u>\$ 15,615,000</u></u>

Bond Authority:	Utility Bonds	Recreational Facilities Bonds
Amount Authorized by Voters	\$ 30,603,000	\$ 4,800,000
Amount Issued	<u>25,195,000</u>	<u>3,000,000</u>
Remaining to be Issued	<u><u>\$ 5,408,000</u></u>	<u><u>\$ 1,800,000</u></u>

Debt Service Fund cash and investment balances as of June 30, 2024: \$ 2,298,682

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 1,487,523

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

See accompanying independent auditor's report.

Current Year Transactions			Bonds Outstanding June 30, 2024	Paying Agent
Bonds Sold	Principal	Interest		
\$	\$ 105,000	\$ 125,050	\$ 3,100,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	70,000	93,050	2,300,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	280,000	192,800	4,680,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	590,000	111,100	4,490,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
\$ - 0 -	\$ 1,045,000	\$ 522,000	\$ 14,570,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 880,420	\$ 851,908	\$ 810,229
Water Service	816,555	616,072	473,984
Wastewater Service	636,402	469,633	372,281
Sales Tax Revenues	364,153	380,403	413,881
Water Authority Fees	1,110,232	1,149,642	1,029,314
Penalty and Interest	27,636	20,472	29,146
Tap Connection and Inspection Fees		241,789	207,994
Payment in Lieu of Taxes	74,812		
Investment and Miscellaneous Revenues	254,478	146,766	14,124
TOTAL REVENUES	<u>\$ 4,164,688</u>	<u>\$ 3,876,685</u>	<u>\$ 3,350,953</u>
EXPENDITURES			
Professional Fees	\$ 280,966	\$ 188,887	\$ 212,917
Contracted Services	458,359	345,374	268,394
Water Authority Assessments	1,063,732	1,273,210	1,057,388
Utilities	156,902	283,520	262,623
Repairs and Maintenance	1,076,955	1,103,632	934,626
Other	341,744	325,441	273,015
Capital Outlay		99,525	354,058
TOTAL EXPENDITURES	<u>\$ 3,378,658</u>	<u>\$ 3,619,589</u>	<u>\$ 3,363,021</u>
NET CHANGE IN FUND BALANCE	\$ 786,030	\$ 257,096	\$ (12,068)
BEGINNING FUND BALANCE	<u>4,292,311</u>	<u>4,035,215</u>	<u>4,047,283</u>
ENDING FUND BALANCE	<u>\$ 5,078,341</u>	<u>\$ 4,292,311</u>	<u>\$ 4,035,215</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues					
2021	2020	2024	2023	2022	2021	2020	
\$ 815,245	\$ 786,196	21.1 %	22.0 %	24.2 %	26.1 %	26.9 %	
502,129	487,644	19.6	15.9	14.1	16.0	16.7	
374,035	370,580	15.3	12.1	11.1	11.9	12.7	
400,839	325,352	8.7	9.8	12.4	12.8	11.2	
997,556	840,249	26.7	29.7	30.7	31.9	28.8	
35,605	13,924	0.7	0.5	0.9	1.1	0.5	
	12,225		6.2	6.2		0.4	
		1.8					
<u>6,013</u>	<u>81,627</u>	<u>6.1</u>	<u>3.8</u>	<u>0.4</u>	<u>0.2</u>	<u>2.8</u>	
<u>\$ 3,131,422</u>	<u>\$ 2,917,797</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	
\$ 232,983	\$ 216,573	6.7 %	4.9 %	6.4 %	7.4 %	7.4 %	
276,918	258,648	11.0	8.9	8.0	8.8	8.9	
1,058,423	838,798	25.5	32.8	31.6	33.8	28.7	
219,971	181,715	3.8	7.3	7.8	7.0	6.2	
826,108	743,177	25.9	28.5	27.9	26.4	25.5	
178,900	181,121	8.2	8.4	8.1	5.5	6.2	
<u>1,282,263</u>	<u>185,736</u>		<u>2.6</u>	<u>10.6</u>	<u>41.0</u>	<u>6.4</u>	
<u>\$ 4,075,566</u>	<u>\$ 2,605,768</u>	<u>81.1 %</u>	<u>93.4 %</u>	<u>100.4 %</u>	<u>129.9 %</u>	<u>89.3 %</u>	
\$ (944,144)	\$ 312,029	<u>18.9 %</u>	<u>6.6 %</u>	<u>(0.4) %</u>	<u>(29.9) %</u>	<u>10.7 %</u>	
<u>4,991,427</u>	<u>4,679,398</u>						
<u>\$ 4,047,283</u>	<u>\$ 4,991,427</u>						

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2024	2023	2022
REVENUES			
Property Taxes	\$ 1,313,516	\$ 1,411,957	\$ 1,504,864
Penalty and Interest	24,080	7,728	12,784
Investment and Miscellaneous Revenues	89,732	62,811	2,904
TOTAL REVENUES	<u>\$ 1,427,328</u>	<u>\$ 1,482,496</u>	<u>\$ 1,520,552</u>
EXPENDITURES			
Tax Collection Expenditures	\$ 52,061	\$ 38,994	\$ 55,587
Debt Service Principal	1,045,000	1,020,000	1,015,000
Debt Service Interest and Fees	525,150	557,625	586,300
Bond Issuance Costs			
TOTAL EXPENDITURES	<u>\$ 1,622,211</u>	<u>\$ 1,616,619</u>	<u>\$ 1,656,887</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (194,883)</u>	<u>\$ (134,123)</u>	<u>\$ (136,335)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Refunding Bonds	\$	\$	\$
Payment to Refunded Bond Escrow Agent			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
NET CHANGE IN FUND BALANCE	\$ (194,883)	\$ (134,123)	\$ (136,335)
BEGINNING FUND BALANCE	<u>2,399,445</u>	<u>2,533,568</u>	<u>2,669,903</u>
ENDING FUND BALANCE	<u><u>\$ 2,204,562</u></u>	<u><u>\$ 2,399,445</u></u>	<u><u>\$ 2,533,568</u></u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>909</u>	<u>911</u>	<u>917</u>
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>921</u>	<u>927</u>	<u>916</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2021	2020	2024	2023	2022	2021	2020		
\$ 1,683,156	\$ 1,728,687	92.0 %	99.0 %	99.0 %	98.1 %	98.7 %		
10,456	4,814	1.7	0.8	0.8	0.6	0.3		
22,121	17,126	6.3	0.2	0.2	1.3	1.0		
<u>\$ 1,715,733</u>	<u>\$ 1,750,627</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 43,256	\$ 38,841	3.6 %	2.6 %	3.7 %	2.5 %	2.2 %		
905,000	905,000	73.2	68.8	66.8	52.7	51.7		
682,782	756,100	36.8	37.6	38.6	39.8	43.2		
232,919					13.6			
<u>\$ 1,863,957</u>	<u>\$ 1,699,941</u>	<u>113.6 %</u>	<u>109.0 %</u>	<u>109.1 %</u>	<u>108.6 %</u>	<u>97.1 %</u>		
<u>\$ (148,224)</u>	<u>\$ 50,686</u>	<u>(13.6) %</u>	<u>(9.0) %</u>	<u>(9.1) %</u>	<u>(8.6) %</u>	<u>2.9 %</u>		
\$ 5,700,000	\$							
(5,752,567)								
287,611								
<u>\$ 235,044</u>	<u>\$ - 0 -</u>							
\$ 86,820	\$ 50,686							
2,583,083	2,532,397							
<u>\$ 2,669,903</u>	<u>\$ 2,583,083</u>							
<u>916</u>	<u>915</u>							
904	832							

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

District Mailing Address - Harris County Municipal Utility District No. 230
c/o Allen Boone Humphries Robinson LLP
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2024	Expense Reimbursements for the year ended June 30, 2024	Title
Kathryn Wright ** (Resigned August 2024)	05/24 05/28 (Elected)	\$ 6,630	\$ 2,436	President
Luke Grainge	05/24 05/28 (Elected)	\$ 7,200	\$ 1,097	Vice President
Karla Velasquez	05/24 05/28 (Elected)	\$ 4,862	\$ 3	Secretary
Virgil Hargis	06/22 05/26 (Appointed)	\$ 5,233	\$ 2,506	Assistant Vice President
Diana Henderson	06/22 05/26 (Appointed)	\$ 6,559	\$ 1,730	Assistant Secretary

** Clyde Williams was appointed to the board as Assistant Secretary in August 2024.

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants. The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution on July 2, 2001. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

Submission date of most recent District Registration Form: August 5, 2024

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 230
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2024

Consultants:	<u>Date Hired</u>	<u>Fees for the year ended June 30, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	07/28/03	\$ 106,419	General Counsel
McCall Gibson Swedlund Barfoot PLLC	07/07/08	\$ 20,000	Auditor
District Data Services	10/21/83	\$ 20,081	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/04/96	\$ 8,850	Delinquent Tax Attorney
BGE, Inc.	02/05/24	\$ 101,057	Engineer
Dannenbaum Engineering Corp.	10/21/83	\$ 53,490	Former Engineer
Rathmann & Associates	06/02/03	\$ -0-	Financial Advisor
Stephanie Viator	11/06/06	\$ -0-	Investment Officer
Key-scape, LLC		\$ 279,918	Landscaping
Regional Water Corporation	03/01/09	\$ 939,809	Operator
Harris County	03/24/08	\$ 188,743	Security**
Assessments of the Southwest, Inc.	04/05/84	\$ 22,931	Tax Assessor/ Collector

** The District paid additional officers \$128,037 for security services during the current fiscal year.

See accompanying independent auditor's report.

