

PRELIMINARY OFFICIAL STATEMENT DATED MAY 11, 2026

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the purpose of soliciting initial bids on the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Initial Purchaser.

IN THE OPINION OF BOND COUNSEL (DEFINED BELOW), UNDER CURRENT LAW AND SUBJECT TO CONDITIONS DESCRIBED IN THE SECTION HEREIN "TAX EXEMPTION," INTEREST ON THE BONDS (A) IS NOT INCLUDED IN GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, (B) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM INCOME TAX, AND (C) IS TAKEN INTO ACCOUNT BY APPLICABLE CORPORATIONS (AS DEFINED IN SECTION 59(K) OF THE CODE) FOR THE ALTERNATIVE MINIMUM TAX IMPOSED ON SUCH CORPORATIONS. A HOLDER MAY BE SUBJECT TO OTHER FEDERAL TAX CONSEQUENCES AS DESCRIBED IN THE SECTION HEREIN "TAX EXEMPTION."

THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE - Book-Entry-Only

Underlying Rating: Moody's: "Baa2"

See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" herein.

\$1,310,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 481

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

UNLIMITED TAX BONDS, SERIES 2026

Dated: July 1, 2026

Due: September 1, as shown below

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar", "Paying Agent" or "Registrar") in Houston Texas. Interest on the Bonds will accrue from July 1, 2026, and is payable on September 1, 2026 (two months of interest) and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are subject to redemption prior to maturity as shown below.

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 "BOOK-ENTRY-ONLY SYSTEM."

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

Table with 10 columns: Due Sept. 1, Principal Amount (a), Interest Rate, Initial Reoffering Yield (b), CUSIP Number 41453R (c), Due Sept. 1, Principal Amount (a), Interest Rate, Initial Reoffering Yield (b), CUSIP Number 41453R (c). Rows list maturities from 2027 to 2038 with principal amounts ranging from \$30,000 to \$90,000.

- (a) The Initial Purchaser (as defined herein) may elect to designate one or more term bonds. See accompanying Official Notice of Sale and Official Bid Form.
(b) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser (as herein defined) for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser.
(c) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds.
(d) Bonds maturing on and after September 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

The Bonds, when issued, will constitute valid and legally binding obligations of Harris County Municipal Utility District No. 481 (the "District") and will be 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. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Webster or any entity other than the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by The Muller Law Group, PLLC, Sugar Land, Texas, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about July 14, 2026.

Bids Due: Monday, June 8, 2026, at 10:00 A.M., Webster, Texas Time
Bid Award: Monday, June 8, 2026, at 12:00 P.M., Webster, Texas Time

This Preliminary Official Statement and 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.

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT	3
OFFICIAL STATEMENT SUMMARY	4
SELECTED FINANCIAL INFORMATION	7
THE BONDS	8
BOOK-ENTRY-ONLY SYSTEM	13
THE DISTRICT	15
MANAGEMENT	17
THE DEVELOPER	18
THE ROAD SYSTEM	18
THE SYSTEM.....	19
USE AND DISTRIBUTION OF BOND PROCEEDS.....	20
UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED	21
FINANCIAL STATEMENT (UNAUDITED)	21
ESTIMATED OVERLAPPING DEBT STATEMENT	23
TAX DATA.....	24
TAX PROCEDURES	26
OPERATING STATEMENT	32
DEBT SERVICE REQUIREMENTS	33
INVESTMENT CONSIDERATIONS	34
LEGAL MATTERS	41
TAX EXEMPTION.....	41
SALE AND DISTRIBUTION OF THE BONDS	43
MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE	44
PREPARATION OF OFFICIAL STATEMENT	44
CONTINUING DISCLOSURE OF INFORMATION.....	46
MISCELLANEOUS.....	48
AERIAL PHOTOGRAPH PHOTOGRAPHS	
APPENDICES	
INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2025.....	A

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an Official Statement with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from The Muller Law Group, PLLC, 202 Century Square Blvd., Sugar Land, Texas 77478, upon payment of duplication costs.

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

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

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

- The Issuer* Harris County Municipal Utility District No. 481 (the “District”), a political subdivision of the State of Texas, is located in Harris County, Texas. See “THE DISTRICT.”
- The Issue* \$1,310,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District’s Board of Directors. The Bonds will be issued as fully registered bonds maturing serially on September 1 in each of the years 2027 through 2050, both inclusive, in the principal amounts and accruing interest at the rates shown on the cover hereof. Interest on the Bonds accrues from July 1, 2026, and is payable on September 1, 2026 (two months of interest), and on each March 1 and September 1 thereafter until the earlier of maturity or prior redemption. See “THE BONDS.”
- Redemption* The Bonds maturing on and after September 1, 2032, are subject to redemption, in whole or from time to time in part, at the option of the District, prior to their maturity dates, on September 1, 2031, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See “THE BONDS—Redemption Provisions.”
- Book-Entry-Only System*... The Depository Trust Company, New York, New York (“DTC”) will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
- Authority for Issuance*..... The Bonds are the seventh series of bonds issued out of an aggregate of \$82,500,000 principal amount of unlimited tax bonds authorized by the District’s voters for water, sewer and drainage facilities. The Bonds are issued pursuant to the Bond Resolution; an election held within the District; the general laws of the State of Texas relating to the issuance of bonds by political subdivisions, including Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Texas Commission on Environmental Quality (“TCEQ”). See “THE BONDS—Authority for Issuance.”
- Source of Payment* The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAX PROCEDURES.” The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Webster or any other political subdivision or agency other than the District. See “THE BONDS—Source of and Security for Payment.”
- Payment Record*..... The District has previously issued six series of unlimited tax bonds, two series of unlimited tax road bonds and one series of unlimited tax park bonds, of which approximately \$29,865,000 are outstanding as of May 11, 2026 (the “Outstanding Bonds”). See “FINANCIAL STATEMENT—Outstanding Bonds.” The District has never defaulted in the payment of principal and interest on its previously issued bonds.
- Use of Proceeds* Proceeds from the sale of the Bonds will be used to pay for items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS,” including to pay for developer interest, capitalize six (6) months of interest on the Bonds, and to pay certain other costs and fees related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Future Debt..... The District anticipates issuing additional unlimited tax park bonds in 2026. See “THE BONDS—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”

Qualified Tax-Exempt Obligations In the Bond Resolution, the District will designate the Bonds as “qualified tax-exempt obligations.” See “TAX EXEMPTION—Qualified Tax-Exempt Obligations.”

Municipal Bond Rating and Municipal Bond Insurance.....

Moody’s Investors Service (“Moody’s”) has assigned an underlying rating of “Baa2” to the Bonds. An explanation of the ratings may be obtained from Moody’s, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The fee associated with the rating assigned to the District by Moody’s will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Initial Purchaser. An application has also been made to municipal bond insurance companies for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Initial Purchaser and at the Initial Purchaser’s expense. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance” and “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”

Bond Counsel..... The Muller Law Group, PLLC, Sugar Land, Texas.

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

Financial Advisor Post Oak Municipal Advisors LLC, Houston, Texas.

Engineer LJA Engineering, Inc., Houston, Texas.

THE DISTRICT

Description The District was created by order of the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”) on May 1, 2007, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District contains approximately 332 acres of land. The District is located approximately 21 miles southeast of the central downtown business district of the City of Houston and entirely within the corporate limits of the City of Webster (the “City”). The District is bounded on the west by State Highway 3, on the north by NASA Parkway, and on the south by Clear Creek. Egret Bay Boulevard lies approximately 1,500 feet east of the District. See “THE DISTRICT” and “AERIAL PHOTOGRAPH” herein.

Status of Development..... The District has been developed as a predominantly single-family and multi-family residential community.

Edgewater: Development in Edgewater currently includes 517 single-family residential lots and 40 townhome lots on approximately 187 acres. As of May 11, 2026, there were 516 occupied single-family residential homes, 40 occupied townhomes, no model homes, 1 single family spec home that is unoccupied, and no vacant developed single-family lots available for home construction.

Putnam Park Estates: Development in Putnam Park Estates currently includes 11 single-family residential lots on approximately 17 acres. As of May 11, there are 11 vacant lots of which 2 lots have been sold to individual homebuyers, and 9 lots remain available for purchase.

In addition to the development described above, the District contains a 414-unit apartment complex on approximately 27 acres. According to the apartment complex management, the apartments are 97% occupied. There are approximately 152,000 square feet of commercial buildings in the District that have been constructed on approximately 15 acres, which include: a sports medicine and orthopedics center, a volleyball academy, a chiropractor, a shooting range, a building design company, and a mortgage lender. A recreation area, which includes a pavilion, playground and walking trails, has been constructed on approximately 7 acres in the District.

Additionally, the District contains approximately 79 undevelopable acres of land contained in streets, drainage easements, rights-of-way, open space, and District facilities. See “THE DISTRICT—Status of Development.”

The DeveloperAll of the developable land in Edgewater has been developed by Cherokee Webster Development, L.P., a Delaware limited partnership (the “Developer”), whose general partner is Webster 538, L.P., a Texas limited partnership. The Developer was formed for the sole purpose of owning and developing the approximately 332 acres of land in the District. The development is being managed by an affiliate of The Johnson Development Corp. In November 2024, the Developer sold approximately 17.35 acres to Putnam Park Subdivision Inc. for the development of Putnam Park Estates. See “THE DEVELOPER.”

INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THE ENTIRE OFFICIAL STATEMENT FOR A DISCUSSION OF INVESTMENT RISKS, INCLUDING PARTICULARLY THE SECTION CAPTIONED “INVESTMENT CONSIDERATIONS.”

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SELECTED FINANCIAL INFORMATION

2025 Certified Taxable Assessed Valuation.....	\$328,542,959 (a)
Estimated Taxable Assessed Valuation as of November 1, 2025.....	\$339,317,690 (b)
Gross Debt Outstanding (after issuance of the Bonds).....	\$31,175,000
Estimated Overlapping Debt.....	15,191,228 (c)
Gross Debt and Estimated Overlapping Debt.....	\$46,366,228
 Ratios of Gross Debt to:	
2025 Certified Taxable Assessed Valuation.....	9.49%
Estimated Taxable Assessed Valuation as of November 1, 2025.....	9.19%
 Ratios of Gross Debt and Estimated Overlapping Debt to:	
2025 Certified Taxable Assessed Valuation.....	14.11%
Estimated Taxable Assessed Valuation as of November 1, 2025.....	13.66%
 Fund Balances Available as of May 11, 2026	
Operating Fund.....	\$1,489,977
Road Capital Projects Fund.....	\$118,569
System Capital Projects Fund.....	\$3,421,576 (d)
Park Capital Projects Fund.....	\$16,993
Road Debt Service Fund.....	\$718,405 (e)
System Debt Service Fund.....	\$3,036,202 (e)
 2025 Tax Rate:	
System Debt Service.....	\$0.5700
Road Debt Service.....	\$0.1225
Maintenance and Operations.....	\$0.1825
Total.....	\$0.8750
 Projected Average Annual Debt Service Requirements (2026-2050) of the Bonds and the Outstanding Bonds ("Average Requirement").....	
	\$1,818,110
 Projected tax rate required to pay Average Requirement based upon:	
2025 Certified Taxable Assessed Valuation at a 95% collection rate.....	\$0.59 / \$100 A.V.
Estimated Taxable Assessed Valuation as of November 1, 2025 at a 95% collection rate.....	\$0.57 / \$100 A.V.
 Projected Maximum Annual Debt Service Requirements (2035) of the Bonds and the Outstanding Bonds ("Maximum Requirement").....	
	\$2,365,194
 Projected tax rate required to pay Maximum Requirement based upon:	
2025 Certified Taxable Assessed Valuation at a 95% collection rate.....	\$0.76 / \$100 A.V.
Estimated Taxable Assessed Valuation as of November 1, 2025 at a 95% collection rate.....	\$0.74 / \$100 A.V.

(a) As certified by the Harris Central Appraisal District ("the Appraisal District"). See "TAX PROCEDURES."

(b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on November 1, 2025. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025, and January 1, 2026, will be certified as of January 1, 2026, and provided for purposes of taxation in the fall of 2026. See "TAX PROCEDURES."

(c) See "ESTIMATED OVERLAPPING DEBT STATEMENT."

(d) Funds remaining in the System Capital Projects Fund are from the District's Unlimited Tax Bonds, Series 2025, and are part of the District's capital improvement plan addressing the slope remediation within the District. The District's capital improvement plan expects to use all these funds as approved by the TCEQ within the next three (3) years.

(e) Accrued interest and six (6) months of capitalized interest on the Bonds will be deposited to the System Debt Service Fund. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue is allocated to bonds sold for water, sewer and drainage facilities and recreational facilities, including the Bonds (the "System Bonds") and a portion is allocated to bonds sold for roads (the "Road Bonds"). See "FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds." The System Debt Service Fund is not pledged to the Road Bonds and the Road Debt Service Fund is not pledged to the System Bonds.

PRELIMINARY OFFICIAL STATEMENT

\$1,310,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 481

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

UNLIMITED TAX BONDS, SERIES 2026

This Preliminary Official Statement provides certain information in connection with the issuance by Harris County Municipal Utility District No. 481 (the “District”) of its \$1,310,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”).

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended, an election held in the District, a resolution authorizing the issuance of the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”) and an order of the Texas Commission on Environmental Quality (“the “Commission” or “TCEQ”).

This Preliminary Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and the developer of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated and accrue interest from July 1, 2026, which interest is payable on September 1, 2026 (two months of interest) and on each March 1 and September 1 thereafter (each an “Interest Payment Date”), until the earlier of maturity or prior redemption. The Bonds mature on September 1 in the amounts and years and bear interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

The Bonds will be issued in fully registered form in denominations of \$5,000 or integral multiples thereof.

Authority for Issuance

At a bond election held within the District on November 6, 2007, the voters of the District authorized the issuance of a total of \$82,500,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities. The Bonds are being issued pursuant to such authorization and after issuance of the Bonds, \$53,695,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities will remain authorized but unissued. See “Issuance of Additional Debt” below and “USE AND DISTRIBUTION OF BOND PROCEEDS.”

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, an order of the TCEQ, Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas regarding the issuance of bonds by political subdivisions of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended, and the City of Webster Consent Resolution.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds, and any future bonds payable in whole or in part from taxes, with full allowance being made for delinquencies and costs of collection.

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

Funds

In the Bond Resolution, the System 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 District also maintains a Road Debt Service Fund that is not pledged to the Bonds. Funds in the Road Debt Service Fund are not available to pay principal of and interest on the Bonds.

Accrued interest and six (6) months of capitalized interest on the Bonds shall be deposited into the System Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the System Capital Projects Fund, to pay the costs of acquiring or constructing District water, sewer and drainage facilities, to pay developer interest, and to pay the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

Method of Payment of Principal and Interest

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company, N.A. in Houston, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas. Interest on each Bond shall be payable by check or draft payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owners as shown on the Register on the fifteenth (15th) day (whether or not a business day) of the month prior to each interest payment date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed to by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution 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.

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.

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2032, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2031, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written 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 register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/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. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation 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, to act as Paying Agent/Registrar for the Bonds.

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be

required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Issuance of Additional Debt

After issuance of the Bonds, the District will have \$53,695,000 principal amount of unlimited tax bonds authorized but unissued for water, sewer and drainage facilities, and \$82,500,000 principal amount for refunding of such bonds, \$15,060,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing road facilities and \$21,640,000 principal amount for refunding of such bonds, \$6,500,000 principal amount of unlimited tax bonds authorized but unissued for parks and recreational facilities and \$8,000,000 principal amount for refunding of such bonds, and \$2,000,000 principal amount of unlimited tax bonds authorized but unissued for fire protection and a like principal amount for refunding of such bonds. The District anticipates selling additional bonds in the future. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS—Future Debt" and "THE SYSTEM—Future Debt."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District has adopted a park plan and conducted a park election which resulted in voter approval of \$8,000,000 principal amount in unlimited tax park bonds, \$6,500,000 of which remains authorized but unissued. Before the District issues park bonds payable from taxes, the following actions are required: (a) approval of park bonds by the Commission; and (b) approval of the bonds by the Attorney General of Texas. When the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. However, if the District meets the requirements set forth in Chapter 49, Texas Water Code, as amended, the outstanding principal amount of bonds for parks and recreational facilities may not exceed an amount equal to three percent of the taxable property in the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. At a bond election held within the District on November 6, 2007, the voters of the District authorized the issuance of a total of \$2,000,000 principal amount of unlimited tax bonds for fire protection, all of which remains authorized but unissued. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) approval of the bonds for such purpose by the Commission; and (b) approval of bonds by the Attorney General of Texas.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. The District expects to issue bonds in order to reimburse the Developer for the costs of waterworks, wastewater and drainage facilities, park and recreational facilities, and roadways constructed within the District and for fire protection. Issuance of additional bonds could dilute the investment security for the Bonds. The District anticipates issuing additional unlimited tax park bonds in 2026.

Dissolution of District

Under existing Texas law, because the District lies wholly within the corporate limits of the City of Webster, the District must conform to a City of Webster ordinance consenting to the creation of the District. In addition, the District may be dissolved by the City of Webster without the District's consent, provided that the City complies with certain requirements as described in the Utility Services Contract between the City of Webster and the District (the "Utility Agreement"). Under the terms of the Utility Agreement (as hereinafter defined), the City has agreed not to dissolve the District until one of the following conditions is satisfied: (i) forty years have elapsed since the effective date of the originally executed Utility Agreement (which is January 24, 2006) or (ii) the District's System has been constructed and the Developer, or the Developer's successor or assigns, have been reimbursed for such facilities by the District to the maximum extent permitted by the rules of the Commission or the City assumes any obligation for such reimbursement of the District under such rules. If the District is dissolved, the City will assume the District's assets and obligations (including the Bonds and the responsibility to make any eligible reimbursement owed to the Developer in accordance with the applicable reimbursement agreements and rules of the Commission). No representation is made concerning the City's ability to make debt service payments if the District is dissolved. Dissolution of the District by the City of Webster is a policy-making matter within the discretion of the Mayor and City Council of the City of

Webster, and therefore, the District makes no representation that abolishment will or will not occur. See “THE DISTRICT–Utility Agreement Between the District and the City of Webster.”

Remedies in Event of Default

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

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 might 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, 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 obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and that mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

Upon such deposit as described above, such bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.

The Depository Trust Company, New York, New York ("DTC"), will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be 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 3.6 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 a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding 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 Bonds held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser take any responsibility for the accuracy thereof.

THE DISTRICT

General

Harris County Municipal Utility District No. 481 (the "District") is a municipal utility district created by order of the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"), dated May 1, 2007, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts. The District is located wholly within the corporate limits of the City of Webster, Texas (the "City of Webster" or the "City").

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City, the Commission and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts. Additionally, the District may, subject to certain limitations, develop and finance roads.

The Commission exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City of Webster which limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, fire protection, parks and recreational facilities and roads and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Webster of District construction plans; and permit connections only to platted lots and reserves which have been approved by the Planning Commission of the City of Webster. See "THE SYSTEM."

Description and Location

The District contains approximately 332 acres of land and is located approximately 21 miles southeast of the central downtown business district of the City of Houston. The District is bounded on the west by State Highway 3, on the north by NASA Parkway, and on the south by Clear Creek. Egret Bay Boulevard lies approximately 1,500 feet east of the District. See "AERIAL PHOTOGRAPH" herein.

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Land Use

The following table has been provided by the Engineer and represents the current land use within the District.

Single Family Residential	Approx. Acres	Lots
Edgewater		
Section Three.....	18	62
Section Five.....	16	32
Section Six.....	18	59
Section Twelve.....	24	76
Section Thirteen (townhomes).....	6	40
Section Fourteen.....	16	60
Section Fifteen.....	31	73
Section Sixteen.....	48	128
Section Seventeen.....	1	4
Section Eighteen.....	3	13
Section Nineteen.....	6	10
Putnam Park Estates		
Section One.....	17	9
Subtotal:	204	566
Multi-Family.....	27	
Commercial.....	15	
Parks and Recreation.....	7	
Undevelopable (a).....	79	
Total:	332	

(a) Consists of streets, drainage easements, right-of-way, reserves, open spaces, utility sites, and District facilities.

Status of Development

Single-Family Residential and Townhomes:

Edgewater: Development in Edgewater currently includes 517 single-family residential lots and 40 townhome lots on approximately 187 acres. As of May 11, 2026, there were 516 occupied single-family residential homes, 40 occupied townhomes, no model homes, 1 single family spec home that is unoccupied, and no vacant developed single-family lots available for home construction.

Putnam Park Estates: Development in Putnam Park Estates currently includes 11 single-family residential lots on approximately 17 acres. As of May 11, there are 11 vacant lots of which 2 lots have been sold to individual homebuyers, and 9 lots remain available for purchase.

Multi-Family Residential: In addition to the development described above, the District contains a 414-unit apartment complex on approximately 27 acres. According to the apartment complex management, the apartments are 97% occupied.

Commercial: There are approximately 152,000 square feet of commercial buildings that have been constructed in the District on approximately 15 acres, which include: a sports medicine and orthopedics center, a volleyball academy, a chiropractor, a shooting range, a building design company, and a mortgage lender.

Recreation Facilities: A recreation area, which includes a pavilion, playground and walking trails, has been constructed on approximately 7 acres in the District.

Undevelopable Land: Additionally, the District contains approximately 79 undevelopable acres of land contained in streets, drainage easements, rights-of-way, open space, and District facilities. See “INVESTMENT CONSIDERATIONS.”

Utility Agreement Between the District and the City of Webster

All land in the District is located within the corporate limits of the City of Webster. The City and the District have entered into a Utility Services Contract, dated January 24, 2006 as revised on February 17, 2009, and on September 17, 2013 (as revised and amended, the “Utility Agreement”), which obligates the District to acquire, construct and extend the System (herein defined) to serve land in the District and, when completed in accordance with plans and specifications approved by the City, to convey title to such utility facilities to the City. The City then operates and maintains such facilities with the exception of navigational channels and detention basins, which will be owned and maintained by the District, and is responsible for establishing water and sewer rates and collection charges for water and sewer service within the District. The Utility Agreement obligates the City to provide permanent water supply and wastewater treatment for the District in an amount capable of serving a maximum of 2,072 equivalent single-family connections. Pursuant to the Utility Agreement, the District purchases capacity in the City’s water supply and wastewater treatment facilities by paying utility impact fees to the City. The amount of such fees may be changed by the City from time to time and at any time, subject to certain limitations imposed by state law. The District may also construct recreational facilities and, when completed in accordance with plans and specifications and approved by the City, may convey title to the City for operation and maintenance by the City. The City also levies and collects ad valorem taxes on all taxable property within the District just as it does with any other property located in the City. The City is not obligated to rebate ad valorem taxes, sales taxes, impact fees, permit fees, or any other fees and charges imposed by the City.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors are elected by the voters within the District for four-year staggered terms. Director elections are held only in even numbered years. The Directors of the District are listed below:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Thomas M. Canning	President	May 2030
Jeff Fox	Vice President	May 2030
Carol Kling	Assistant Vice President	May 2028
Larry Howard	Secretary	May 2028
Elizabeth Raucher	Assistant Secretary	May 2030

While the District does not employ any full-time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the Harris Central Appraisal District. The District’s Tax Assessor/Collector is appointed by the Board of Directors of the District. Assessments of the Southwest, Inc. is currently serving in this capacity for the District.

Bookkeeper

The District has engaged Myrtle Cruz, Inc. to serve as the District’s bookkeeper.

Engineer

The consulting engineer for the District in connection with the design and construction of the District’s facilities is LJA Engineering, Inc. (the “Engineer”).

Attorney

The District has engaged The Muller Law Group, PLLC as General Counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 earned upon the sale and delivery of the Bonds.

Financial Advisor

Post Oak Municipal Advisors LLC (the “Financial Advisor”) serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District’s financial statements annually, which is filed with the Commission. The financial statements of the District as of June 30, 2025, and for the fiscal year then ended, included in this official statement, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See “APPENDIX A” for a copy of the District’s June 30, 2025, audited financial statements.

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the Commission to pave certain streets, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Cherokee Webster Development, L.P.

All of the developable land in Edgewater has been developed by Cherokee Webster Development, L.P., a Delaware limited partnership (the “Developer”), whose general partner is Webster 538, L.P., a Texas limited partnership. The Developer was formed for the sole purpose of owning and developing the approximately 332 acres of land in the District. The development is being directed by an affiliate of The Johnson Development Corp. In November 2024, the Developer sold approximately 17.35 acres to Putnam Park Subdivision Inc. for the development of Putnam Park Estates.

Neither the Developer nor any of its affiliates, is obligated to pay principal of or interest on the Bonds. Prospective purchasers are encouraged to investigate Edgewater in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District. See “INVESTMENT CONSIDERATIONS.”

THE ROAD SYSTEM

One major thoroughfare, Water Street, which was constructed in four phases, currently exists within the District’s boundary. Such thoroughfare has been accepted for ownership, operation, and maintenance by the City of Webster.

This road lies within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are also located within the right-of-way. The right-of-way is also shared by street lights, landscaping, sidewalks and franchise utilities (power, gas, telephone and cable).

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage and recreational facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities, including specifically the City, having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the City of Webster, Harris County and, in some instances, the Commission. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. The following descriptions are based upon information supplied by the Engineer.

Water Supply and Wastewater Treatment

Construction of the District's System has been financed with funds advanced by the Developer, a portion of which has been reimbursed with proceeds from the Outstanding Bonds. Additional costs of the System are expected to be reimbursed with the proceeds from the sale of the Bonds and future bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Permanent water supply and wastewater treatment for the District are provided by the City of Webster pursuant to the Utility Agreement. Water supply is provided by the City of Webster, which obtains surface water from the City of Houston Southeast Water Purification Plant. Wastewater treatment is provided by the City of Webster's Wastewater Treatment Plant.

The District has been allocated 2,072 equivalent single-family connections from the City of Webster, which is sufficient to serve the District's 872 active equivalent single-family connections to date for water supply and wastewater treatment. Water supply and wastewater treatment capacities for future development will require additional water supply and wastewater treatment capacity allocations by the City of Webster as provided in the Utility Agreement. See "THE DISTRICT—Utility Agreement Between the District and the City of Webster."

All revenues from the collection of charges for water and sewer services are paid directly to the City of Webster.

100-Year Flood Plain

According to the Engineer, the Federal Emergency Management Agency Map Community Panel No. 48201C1090 M shows that approximately 64 acres of undevelopable land within the District are currently within the 100-year flood plain. Land proposed for development within the 100-year flood plain will be elevated with fill dirt to an elevation at or above the 100-year flood plain elevation to ensure that future finished floor elevations are above the 100-year floodplain based upon the new flood plain maps and in accordance with the City of Webster requirements. 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. See "INVESTMENT CONSIDERATIONS—Severe Weather."

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties. 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.

USE AND DISTRIBUTION OF BOND PROCEEDS

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, \$956,297 is estimated for construction costs, \$150,839 is estimated for non-construction costs and \$202,864 is estimated for issuance cost and fees.

I. CONSTRUCTION COSTS

District Items		
1) WS&D to Serve Edgewater Section 14.....	\$	419,226
2) WS&D to Serve Edgewater Section 19.....		377,441
3) Engineering, Geotechnical, CPS and Materials Testing.....		159,630
Total Construction Cost.....	\$	956,297

II. NON-CONSTRUCTION COSTS

• Developer Interest.....		118,089
• Capitalized Interest (6 months at 5.00%).....		32,750
Total Non-Construction Costs.....	\$	150,839

III. ISSUANCE COST AND FEES

• Issuance Cost and Professional Fees.....	\$	158,979
• Underwriter Discount.....		39,300
• TCEQ Bond Issue Fee (0.25%).....		3,275
• Attorney General Fees (0.10% or \$9,500 max).....		1,310
Total Issuance Cost and Fees.....	\$	202,864

TOTAL BOND ISSUE..... **\$ 1,310,000**

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the Commission. In the event actual costs exceed previously approved estimated amounts and contingencies, additional Commission approval and the issuance of additional bonds may be required.

Future Debt

The Developer has financed the engineering and construction costs of underground utilities to serve Edgewater, Sections 3, 5, 6, 12, 13, 14, 15, 16, 17, 18, and 19 and certain other District improvements, including drainage facilities. The District will owe the Developer approximately \$1,500,000 plus interest for funds advanced to construct recreational facilities, which are expected to be reimbursed with future bond proceeds. The District makes no representation that any additional development will occur within the District. The District anticipates issuing additional unlimited tax park bonds in 2026. See “THE BONDS—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”

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UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
11/6/2007	Water, Sanitary Sewer and Drainage	\$82,500,000	\$28,805,000 *	\$53,695,000
11/6/2007	Parks and Recreational Bonds	\$8,000,000	\$1,500,000	\$6,500,000
11/6/2007	Fire Protection	\$2,000,000	\$0	\$2,000,000
11/4/2008	Roads	\$21,640,000	\$6,580,000	\$15,060,000
11/6/2007 & 11/4/2008	Refunding Bonds	\$114,140,000	\$0	\$114,140,000

* Includes the Bonds.

FINANCIAL STATEMENT (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$328,542,959 (a)
Estimated Taxable Assessed Valuation as of November 1, 2025.....	\$339,317,690 (b)
District Debt:	
Outstanding Bonds (as of May 11, 2026).....	\$29,865,000
The Bonds.....	<u>1,310,000</u>
Gross Debt Outstanding (after issuance of the Bonds).....	\$31,175,000
Ratio of Gross Debt to 2025 Certified Taxable Assessed Valuation.....	9.49%
Ratio of Gross Debt to Estimated Taxable Assessed Valuation as of November 1, 2025.....	9.19%

Area of District: 332 acres

(a) As certified by the Appraisal District. See "TAX PROCEDURES."

(b) Provided by the Appraisal District for information purposes only. Such amount reflects the estimated value of taxable improvements on November 1, 2025. Taxes are levied based on value as certified by the Appraisal District as of January 1 of each year. No tax will be levied on such amount until it is certified. Increases in value occurring between January 1, 2025, and January 1, 2026, will be certified as of January 1, 2026, and provided for purposes of taxation in the fall of 2026. See "TAX PROCEDURES."

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Cash and Investment Balances (unaudited as of May 11, 2026)

Operating Fund	Cash and Temporary Investments	\$1,489,977
Road Capital Projects Fund	Cash and Temporary Investments	\$118,569
System Capital Projects Fund	Cash and Temporary Investments	\$3,421,576 (a)
Park Capital Projects Fund	Cash and Temporary Investments	\$16,993
Road Debt Service Fund	Cash and Temporary Investments	\$718,405 (b)
System Debt Service Fund	Cash and Temporary Investments	\$3,036,202 (b)

- (a) Funds remaining in the System Capital Projects Fund are from the District’s Unlimited Tax Bonds, Series 2025, and are part of the District’s capital improvement plan addressing the slope remediation within the District. The District’s capital improvement plan expects to use all these funds as approved by the TCEQ within the next three (3) years.
- (b) Accrued interest and six (6) months of capitalized interest on the Bonds will be deposited to the System Debt Service Fund. Neither Texas law nor the Bond Resolution requires the District to maintain any minimum balance in the Debt Service Funds. Although all of the District’s debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District’s ad valorem tax revenue is allocated to bonds sold for water, sewer and drainage and recreational facilities, including the Bonds (the “System Bonds”) and a portion is allocated to bonds sold for road facilities (the “Road Bonds”). See “FINANCIAL STATEMENT (UNAUDITED)—Outstanding Bonds.” The System Debt Service Fund is not pledged to the Road Bonds and the Road Debt Service Fund is not pledged to the System Bonds.

Outstanding Bonds (as of May 11, 2026)

<u>Series</u>	<u>Principal Amount</u>	<u>Outstanding as of May 11, 2026</u>
2014 (a)	\$5,800,000	\$3,845,000
2015 (b)	2,800,000	1,865,000
2017 (a)	3,085,000	1,885,000
2019 (a)	3,000,000	2,570,000
2021 (c)	1,500,000	1,325,000
2021 (a)	4,960,000	4,460,000
2022 (b)	3,780,000	3,480,000
2023 (a)	5,650,000	5,435,000
2025 (a)	5,000,000	5,000,000
		<u>\$29,865,000</u>

- (a) Unlimited Tax Bonds.
 (b) Unlimited Tax Road Bonds.
 (c) Unlimited Tax Park Bonds.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District’s goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation (“FDIC”) or secured by collateral evidenced by perfected safekeeping receipts held by a third-party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate, the inclusion of long-term securities or derivative products in the District portfolio.

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ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds (“Tax Debt”) was developed from information contained in the “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds</u>	<u>As of</u>	<u>Overlapping</u>	
			<u>Percent</u>	<u>Amount</u>
Clear Creek ISD.....	\$1,093,530,000	04/30/26	0.81%	\$ 8,857,593
Harris County.....	2,473,177,553	04/30/26	0.04%	989,271
Harris County Department of Education.....	28,960,000	04/30/26	0.04%	11,584
Harris County Flood Control District.....	937,165,000	04/30/26	0.04%	374,866
Harris County Hospital District.....	861,580,000	04/30/26	0.04%	344,632
Port of Houston Authority.....	386,074,397	04/30/26	0.04%	154,430
City of Webster.....	41,555,000	04/30/26	10.73%	<u>4,458,852</u>
Total Estimated Overlapping Debt.....				\$ 15,191,228
The District.....	\$31,175,000 (a)	Current	100.00%	<u>31,175,000</u>
Total Direct and Estimated Overlapping Debt.....				\$ 46,366,228

Ratios of Total Direct and Estimated Overlapping Debt to:

2025 Certified Taxable Assessed Valuation.....	14.11%
Estimated Taxable Assessed Valuation as of November 1, 2025.....	13.66%

(a) Includes the Outstanding Bonds and the Bonds.

Overlapping Tax Rates for 2025

	<u>2025 Tax Rate per \$100 of Taxable Assessed Valuation</u>
Clear Creek ISD.....	\$ 0.969000
Harris County.....	0.380360
Harris County Department of Education.....	0.004798
Harris County Flood Control District.....	0.049660
Harris County Hospital District.....	0.187610
Port of Houston Authority.....	0.005900
City of Webster.....	<u>0.371060</u>
Total Overlapping Tax Rate.....	\$ 1.968388
The District	<u>0.875000</u>
Total Tax Rate.....	\$ 2.843388

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from the District's Tax Assessor/Collector. Reference is made to these records for further and more complete information.

Tax Year	Net Certified Taxable Valuation	Tax Rate	Total Tax Levy	Total Collections As of April 30, 2026	
				Amount	Percent
2021	\$181,807,844	1.08	\$1,963,525	\$1,963,525	100.00%
2022	211,670,531	1.05	2,222,541	2,222,075	99.98%
2023	259,565,761	1.00	2,595,658	2,595,597	99.99%
2024	296,992,918	0.875	2,598,688	2,596,586	99.92%
2025	328,542,959	0.875	2,874,751	2,835,386	98.63% (a)

(a) Taxes for 2025 were due by January 31, 2026.

Taxes are due October 1 and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed, and no discounts are allowed.

Tax Rate Distribution

	2025	2024	2023	2022	2021
System Debt Service	\$0.5700	\$0.5300	\$0.6200	\$0.5450	\$0.7300
Road Debt Service	\$0.1225	\$0.1450	\$0.1800	\$0.2750	\$0.1050
Maintenance and Operations	\$0.1825	\$0.2000	\$0.2000	\$0.2300	\$0.2450
Total	\$0.8750	\$0.8750	\$1.0000	\$1.0500	\$1.0800

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).

Maintenance and Operations: \$1.25 per \$100 of taxable assessed valuation.

Road Maintenance: \$0.25 per \$100 of taxable assessed valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a system debt service tax of \$0.5700 per \$100 of taxable assessed valuation and a road debt service tax of \$0.1225 per \$100 of taxable assessed valuation for 2025. See "Tax Rate Distribution" herein.

Maintenance and Operations 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. Pursuant to elections held on November 6, 2007, and November 4, 2008, the Board was authorized to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of taxable assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds. The District levied a maintenance and operations tax for 2025 in the amount of \$0.1825 per \$100 of taxable assessed valuation.

Tax Exemptions

As discussed in the section titled “TAX PROCEDURES” herein, certain property in the District may be exempt from taxation by the District. The District exempts \$25,000 of the market value of residential homesteads from taxation of persons sixty-five (65) years or older or disabled. The Developer has executed a Waiver of Special Appraisal, waiving its right to claim any agriculture or open space exemptions or any other type of exemption or valuation for the property they own within the District that would reduce the assessed value of such land below its market value for purposes of ad valorem taxation by the District. Such waiver is binding for a period of thirty years.

Additional Penalties

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

Summary of Assessed Valuation

The following summary of the 2025, 2024, 2023, 2022, and 2021 taxable assessed valuation is provided by the District’s Tax Assessor/Collector based on information contained in the 2025, 2024, 2023, 2022, and 2021 tax rolls of the District. A breakdown of the Estimated Taxable Assessed Valuation as of November 1, 2025 is not available from the Appraisal District.

	2025	2024	2023	2022	2021
Land	\$85,469,332	\$77,267,078	\$59,319,785	\$48,475,194	\$43,732,799
Improvements	267,492,352	239,574,955	220,705,781	178,381,287	149,991,472
Personal Property	8,855,640	8,031,923	6,391,272	4,354,739	2,664,486
Exempt Property	(33,274,365)	(27,881,038)	(26,851,077)	(19,540,689)	(14,581,287)
Total Assessed Valuation	\$328,542,959	\$296,992,918	\$259,565,761	\$211,670,531	\$181,807,844

Principal Taxpayers

The following list of principal taxpayers was provided by the District’s Tax Assessor/Collector based upon the 2025 certified tax rolls, which reflect ownership at January 1, 2025.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2025 Certified Taxable Assessed Valuation</u>	<u>% of 2025 Certified Taxable Assessed Valuation</u>
BR Edgewater DST	Multi-Family	\$ 48,216,684	14.68%
308 IBIS ST LLC	Land and Improvements	6,498,000	1.98%
Javak GP LLC	Land and Improvements	4,464,250	1.36%
Primax Properties LLC	Land and Improvements	2,401,540	0.73%
Mag Preston II LLC	Land and Improvements	2,356,921	0.72%
450 Nasa Parkway LLC	Land and Improvements	2,294,610	0.70%
WB Nasa Bypass LLC	Land and Improvements	2,282,781	0.69%
Nasa Real Estate LLC	Land and Improvements	2,079,701	0.63%
Resda Properties LLC	Land and Improvements	1,976,174	0.60%
K&TH Properties LLC	Land and Improvements	1,693,195	0.52%
Total for Principal Taxpayers		\$ 74,263,856	22.60%

(a) See “INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers.

Tax Adequacy for Debt Service

The calculations showing the tax rates necessary to pay the District’s projected average and projected maximum annual debt service requirements on the Bonds and the Outstanding Bonds below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2025 Certified Taxable Assessed Valuation or Estimated Taxable Assessed Valuation as of November 1, 2025, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See “DEBT SERVICE REQUIREMENTS” and “INVESTMENT CONSIDERATIONS—Impact on District Tax Rates.”

Projected average annual debt service requirement (2026-2050).....	\$1,818,110
\$0.59 tax rate on the 2025 Certified Taxable Assessed Valuation of \$328,542,959 at a 95% collection rate produces.....	\$1,841,483
\$0.57 tax rate on the Estimated Taxable Assessed Valuation as of November 1, 2025 of \$339,317,690 at a 95% collection rate produces.....	\$1,837,405
Projected maximum annual debt service requirement (2035).....	\$2,365,194
\$0.76 tax rate on the 2025 Certified Taxable Assessed Valuation of \$328,542,959 at a 95% collection rate produces.....	\$2,372,080
\$0.74 tax rate on the Estimated Taxable Assessed Valuation as of November 1, 2025 of \$339,317,690 at a 95% collection rate produces.....	\$2,385,403

TAX 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, the Outstanding 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 and Security for Payment.” Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations if authorized by its voters. See “DISTRICT TAX DATA—Maintenance and Operations Tax.”

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Property Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

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 responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility of appraising property for all taxing units within the County, including the District. Such appraisal values are subject to review and change by the Harris Central Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, manufactured 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 Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years of age or older and certain disabled persons, to the extent deemed advisable by the Board. The District may be required to offer such exemptions if a majority of voters approve the same at an election. The District would be required to call an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between \$5,000 and \$12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption of full value of the veteran's residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse, and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse of a deceased veteran who had received a disability rating of 100%, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. For the 2026 tax year, the District adopted a \$25,000 residential homestead exemption for individuals who are disabled or 65 years of age or older.

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. This exemption also applies, under certain conditions, to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty, is subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption in the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. The District is authorized by statute to disregard previously granted residential homestead exemptions 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. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. The District does not grant a residential homestead exemption at this time.

Freeport Goods and Goods-in Transit Exemptions: 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 not later than 175 days after the person acquired or imported the property into the State.

A "Goods-in-Transit" Exemption is applicable to goods, wares, merchandise, other tangible personal property, and ores, other than oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory, if such property is acquired in or imported into Texas only if such property is to be forwarded to another location in or outside

of Texas and 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, and is transported to another location in the state or outside of the state not later than 175 days after the date the person acquired the property in or imported the property into Texas.

A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10% 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 fair 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 one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land and timberland.

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

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

District and Taxpayer Remedies

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property 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.

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 “Low Tax Rate Districts.” 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.

Low Tax Rate Districts

Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Low Tax Rate District 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 from the previous three tax years, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates from the previous three tax years. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor or President of the United States (the “President”), alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Other Districts

Districts that do not meet the classification of a Low Tax Rate District or a Developed District can be classified as Other Districts. The qualified voters of these districts, upon the Other District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are 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 Other 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

For the 2026 tax year, the District was classified as a Developing District. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units. See “ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates For 2025.” A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is

determined by federal law. In the absence of federal law, the District's tax lien takes priority over a tax lien of the United States. 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, subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property that was used as the residence homestead of the owner, certain land designated for agricultural use, or a mineral interest sold at a tax sale to a purchaser other than a taxing unit within two years of the date on which the purchaser's deed at the foreclosure sale is filed in the county records. For all other real property, a taxpayer may redeem the property not later than the 180th day following the date on which the purchaser's or taxing unit's deed is filed for record. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

The District's ability to attach or foreclose a tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended.

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OPERATING STATEMENT

General

The Outstanding Bonds and the Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, are not pledged to the payment of the Bonds and the Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues, if any, will be available for the payment of debt service on the Outstanding Bonds or the Bonds.

General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the audited financial statements, for the fiscal years 2021 through 2025 and from the District bookkeeper for the fiscal year ended June 30, 2025 and the ten-month period ended April 30, 2026. Reference is made to such records and statements for further and more complete information.

	7/1/2025	Fiscal Year Ended June 30				
	4/30/2026 (a)	2025	2024	2023	2022	2021
Revenues:						
Property Taxes	\$ 598,608	\$ 588,433	\$ 513,353	\$ 491,736	\$ 445,765	\$ 598,815
Investment Earnings	35,771	59,983	60,613	33,239	2,567	2,765
Total Revenues	\$ 634,379	\$ 648,416	\$ 573,966	\$ 524,975	\$ 448,332	\$ 601,580
Expenditures:						
Professional Fees	\$ 324,415	\$ 360,761	\$ 122,837	\$ 110,483	\$ 107,836	\$ 183,071
Contracted Services	18,150	25,150	22,200	19,800	14,213	12,075
Repairs and Maintenance	279,750	478,988	172,645	201,807	298,374	128,339
Utilities	10,143	14,380	18,654	11,988	10,350	5,827
Administrative	43,938	43,603	32,997	40,208	37,902	32,009
Other	4,875	9,815	7,881	6,486	7,529	3,478
Capital Outlay	629,103	86,263	15,558	46,457	75,986	32,400
Total Expenditures	\$ 1,310,373	\$ 1,018,960	\$ 392,772	\$ 437,229	\$ 552,190	\$ 397,199
Excess (Deficiency) of Revenues Over Expenditures	\$ (675,994)	\$ (370,544)	\$ 181,194	\$ 87,746	\$ (103,858)	\$ 204,381
Other Financing Sources						
Internal Transfers	\$ 732,258	\$ -	\$ -	\$ -	\$ 60,326	\$ -
Total Other Financing Sources	732,258				\$ 60,326	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	\$ 56,264	\$ (370,544)	\$ 181,194	\$ 87,746	\$ (43,532)	\$ 204,381
Beginning Fund Balance	\$ 1,048,795	\$ 1,419,339	\$ 1,238,145	\$ 1,150,399	\$ 1,193,931	\$ 989,550
Ending Fund Balance	\$ 1,105,059	\$ 1,048,795	\$ 1,419,339	\$ 1,238,145	\$ 1,150,399	\$ 1,193,931

(a) Unaudited, provided by the District's bookkeeper.

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and estimated debt service requirements for the Bonds at an assumed interest rate of 5.00% per annum. This schedule does not reflect the fact that six (6) months of interest will be capitalized from Bond proceeds.

Year	Outstanding	Debt Service on the Bonds			Total
	Debt Service	Principal	Interest	Total	Debt Service
2026	\$ 2,089,079	-	\$ 10,917	\$ 10,917	\$ 2,099,996
2027	2,255,469	\$ 30,000	65,500	95,500	2,350,969
2028	2,246,719	30,000	64,000	94,000	2,340,719
2029	2,240,069	35,000	62,500	97,500	2,337,569
2030	2,236,496	35,000	60,750	95,750	2,332,246
2031	2,238,619	35,000	59,000	94,000	2,332,619
2032	2,253,419	35,000	57,250	92,250	2,345,669
2033	2,249,231	40,000	55,500	95,500	2,344,731
2034	2,257,988	40,000	53,500	93,500	2,351,488
2035	2,268,694	45,000	51,500	96,500	2,365,194
2036	2,241,306	45,000	49,250	94,250	2,335,556
2037	2,252,206	50,000	47,000	97,000	2,349,206
2038	1,845,088	50,000	44,500	94,500	1,939,588
2039	1,531,744	55,000	42,000	97,000	1,628,744
2040	1,538,850	55,000	39,250	94,250	1,633,100
2041	1,558,494	60,000	36,500	96,500	1,654,994
2042	1,560,431	60,000	33,500	93,500	1,653,931
2043	1,575,231	65,000	30,500	95,500	1,670,731
2044	1,572,569	65,000	27,250	92,250	1,664,819
2045	1,378,069	70,000	24,000	94,000	1,472,069
2046	1,293,781	75,000	20,500	95,500	1,389,281
2047	984,644	80,000	16,750	96,750	1,081,394
2048	766,856	80,000	12,750	92,750	859,606
2049	364,969	85,000	8,750	93,750	458,719
2050	365,313	90,000	4,500	94,500	459,813
Total	\$ 43,165,332	\$ 1,310,000	\$ 977,417	\$ 2,287,417	\$ 45,452,748

Projected Average Annual Debt Service Requirements (2026-2050).....	\$1,818,110
Projected Maximum Annual Debt Service Requirements (2035).....	\$2,365,194

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Harris County, the City of Webster or any other political entity other than the District, will be secured by a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Dependence on Principal Taxpayers

Based upon the 2025 certified tax rolls, the top ten taxpayers were responsible for approximately 22.60% of the District's 2025 taxes. The principal taxpayer in the District is BR Edgewater DST, owner of the apartment complex, which is responsible for approximately 14.68% of the District's 2025 taxes. See "THE DISTRICT—Status of Development," "THE DEVELOPER," and "TAX DATA—Principal Taxpayers." The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other available funds for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its System Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of property used for single-family and multi-family residences, commercial development, and developed lots. The market value of such properties is related to general economic conditions in the City of Webster, the State of Texas and the nation and those conditions can affect the demand for such properties. Demand for property of this type and the construction of structures thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Markets and Liquidity in the Financial Markets" below), construction costs and the prosperity and demographic characteristics of the urban center toward which the marketing of commercial property is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of development funding have a direct impact on construction activity, particularly short-term interest rates at which landowners are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 21 miles southeast of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or decline in the nation's real estate and financial markets could adversely affect development in the District and restrain the growth of or reduce the value of the District's property tax base.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Landowner Obligation to the District

There are no commitments from or obligations of the Developer or any other landowner to proceed at any particular rate or according to any specified plan with the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable value.

Severe Weather

The District is located approximately one and one-half mile from Clear Lake, which eventually outfalls into Galveston Bay. Land located in this area could be susceptible to storm surge caused by a hurricane. 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 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, there was no interruption of water and sewer service as a result of Hurricane Harvey. According to the District's Engineer, the District's system did not sustain any material damage from Hurricane Harvey. To the knowledge of the District, no residential or multifamily, commercial or industrial properties within the District experienced structural flooding or other damage as a result of Hurricane Harvey.

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 the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

Specific Flood Type Risks

The District is subject to the following flood risks:

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

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

Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2025 Certified Taxable Assessed Valuation of the District is \$328,542,959 and the Estimated Taxable Assessed Valuation as of

November 1, 2026 is \$339,317,690. See “FINANCIAL STATEMENT.” After issuance of the Bonds, the projected maximum annual debt service requirement will be \$2,365,194 (2035) and the projected average annual debt service requirement will be \$1,818,110 (2026-2050). Assuming no increase or decrease from the 2025 Certified Taxable Assessed Valuation and no use of funds other than tax collections, a tax rate of \$0.76 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected maximum annual debt service requirement of \$2,365,194 and a tax rate of \$0.59 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected average annual debt service requirement of \$1,818,547. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of November 1, 2025 and no use of funds other than tax collections, a tax rate of \$0.74 per \$100 of taxable assessed valuation at 95% collection rate would be necessary to pay the projected maximum annual debt service requirement of \$2,365,194 and a tax rate of \$0.57 per \$100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the projected average annual debt service requirement of \$1,818,110. See “DEBT SERVICE REQUIREMENTS.”

Although calculations have been made regarding the projected average and projected maximum tax rates necessary to pay the debt service on the Bonds and the Outstanding Bonds based upon the 2025 Certified Taxable Assessed Valuation and Estimated Taxable Assessed Valuation as of November 1, 2025, the District can make no representations regarding the future level of assessed valuation within the District. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See “TAX PROCEDURES” and “TAX DATA—Tax Adequacy for Debt Service.”

Future Debt

The District may issue the remaining \$53,695,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer or drainage facilities (after the issuance of the Bonds), \$15,060,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing roads, \$6,500,000 principal amount of unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing parks and recreational facilities, \$114,140,000 principal amount of authorized but unissued unlimited tax bonds for refunding outstanding bonds of the District, and \$2,000,000 principal amount of unlimited tax bonds for fire protection, and the District may issue additional bonds which may be voted hereafter. The District will owe the Developer approximately \$1,500,000 plus interest on the funds advanced, which is expected to be reimbursed with future bond proceeds. The District anticipates issuing additional unlimited tax park bonds in 2026. See “THE BONDS—Issuance of Additional Debt” and “THE SYSTEM—Future Debt.” The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities, recreational or fire-fighting facilities must meet the requirements of and be approved by the TCEQ. Additionally, the City of Webster Consent Resolution limits the total debt of the District to \$60,000,000 without further approval by the City.

Tax Collection Limitations

The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. 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. The costs of collecting any such taxpayer’s delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See “TAX PROCEDURES—District’s Rights in the Event of Tax Delinquencies.”

Registered Owners' Remedies and Bankruptcy Limitations

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable 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. Special districts such as the District must obtain the approval of the Commission as a condition to seeking relief under the Federal Bankruptcy Code. The Commission is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in the

Bond Resolution 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 EXEMPTION.”

Marketability of the Bonds

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

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 three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the “1997 Ozone Standards”); the tighter, 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 “moderate” 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) ("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 TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion 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 confirm with the Supreme Court's decision.

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

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is purchased, investors should be aware of the following investment considerations:

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

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

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

Cybersecurity

The District’s consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District’s consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District’s finances. Insurance to protect against such breaches is limited.

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LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that (i) interest on the Bonds is excludable from gross income for federal tax purposes under existing law and (ii) interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “THE DISTRICT—General” and “—Utility Agreement Between the District and the City of Webster,” “TAX PROCEDURES,” “LEGAL MATTERS,” “TAX EXEMPTION,” and “CONTINUING DISCLOSURE OF INFORMATION (except as to “Compliance with Prior Undertakings”)” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District 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.

The Muller Law Group, PLLC 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 legal fees paid to The Muller Law Group, PLLC in its capacity as General Counsel are based on time charges actually incurred.

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Initial Purchaser a certificate, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel, under current law, interest on the Bonds (a) is not included in gross income for federal income tax purposes, (b) is not an item of tax preference for purposes of the federal alternative minimum income tax, and (c) is taken into account by applicable corporations (as defined in Section 59(k) of the Code for the alternative minimum tax imposed on such corporations. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership of or the receipt or accrual of interest on the Bonds.

Bond Counsel’s opinion is given in reliance upon certifications by representatives of the District as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and is subject to the condition that there is compliance subsequent to the issuance of the Bonds with all requirements of the

Code that must be satisfied in order for interest thereon to remain excludable from gross income for federal income tax purposes. The District has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Bonds. Failure by the District to comply with such covenants, among other things, could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactively to their date of issue.

Customary practice in the giving of legal opinions includes not detailing in the opinion all the assumptions, limitations and exclusions that are a part of the conclusions therein. See “*Statement on the Role of Customary Practice in the Preparation and Understanding of Third-Party Legal Opinions*”, 63 *Bus. Law.* 1277 (2008) and “*Legal Opinion Principles*”, 53 *Bus. Law.* 831 (May 1998). Purchasers of the Bonds should seek advice or counsel concerning such matters as they deem prudent in connection with their purchase of Bonds.

Bond Counsel’s opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Internal Revenue Service (the “Service”) or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel’s attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

Alternative Minimum Tax

Individuals: Bond Counsel’s opinion states that under current law interest on the Bonds is not an item of reference and is not subject to the alternative minimum tax on individuals.

Applicable Corporations: Bond Counsel’s opinion also states that under current law interest on the Bonds is taken into account by applicable corporations (as defined in Section 59(k) of the Code) for the alternative minimum tax imposed on such corporations. Under current law, an “applicable corporation” generally is a corporation with average annual adjusted financial statement income for a 3-taxable-year period ending after December 31, 2021, that exceeds \$1 billion.

Other Tax Matters

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Bonds should consult their own tax advisors as to the status of interest on the Bonds under the tax laws of any state, local, or foreign jurisdiction.

The Service has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the Service does audit the Bonds, under current Service procedures, the Service will treat the District as the taxpayer and the owners of the Bonds will have only limited rights, if any, to participate.

There are many events that could affect the value and liquidity or marketability of the Bonds after their issuance, including but not limited to public knowledge of an audit of the Bonds by the Service, a general change in interest rates for comparable securities, a change in federal or state income tax rates, federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Bonds who purchase Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations and purchasers of the Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Bonds.

Original Issue Discount

Some of the Bonds may be sold at initial sale prices that are less than their respective stated redemption prices payable at maturity (collectively, the “Discount Bonds”). The excess of (i) the stated redemption price at maturity of each maturity of the Discount Bonds, over (ii) the initial offering price to the public (excluding bond houses and brokers) at which a substantial amount of each maturity of the Discount Bonds is sold will constitute original issue discount. Original issue discount will accrue for federal income tax purposes on a constant-yield-to-maturity method based on regular compounding; and a holder’s basis in such a Bond will be increased by the amount of original issue discount treated for federal income tax purposes as having accrued on the Bond while the holder holds the Bond.

Under the Code, for purposes of determining a holder’s adjusted basis in a Discount Bond, original issue discount treated as having accrued while the holder holds the Bond will be added to the holder’s basis. Original issue discount will accrue on a constant-yield-to-maturity method based on semiannual compounding. The adjusted basis will be used to determine taxable gain or loss upon the sale or other disposition (including redemption or payment at maturity) of a Discount Bond.

Prospective purchasers of Discount Bonds should consult their own tax advisors as to the calculation of accrued original issue discount and the state and local tax consequences of owning or disposing of such Bonds.

Bond Premium

Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for federal income tax purposes as having amortizable bond premium. A holder’s basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Bonds while so held. Purchasers of such Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Bonds.

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 District will designate the Bonds as “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 2026 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in “qualified tax-exempt obligations” (including the Bonds) during calendar year 2026.

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by _____ (the “Initial Purchaser”) bearing the interest rates shown on the cover page hereof, at a price of _____% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204 of the Texas Government Code.

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

Moody's Investors Service ("Moody's") has assigned a credit rating of "Baa2" to the Bonds. An explanation of the rating may be obtained from Moody's, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. The rating fees of Moody's will be paid by the District; however, the fees associated with any other rating will be the responsibility of the Initial Purchaser. There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by Moody's, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

An application has also been made for municipal bond insurance. If qualified, the purchase of municipal bond insurance is optional and at the expense of the Initial Purchaser. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this Preliminary Official Statement has been obtained primarily from the District's records, the Developer, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Preliminary Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Post Oak Municipal Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Post Oak Municipal Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

“THE DISTRICT” – Cherokee Webster Development, L.P. (“Developer”), LJA Engineering, Inc. (“Engineer”), and Records of the District (“Records”); “THE DEVELOPER” – the Developer; “USE AND DISTRIBUTION OF BOND PROCEEDS,” “THE SYSTEM,” “ROAD SYSTEM” – Engineer; “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED” – Records; “FINANCIAL STATEMENT” – Harris Central Appraisal District, Assessments of the Southwest, Inc., (“Tax Assessor/Collector”) and Post Oak Municipal Advisors LLC (“Financial Advisor”); “ESTIMATED OVERLAPPING DEBT STATEMENT” – Municipal Advisory Council of Texas and Financial Advisor; “TAX DATA” – Tax Assessor/Collector; “MANAGEMENT” – Records; “DEBT SERVICE REQUIREMENTS” – Financial Advisor; “INVESTMENT CONSIDERATION” – the Engineer, Financial Advisor, and The Muller Law Group PLLC; “THE BONDS,” “TAX PROCEDURES,” “LEGAL MATTERS,” and “TAX EXEMPTION” – The Muller Law Group, PLLC.

The Financial Advisor has provided the following sentence for inclusion in this Preliminary Official Statement. The Financial Advisor has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

Engineer: The information contained in this Preliminary Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled “THE DISTRICT—General, Description and Location, Land Use, and Utility Agreement Between the District and the City of Webster,” “USE AND DISTRIBUTION OF BOND PROCEEDS,” “THE ROAD SYSTEM,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS—Severe Weather” has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Preliminary Official Statement relating to the assessed valuations has been provided by the Harris Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Harris County, including the District.

Tax Assessor/Collector: The information contained in this Preliminary Official Statement relating to the historical breakdown of the Assessed Valuation, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Assessments of the Southwest, Inc. and is included herein in reliance upon the authority of such entity as experts in assessing and collecting taxes.

Auditor: The financial statements of the District as of June 30, 2025, and for the year then ended, included in this official statement, have been audited by McGrath & Co., PLLC, independent auditors, as stated in their report appearing herein. See “APPENDIX A” for a copy of the District’s June 30, 2025, audited financial statements.

Bookkeeper: The information related to the “unaudited” summary of the District’s General Operating Fund as it appears in “OPERATING STATEMENT” has been provided by Myrtle Cruz, Inc. and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

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

Certification of Official Statement

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement 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 are made, not misleading. With respect to information included in this Preliminary Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the Registered and Beneficial Owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB through its EMMA system. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED," "FINANCIAL STATEMENT (UNAUDITED)," "TAX DATA," "OPERATING STATEMENT," "DEBT SERVICE REQUIREMENTS," (most of which information is contained in the District's annual audited financial statements) and in APPENDIX A. The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2026.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements, and audited financial statements when and if such audited financial statements become 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 specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District 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 an 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 the federal securities laws. Neither the Bonds nor the Bond Resolution make 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 from MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although Registered 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 the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the Registered Owners 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

the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Initial Purchaser 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 no known failures to comply in all material respects with its previous continuing disclosure agreements.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 481, as of the date shown on the cover page.

/s/

President, Board of Directors
Harris County Municipal Utility District No. 481

ATTEST:

/s/

Secretary, Board of Directors
Harris County Municipal Utility District No. 481

AERIAL PHOTOGRAPH

(Approximate boundaries of the District as of May 2026)



PHOTOGRAPHS

The following photographs were taken in the District in May 2026, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.







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Barlow Street
Model Home
1 Bed, 1 Bath, 1 Hall
FOR SALE
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Please See Us First At
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APPENDIX A

Independent Auditor's Report and Financial Statements for the fiscal year ended June 30, 2025

**HARRIS COUNTY MUNICIPAL
UTILITY DISTRICT NO. 481**

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

June 30, 2025

Table of Contents

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1
Management's Discussion and Analysis		7
BASIC FINANCIAL STATEMENTS		
Statement of Net Position and Governmental Funds Balance Sheet		16
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances		17
Notes to Financial Statements		19
REQUIRED SUPPLEMENTARY INFORMATION		
Budgetary Comparison Schedule – General Fund		36
Notes to Required Supplementary Information		37
TEXAS SUPPLEMENTARY INFORMATION		
Services and Rates	TSI-1	40
General Fund Expenditures	TSI-2	42
Investments	TSI-3	43
Taxes Levied and Receivable	TSI-4	44
Long-Term Debt Service Requirements by Years	TSI-5	45
Change in Long-Term Bonded Debt	TSI-6	54
Comparative Schedule of Revenues and Expenditures – General Fund	TSI-7a	56
Comparative Schedule of Revenues and Expenditures – Debt Service Fund	TSI-7b	58
Board Members, Key Personnel and Consultants	TSI-8	60

McGRATH & CO., PLLC

Certified Public Accountants

2900 North Loop West, Suite 880

Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 481
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. 481 (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris County Municipal Utility District No. 481, as of June 30, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 budgetary comparison information 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

***Board of Directors
Harris County Municipal Utility District No. 481
Harris County, Texas***

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 Texas Supplementary Information schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Texas Supplementary Information schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

W. G. Gattner & Co., P.C.

Houston, Texas
November 10, 2025

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Management's Discussion and Analysis

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***Harris County Municipal Utility District No. 481
Management's Discussion and Analysis
June 30, 2025***

Using this Annual Report

This section of the financial report of Harris County Municipal Utility District No. 481 (the "District") provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

***Harris County Municipal Utility District No. 481
Management's Discussion and Analysis
June 30, 2025***

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position as of June 30, 2025, was negative \$19,003,196. The District's net position is negative because the District incurs debt to construct water, sewer, drainage, road, and recreational facilities and transfers its water, wastewater, and drainage facilities (other than detention facilities and navigation channels) to the City of Webster. A comparative summary of the District's overall financial position, as of June 30, 2025 and 2024, is as follows:

	2025	2024
Current and other assets	\$ 5,043,067	\$ 5,358,345
Capital assets	4,871,644	5,051,415
Total assets	<u>9,914,711</u>	<u>10,409,760</u>
Current liabilities	1,624,436	1,367,168
Long-term liabilities	<u>27,293,471</u>	<u>28,506,375</u>
Total liabilities	<u>28,917,907</u>	<u>29,873,543</u>
Net position		
Net investment in capital assets	(1,104,768)	(1,040,076)
Restricted	3,211,768	2,970,014
Unrestricted	<u>(21,110,196)</u>	<u>(21,393,721)</u>
Total net position	<u>\$ (19,003,196)</u>	<u>\$ (19,463,783)</u>

***Harris County Municipal Utility District No. 481
Management's Discussion and Analysis
June 30, 2025***

The total net position of the District increased during the current fiscal year by \$460,587. A comparative summary of the District's *Statement of Activities* for the past two fiscal years is as follows:

	<u>2025</u>	<u>2024</u>
Revenues		
Property taxes, penalties and interest	\$ 2,609,836	\$ 2,576,287
Other	198,804	207,861
Total revenues	<u>2,808,640</u>	<u>2,784,148</u>
Expenses		
Operating and administrative	990,802	476,913
Debt interest and fees	948,078	865,798
Developer interest	61,739	319,119
Debt issuance costs		476,091
Depreciation and amortization	266,034	266,034
Total expenses	<u>2,266,653</u>	<u>2,403,955</u>
Change in net position before other items	541,987	380,193
Other items		
Change in estimate of due to developers		2,176,232
Transfers to other governments	<u>(81,400)</u>	<u>(5,056,801)</u>
Change in net position	460,587	(2,500,376)
Net position, beginning of year	<u>(19,463,783)</u>	<u>(16,963,407)</u>
Net position, end of year	<u><u>\$ (19,003,196)</u></u>	<u><u>\$ (19,463,783)</u></u>

Financial Analysis of the District's Funds

The District's combined fund balances, as of June 30, 2025, were \$4,677,569, which consists of \$1,048,795 in the General Fund, \$3,489,355 in the Debt Service Fund and \$139,419 in the Capital Projects Fund.

***Harris County Municipal Utility District No. 481
Management's Discussion and Analysis
June 30, 2025***

General Fund

A comparative summary of the General Fund's financial position as of June 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 1,377,607</u>	<u>\$ 1,432,027</u>
Total liabilities	\$ 320,163	\$ 8,785
Total deferred inflows	8,649	3,903
Total fund balance	<u>1,048,795</u>	<u>1,419,339</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 1,377,607</u>	<u>\$ 1,432,027</u>

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 648,416	\$ 573,966
Total expenditures	<u>(1,018,960)</u>	<u>(392,772)</u>
Revenues over/(under) expenditures	<u>\$ (370,544)</u>	<u>\$ 181,194</u>

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, which is dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues increased from prior year because assessed values increased from prior year.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of June 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 3,526,041</u>	<u>\$ 3,403,397</u>
Total liabilities	\$ 1,564	\$ 44,918
Total deferred inflows	35,122	18,554
Total fund balance	<u>3,489,355</u>	<u>3,339,925</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 3,526,041</u>	<u>\$ 3,403,397</u>

***Harris County Municipal Utility District No. 481
Management's Discussion and Analysis
June 30, 2025***

A comparative summary of the Debt Service Fund's activities for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 2,123,522	\$ 2,193,706
Total expenditures	(1,974,092)	(1,557,762)
Revenues over expenditures	<u>\$ 149,430</u>	<u>\$ 635,944</u>

The District's financial resources in the Debt Service Fund in both the current and prior fiscal year are from property tax revenues. The difference between these financial resources and debt service requirements resulted in an increase in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of June 30, 2025 and 2024, is as follows:

	2025	2024
Total assets	<u>\$ 139,419</u>	<u>\$ 522,921</u>
Total fund balance	<u>\$ 139,419</u>	<u>\$ 522,921</u>

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2025	2024
Total revenues	\$ 15,389	\$ 23,452
Total expenditures	(398,891)	(6,264,994)
Revenues under expenditures	(383,502)	(6,241,542)
Other changes in fund balance		5,650,000
Net change in fund balance	<u>\$ (383,502)</u>	<u>\$ (591,542)</u>

The District did not have any significant capital asset activity in the current year. The District's capital asset activity in the prior year was financed with proceeds from the issuance of its Series 2023 Unlimited Tax Bonds.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

***Harris County Municipal Utility District No. 481
Management's Discussion and Analysis
June 30, 2025***

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was \$503,044 less than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at June 30, 2025 and 2024, are summarized as follows:

	<u>2025</u>	<u>2024</u>
Capital assets not being depreciated		
Land and improvements	\$ 2,213,879	\$ 2,213,879
Construction in progress	86,263	
	<u>2,300,142</u>	<u>2,213,879</u>
Capital assets being depreciated/amortized		
Infrastructure	52,772	52,772
Landscaping improvements	3,532,924	3,532,924
Impact fees	623,045	623,045
Other facilities	109,574	109,574
	<u>4,318,315</u>	<u>4,318,315</u>
Less accumulated depreciation/amortization		
Infrastructure	(17,595)	(16,422)
Landscaping improvements	(1,539,436)	(1,303,909)
Impact fees	(145,950)	(122,095)
Other facilities	(43,832)	(38,353)
	<u>(1,746,813)</u>	<u>(1,480,779)</u>
Depreciable capital assets, net	<u>2,571,502</u>	<u>2,837,536</u>
Capital assets, net	<u>\$ 4,871,644</u>	<u>\$ 5,051,415</u>

The District's construction in progress is for the construction of landscaping to serve Edgewater Stone Crossing.

The District and the City of Webster (the "City") have entered into an agreement which obligates the District to construct water, wastewater and certain drainage facilities to serve the District and, when completed, to convey title to the facilities (other than detention facilities) to the City. Accordingly, these facilities are not considered assets of the District. The estimated value of these assets is recorded as transfers to other governments upon completion of construction. This estimated cost is trued up when the developers are reimbursed. For the year ended June 30, 2025, capital assets in the amount

***Harris County Municipal Utility District No. 481
Management's Discussion and Analysis
June 30, 2025***

of \$81,400 have been recorded as transfers to other governments in the government-wide statements. Additional information is presented in Note 10.

Long-Term Debt and Related Liabilities

As of June 30, 2025, the District owes approximately \$2,562,164 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 6, the District has an additional commitment in the amount of approximately \$1,420,000 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers is trued up when the developers are reimbursed.

As of June 30, 2025 and 2024, the District had total bonded debt outstanding as shown below:

<u>Series</u>	<u>2025</u>	<u>2024</u>
2014	\$ 4,080,000	\$ 4,305,000
2015 Road	1,975,000	2,080,000
2017	2,035,000	2,185,000
2019	2,650,000	2,725,000
2021 Park	1,370,000	1,415,000
2021	4,600,000	4,735,000
2022 Road	3,585,000	3,685,000
2023	5,560,000	5,650,000
	<u>\$ 25,855,000</u>	<u>\$ 26,780,000</u>

As of June 30, 2025, the District had \$60,005,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding of such bonds; \$6,500,000 for parks and recreational facilities and the refunding of such bonds; \$15,060,000 for road improvements and the refunding of such bonds; and \$2,000,000 for fire protection purposes and the refunding of such bonds.

Property Taxes

The District's property tax base increased approximately \$17,301,000 for the 2025 tax year from \$296,661,270 to \$313,962,546. This increase was primarily due to new construction in the District and increased property values. For the 2025 tax year, the District has levied a maintenance tax rate of \$0.1825 per \$100 of assessed value; a water, sewer, and drainage debt service tax rate of \$0.57 per \$100 of assessed value; and a road debt service tax rate of \$0.1225 per \$100 of assessed value, for a total combined tax rate of \$0.875 per \$100 of assessed value. Tax rates for the 2024 tax year were \$0.20 per \$100 of assessed value for maintenance and operations; \$0.53 per \$100 of assessed value for water, sewer, and drainage debt service; and \$0.145 per \$100 of assessed value for road debt service, for a total combined tax rate of \$0.875 per \$100 of assessed value.

*Harris County Municipal Utility District No. 481
Management's Discussion and Analysis
June 30, 2025*

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and the projected cost of operating the District. A comparison of next fiscal year's budget to current fiscal year actual amounts for the General Fund is as follows:

	<u>2025 Actual</u>	<u>2026 Budget</u>
Total revenues	\$ 648,416	\$ 639,742
Total expenditures	<u>(1,018,960)</u>	<u>(538,500)</u>
Revenues over/(under) expenditures	(370,544)	101,242
Beginning fund balance	<u>1,419,339</u>	<u>1,048,795</u>
Ending fund balance	<u><u>\$ 1,048,795</u></u>	<u><u>\$ 1,150,037</u></u>

Basic Financial Statements

Harris County Municipal Utility District No. 481
Statement of Net Position and Governmental Funds Balance Sheet
June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	\$ 6,036	\$ 89,245	\$ 38,753	\$ 134,034	\$ -	\$ 134,034
Investments	1,338,999	3,415,961	100,666	4,855,626		4,855,626
Taxes receivable	8,649	35,122		43,771		43,771
Internal balances	16,055	(16,055)				
Prepaid items	7,066			7,066		7,066
Other receivables	802	1,768		2,570		2,570
Capital assets not being depreciated					2,300,142	2,300,142
Capital assets, net					2,571,502	2,571,502
Total Assets	\$ 1,377,607	\$ 3,526,041	\$ 139,419	\$ 5,043,067	4,871,644	9,914,711
Liabilities						
Accounts payable	\$ 311,537	\$ -	\$ -	\$ 311,537		311,537
Other payables		1,564		1,564		1,564
Retainage payable	8,626			8,626		8,626
Accrued interest payable					312,709	312,709
Due to developers					2,562,164	2,562,164
Long-term debt						
Due within one year					990,000	990,000
Due after one year					24,731,307	24,731,307
Total Liabilities	320,163	1,564		321,727	28,596,180	28,917,907
Deferred Inflows of Resources						
Deferred property taxes	8,649	35,122		43,771	(43,771)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	7,066			7,066	(7,066)	
Restricted		3,489,355	139,419	3,628,774	(3,628,774)	
Unassigned	1,041,729			1,041,729	(1,041,729)	
Total Fund Balances	1,048,795	3,489,355	139,419	4,677,569	(4,677,569)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 1,377,607	\$ 3,526,041	\$ 139,419	\$ 5,043,067		
Net Position						
Net investment in capital assets					(1,104,768)	(1,104,768)
Restricted for debt service					3,211,768	3,211,768
Unrestricted					(21,110,196)	(21,110,196)
Total Net Position					\$ (19,003,196)	\$ (19,003,196)

See notes to basic financial statements.

Harris County Municipal Utility District No. 481

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	\$ 588,433	\$ 1,987,793	\$ -	\$ 2,576,226	\$ 18,468	\$ 2,594,694
Penalties and interest		12,297		12,297	2,845	15,142
Investment earnings	59,983	123,432	15,389	198,804		198,804
Total Revenues	648,416	2,123,522	15,389	2,787,327	21,313	2,808,640
Expenditures/Expenses						
Operating and administrative						
Professional fees	360,761	4,146	21,714	386,621		386,621
Contracted services	25,150	28,400		53,550		53,550
Repairs and maintenance	478,988			478,988		478,988
Utilities	14,380			14,380		14,380
Administrative	43,603	2,745		46,348		46,348
Other	9,815		1,100	10,915		10,915
Capital outlay	86,263		314,338	400,601	(400,601)	
Debt service						
Principal		925,000		925,000	(925,000)	
Interest and fees		1,013,801		1,013,801	(65,723)	948,078
Developer interest			61,739	61,739		61,739
Depreciation and amortization					266,034	266,034
Total Expenditures/Expenses	1,018,960	1,974,092	398,891	3,391,943	(1,125,290)	2,266,653
Revenues Over/(Under)						
Expenditures/Expenses	(370,544)	149,430	(383,502)	(604,616)	1,146,603	541,987
Other Items						
Transfers to other governments					(81,400)	(81,400)
Net Change in Fund Balances	(370,544)	149,430	(383,502)	(604,616)	604,616	
Change in Net Position					460,587	460,587
Fund Balance/Net Position						
Beginning of the year	1,419,339	3,339,925	522,921	5,282,185	(24,745,968)	(19,463,783)
End of the year	\$ 1,048,795	\$ 3,489,355	\$ 139,419	\$ 4,677,569	\$ (23,680,765)	\$ (19,003,196)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris County Municipal Utility District No. 481 (the “District”) conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality, dated May 1, 2007, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on June 18, 2007, and the first bonds were issued on December 10, 2014.

The District’s primary activities include construction of water, sewer, drainage, road and recreational facilities. As further discussed in Note 10, the District transfers its water, wastewater and drainage facilities (other than detention facilities and navigation channels) to the City of Webster for ownership, operation, and maintenance upon completion of construction. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other 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 statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or “major”

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's and all other financial transactions not reported in other funds. The principal source of revenue is property taxes. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, drainage, recreational and road facilities.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the full accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes and interest earned on investments. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At June 30, 2025, an allowance for uncollectible accounts was not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost that exceeds the capitalization threshold for the asset class and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets that do not exceed the threshold are not capitalized. The District's capitalization threshold for infrastructure assets is \$50,000. The threshold for subscription-based information technology arrangements (SBITAs) is \$100,000.

Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciable capital assets, which primarily consist of landscaping improvements and impact fees, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

<u>Assets</u>	<u>Useful Life</u>
Infrastructure	20-45 years
Landscaping improvements	15 years
Impact fees	40 years [max]
Other facilities	20 years

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District’s investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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. The District’s nonspendable fund balance consists of prepaid items.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District’s restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectability of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to the City of Webster and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Funds Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds	\$ 4,677,569
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Historical cost	\$ 6,618,457	
Less accumulated depreciation/amortization	<u>(1,746,813)</u>	
		4,871,644

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:

Accrued interest payable	(312,709)	
Due to developers	(2,562,164)	
Bonds payable, net	<u>(25,721,307)</u>	
		(28,596,180)

Deferred inflows in the fund statements consist of property taxes receivable and related penalties and interest that have been levied and are due, but are not available to pay current period expenditures. These amounts are included in revenues in the government-wide statements.

43,771

Total net position - governmental activities	<u><u>\$ (19,003,196)</u></u>
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Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

Reconciliation of the *Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances* to the *Statement of Activities*

Net change in fund balances - total governmental funds \$ (604,616)

Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest. 21,313

Financial reporting for capital assets varies significantly between the fund statements and the government-wide statements. Reporting at the fund level focuses on the impact of transactions on financial resources (i.e., cash), while reporting at the government-wide level seeks to allocate the cost of the acquisition of capital assets over their useful lives and to measure the economic impact of developer financing of capital assets used by the District or conveyed to other governmental entities. Differences during the current fiscal year are for the following:

Capital outlays	\$ 400,601	
Transfers to other governments	(81,400)	
Depreciation/amortization expense	<u>(266,034)</u>	
		53,167

Financial reporting for certain obligations varies between the fund statements and the government-wide statements. At the fund level, the focus is on increases and decreases of financial resources as debt is issued and repaid. At the government-wide level, the focus is on measuring and reporting on changes in the District's obligation to repay liabilities in the future. Differences during the current fiscal year are for the following:

Principal payments	925,000	
Interest expense accrual	<u>65,723</u>	
		990,723

Change in net position of governmental activities \$ 460,587

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

Government Code) requires that all of the District’s deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District’s written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers’ acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District’s investment program should be managed. This policy further restricts the types of investments in which the District may invest.

As of June 30, 2025, the District’s investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	\$ 235,086			
	Debt Service	235,685			
		<u>470,771</u>	10%	N/A	N/A
TexSTAR	General	1,103,913			
	Debt Service	3,180,276			
	Capital Projects	100,666			
		<u>4,384,855</u>	90%	AAAm	48 days
Total		<u>\$ 4,855,626</u>	<u>100%</u>		

The District’s investments in certificates of deposit are reported at cost.

*Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025*

TexSTAR

The Texas Short Term Asset Reserve fund (“TexSTAR”) is managed by Hilltop Securities, and J.P. Morgan Investment Management, Inc. Hilltop Securities provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

TexSTAR uses amortized cost rather than fair value to report net assets to compute share price. Accordingly, investments in TexSTAR are stated at amortized cost which approximates fair value. Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District’s investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds as of June 30, 2025, consist of the following:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>	<u>Purpose</u>
General Fund	Debt Service Fund	\$ 16,055	Maintenance tax collections not remitted as of year end

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended June 30, 2025, is as follows:

	Beginning Balances	Additions	Ending Balances
Capital assets not being depreciated			
Land and improvements	\$ 2,213,879	\$ -	\$ 2,213,879
Construction in progress		86,263	86,263
	<u>2,213,879</u>	<u>86,263</u>	<u>2,300,142</u>
Capital assets being depreciated/amortized			
Infrastructure	52,772		52,772
Landscaping improvements	3,532,924		3,532,924
Impact fees	623,045		623,045
Other facilities	109,574		109,574
	<u>4,318,315</u>		<u>4,318,315</u>
Less accumulated depreciation/amortization			
Infrastructure	(16,422)	(1,173)	(17,595)
Landscaping improvements	(1,303,909)	(235,527)	(1,539,436)
Impact fees	(122,095)	(23,855)	(145,950)
Other facilities	(38,353)	(5,479)	(43,832)
	<u>(1,480,779)</u>	<u>(266,034)</u>	<u>(1,746,813)</u>
Subtotal depreciable capital assets, net	<u>2,837,536</u>	<u>(266,034)</u>	<u>2,571,502</u>
Capital assets, net	<u>\$ 5,051,415</u>	<u>\$ (179,771)</u>	<u>\$ 4,871,644</u>

Depreciation/amortization expense for the current fiscal year was \$266,034.

The District has contractual commitments for construction projects as follows:

	Contract Amount	Paid To Date	Remaining Amount *
Edgewater Stone Crossing - landscaping	\$ 86,263	\$ 77,637	\$ 8,626

* Includes retainage

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, recreational and road facilities. Under the agreements, the developers will construct facilities on behalf of the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

Changes in the estimated amounts due to developers during the fiscal year are as follows:

Due to developers, beginning of year	\$ 2,795,102
Developer reimbursements	(314,338)
Adjustments to developer funded capital assets	<u>81,400</u>
Due to developers, end of year	<u><u>\$ 2,562,164</u></u>

In addition, the District will owe the developers approximately \$1,420,000, which is included in the schedule of contractual commitments below. The projects in this schedule are in varying stages of completion and, as previously noted, will be reported in the government-wide financial statements upon completion of construction. The exact amount due to the developer is not known until approved by the TCEQ and verified by the District's auditor.

	Contract Amount *
Edgewater Section 19 - utilities	<u>\$ 850,000</u>
Edgewater Section 16 - landscaping	400,000
Edgewater Section 19 - landscaping	<u>170,000</u>
	<u><u>\$ 1,420,000</u></u>

* Rounded to the nearest \$10,000

Note 7 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	\$ 25,855,000
Unamortized discounts	<u>(133,693)</u>
	<u><u>\$ 25,721,307</u></u>
 Due within one year	 <u><u>\$ 990,000</u></u>

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

The District's bonds payable as of June 30, 2025, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2014	\$ 4,080,000	\$ 5,800,000	2.00% - 4.125%	September 1, 2016 - 2037	September 1, March 1	September 1, 2022
2015 Road	1,975,000	2,800,000	1.50% - 4.00%	September 1, 2016 - 2038	September 1, March 1	September 1, 2022
2017	2,035,000	3,085,000	1.50% - 3.75%	September 1, 2018 - 2038	September 1, March 1	September 1, 2023
2019	2,650,000	3,000,000	3.00% - 5.50%	September 1, 2020 - 2044	September 1, March 1	September 1, 2026
2021 Parks	1,370,000	1,500,000	2.00% - 4.00%	September 1, 2022 - 2045	September 1, March 1	September 1, 2027
2021	4,600,000	4,960,000	2.00% - 3.00%	September 1, 2022 - 2046	September 1, March 1	September 1, 2027
2022 Road	3,585,000	3,780,000	3.00% - 5.00%	September 1, 2023 - 2047	September 1, March 1	September 1, 2028
2023	5,560,000	5,650,000	4.25% - 6.50%	September 1, 2024 - 2048	September 1, March 1	September 1, 2029
	<u>\$ 25,855,000</u>					

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolutions.

As of June 30, 2025, the District had authorized but unissued bonds in the amount of \$60,005,000 for water, sewer and drainage facilities and the refunding of such bonds; \$6,500,000 for park and recreational facilities and the refunding of such bonds; \$15,060,000 for road improvements and the refunding of such bonds; and \$2,000,000 for fire protection facilities and the refunding of such bonds.

The change in the District's long-term debt during the year is as follows:

Bonds payable, beginning of year	\$ 26,780,000
Bonds retired	(925,000)
Bonds payable, end of year	<u>\$ 25,855,000</u>

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

As of June 30, 2025, annual debt service requirements on bonds outstanding are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 990,000	\$ 910,974	\$ 1,900,974
2027	1,030,000	871,870	1,901,870
2028	1,070,000	831,350	1,901,350
2029	1,105,000	790,964	1,895,964
2030	1,140,000	750,989	1,890,989
2031	1,180,000	710,727	1,890,727
2032	1,220,000	670,138	1,890,138
2033	1,280,000	627,632	1,907,632
2034	1,315,000	583,216	1,898,216
2035	1,370,000	536,548	1,906,548
2036	1,425,000	487,106	1,912,106
2037	1,445,000	435,663	1,880,663
2038	1,510,000	382,152	1,892,152
2039	1,155,000	334,321	1,489,321
2040	880,000	299,002	1,179,002
2041	915,000	268,208	1,183,208
2042	960,000	235,612	1,195,612
2043	995,000	201,256	1,196,256
2044	1,045,000	165,026	1,210,026
2045	1,075,000	127,175	1,202,175
2046	915,000	91,651	1,006,651
2047	865,000	59,334	924,334
2048	585,000	30,805	615,805
2049	385,000	9,143	394,143
	<u>\$ 25,855,000</u>	<u>\$ 10,410,862</u>	<u>\$ 36,265,862</u>

Note 8 – Property Taxes

On November 6, 2007, the voters of the District authorized the District’s Board of Directors to levy taxes annually for use in financing general operations limited to \$1.25 per \$100 of assessed value. Additionally, on November 4, 2008, the voters of the District authorized the District’s Board of Directors to levy taxes annually for road maintenance limited to \$0.25 per \$100 of assessed value. The District’s bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

All property values and exempt status, if any, are determined by the Harris Central 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.

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

Property taxes are collected based on rates adopted in the year of the levy. The District’s 2025 fiscal year was financed through the 2024 tax levy, pursuant to which the District levied property taxes of \$0.875 per \$100 of assessed value, of which \$0.20 was allocated to maintenance and operations, \$0.53 was allocated to water, sewer and drainage debt service and \$0.145 was allocated to road debt service. The resulting tax levy was \$2,595,786 on the adjusted taxable value of \$296,661,270.

Property taxes receivable, at June 30, 2025, consisted of the following:

Current year taxes receivable	\$ 36,961
Prior years taxes receivable	915
	<u>37,876</u>
Penalty and interest receivable	5,895
Property taxes receivable	<u><u>\$ 43,771</u></u>

Note 9 – Transfers to Other Governments

In accordance with an agreement between the District and the City of Webster (the “City”), the District transfers all of its water, sewer and certain drainage facilities to the City (see Note 10). Accordingly, the District does not record these capital assets in the *Statement of Net Position*, but instead reports the completed projects as transfers to other governments on the *Statement of Activities*. The estimated cost of each project is trued-up when the developers are subsequently reimbursed. For the year ended June 30, 2025, the District reported transfers to other governments in the amount of \$81,400 for adjustments to the value of projects completed in previous years.

Note 10 – Utility Agreement with the City of Webster

On January 24, 2006, the District entered into a utility agreement with the City of Webster (the “City”), later amended on February 17, 2009, and September 17, 2013, for construction and extension of water distribution lines, sanitary sewer collection systems and drainage facilities to serve the District. As the system is acquired or constructed, the District shall transfer the system, with the exception of navigational channels and detention ponds to the City (if accepted by the City) but will reserve a security interest in the system and provide service to all users in the District. The term of the agreement is 40 years.

Water and sewer rates charged by the City to users in the District, shall be the same rates charged to similar users within the City. All revenue derived from these charges belongs to the City.

Note 11 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Harris County Municipal Utility District No. 481
Notes to Financial Statements
June 30, 2025

Note 12 – Subsequent Event

On November 10, 2025, the District approved the sale of its Series 2025 Unlimited Tax Bonds in the amount of \$5,000,000. Proceeds from the bonds will be used to reimburse the District's developers for infrastructure improvements in the District.

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Required Supplementary Information

Harris County Municipal Utility District No. 481
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 475,000	\$ 560,000	\$ 588,433	\$ 28,433
Investment earnings	1,000	1,000	59,983	58,983
Total Revenues	<u>476,000</u>	<u>561,000</u>	<u>648,416</u>	<u>87,416</u>
Expenditures				
Operating and administrative				
Professional fees	140,500	140,500	360,761	(220,261)
Contracted services	25,000	25,000	25,150	(150)
Repairs and maintenance	183,000	188,000	478,988	(290,988)
Utilities	20,000	20,000	14,380	5,620
Administrative	53,000	53,000	43,603	9,397
Other	2,000	2,000	9,815	(7,815)
Capital outlay			86,263	(86,263)
Total Expenditures	<u>423,500</u>	<u>428,500</u>	<u>1,018,960</u>	<u>(590,460)</u>
Revenues Over/(Under) Expenditures	52,500	132,500	(370,544)	(503,044)
Fund Balance				
Beginning of the year	1,419,339	1,419,339	1,419,339	
End of the year	<u>\$ 1,471,839</u>	<u>\$ 1,551,839</u>	<u>\$ 1,048,795</u>	<u>\$ (503,044)</u>

Harris County Municipal Utility District No. 481
Notes to Required Supplementary Information
June 30, 2025

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Harris County Municipal Utility District No. 481
TSI-1. Services and Rates
June 30, 2025

1. Services provided by the District During the Fiscal Year:

- Retail Water Wholesale Water Solid Waste / Garbage Drainage
 Retail Wastewater Wholesale Wastewater Flood Control Irrigation
 Parks / Recreation Fire Protection Roads Security
 Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
 Other (Specify): Water and sewer services provided by the City of Webster

2. Retail Service Providers N/A

a. Retail Rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels
Water:	_____	_____	_____	_____	_____ to _____
Wastewater:	_____	_____	_____	_____	_____ to _____
Surcharge:	_____	_____	_____	_____	_____ to _____

District employs winter averaging for wastewater usage? Yes No

Total charges per 10,000 gallons usage: Water _____ Wastewater _____

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered	_____	_____	x 1.0	_____
less than 3/4"	_____	_____	x 1.0	_____
1"	_____	_____	x 2.5	_____
1.5"	_____	_____	x 5.0	_____
2"	_____	_____	x 8.0	_____
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	_____	_____	x 115.0	_____
Total Water	_____	_____	_____	_____
Total Wastewater	_____	_____	x 1.0	_____

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-1. Services and Rates
June 30, 2025

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):

Gallons pumped into system:	<u> N/A </u>	Water Accountability Ratio:
		(Gallons billed / Gallons pumped)
Gallons billed to customers:	<u> N/A </u>	<u> N/A </u>

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, Date of the most recent commission Order: _____

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

If yes, Date of the most recent commission Order: _____

5. Location of District:

Is the District located entirely within one county? Yes No

County(ies) in which the District is located: Harris County

Is the District located within a city? Entirely Partly Not at all

City(ies) in which the District is located: City of Webster

Is the District located within a city's extra territorial jurisdiction (ETJ)?
Entirely Partly Not at all

ETJs in which the District is located: _____

Are Board members appointed by an office outside the district? Yes No

If Yes, by whom? _____

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-2. General Fund Expenditures
For the Year Ended June 30, 2025

Professional fees	
Legal	\$ 118,664
Audit	15,500
Engineering	226,597
	<u>360,761</u>
Contracted services	
Bookkeeping	<u>25,150</u>
Repairs and maintenance	<u>478,988</u>
Utilities	<u>14,380</u>
Administrative	
Directors fees	22,449
Printing and office supplies	3,753
Insurance	6,743
Other	10,658
	<u>43,603</u>
Other	<u>9,815</u>
Capital outlay	<u>86,263</u>
Total expenditures	<u>\$ 1,018,960</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-3. Investments
June 30, 2025

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexSTAR	Variable	N/A	\$ 1,103,913	\$ -
Certificates of deposit	4.15%	11/01/25	235,086	802
			<u>1,338,999</u>	<u>802</u>
Debt Service				
TexSTAR	Variable	N/A	2,497,507	
TexSTAR	Variable	N/A	682,769	
Certificates of deposit	4.15%	10/25/25	235,685	1,768
			<u>3,415,961</u>	<u>1,768</u>
Capital Projects				
TexSTAR	Variable	N/A	5,679	
TexSTAR	Variable	N/A	94,987	
			<u>100,666</u>	
Total - All Funds			<u>\$ 4,855,626</u>	<u>\$ 2,570</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-4. Taxes Levied and Receivable
June 30, 2025

	Maintenance Taxes	Debt Service Taxes	Road Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	\$ 3,903	\$ 11,918	\$ 3,588	\$ 19,409
Adjustments to Prior Year Tax Levy	(216)	(678)	(198)	(1,092)
Adjusted Receivable	3,687	11,240	3,390	18,317
2024 Original Tax Levy	543,666	1,440,715	394,158	2,378,539
Adjustments	49,656	131,590	36,001	217,247
Adjusted Tax Levy	593,322	1,572,305	430,159	2,595,786
Total to be accounted for	597,009	1,583,545	433,549	2,614,103
Tax collections:				
Current year	584,874	1,549,917	424,034	2,558,825
Prior years	3,486	10,760	3,156	17,402
Total Collections	588,360	1,560,677	427,190	2,576,227
Taxes Receivable, End of Year	\$ 8,649	\$ 22,868	\$ 6,359	\$ 37,876
Taxes Receivable, By Years				
2024	\$ 8,448	\$ 22,388	\$ 6,125	\$ 36,961
2023	12	37	11	60
2022	189	443	223	855
Taxes Receivable, End of Year	\$ 8,649	\$ 22,868	\$ 6,359	\$ 37,876
	2024	2023	2022	2021
Property Valuations:				
Land	\$ 77,967,203	\$ 59,246,192	\$ 48,475,194	\$ 42,608,486
Improvements	239,178,007	221,150,044	179,421,749	151,115,785
Personal Property	6,746,266	5,319,633	3,314,277	2,664,860
Exemptions	(27,230,206)	(26,543,504)	(19,584,994)	(14,581,287)
Total Property Valuations	\$ 296,661,270	\$ 259,172,365	\$ 211,626,226	\$ 181,807,844
Tax Rates per \$100 Valuation:				
Maintenance tax rates *	\$ 0.200	\$ 0.20	\$ 0.230	\$ 0.245
Debt service tax rates	0.530	0.62	0.545	0.730
Road debt service tax rates	0.145	0.18	0.275	0.105
Total Tax Rates per \$100 Valuation	\$ 0.875	\$ 1.00	\$ 1.050	\$ 1.080
Adjusted Tax Levy:	\$ 2,595,786	\$ 2,591,724	\$ 2,222,075	\$ 1,963,525
Percentage of Taxes Collected to Taxes Levied **	98.58%	99.99%	99.96%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: \$1.25 on November 6, 2007

* Maximum Road Maintenance Tax Rate Approved by Voters: \$0.25 on November 4, 2008

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

See accompanying auditor's report.

*Harris County Municipal Utility District No. 481
 TSI-5. Long-Term Debt Service Requirements
 Series 2014--by Years
 June 30, 2025*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 235,000	\$ 154,819	\$ 389,819
2027	250,000	146,781	396,781
2028	260,000	138,012	398,012
2029	270,000	128,400	398,400
2030	285,000	117,994	402,994
2031	295,000	106,750	401,750
2032	310,000	94,650	404,650
2033	325,000	81,950	406,950
2034	335,000	68,750	403,750
2035	355,000	54,950	409,950
2036	370,000	40,219	410,219
2037	385,000	24,647	409,647
2038	405,000	8,353	413,353
	<u>\$ 4,080,000</u>	<u>\$ 1,166,275</u>	<u>\$ 5,246,275</u>

See accompanying auditor's report.

*Harris County Municipal Utility District No. 481
 TSI-5. Long-Term Debt Service Requirements
 Series 2015 Road--by Years
 June 30, 2025*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 110,000	\$ 73,863	\$ 183,863
2027	115,000	70,176	185,176
2028	120,000	66,150	186,150
2029	125,000	61,800	186,800
2030	130,000	57,145	187,145
2031	130,000	52,270	182,270
2032	135,000	47,100	182,100
2033	140,000	41,600	181,600
2034	145,000	35,900	180,900
2035	155,000	29,900	184,900
2036	160,000	23,600	183,600
2037	165,000	17,100	182,100
2038	170,000	10,400	180,400
2039	175,000	3,500	178,500
	<u>\$ 1,975,000</u>	<u>\$ 590,504</u>	<u>\$ 2,565,504</u>

See accompanying auditor's report.

*Harris County Municipal Utility District No. 481
 TSI-5. Long-Term Debt Service Requirements
 Series 2017--by Years
 June 30, 2025*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 150,000	\$ 66,219	\$ 216,219
2027	150,000	61,944	211,944
2028	150,000	57,444	207,444
2029	150,000	52,831	202,831
2030	150,000	48,031	198,031
2031	150,000	43,063	193,063
2032	150,000	38,000	188,000
2033	150,000	32,844	182,844
2034	150,000	27,594	177,594
2035	150,000	22,344	172,344
2036	150,000	17,000	167,000
2037	125,000	12,016	137,016
2038	125,000	7,406	132,406
2039	135,000	2,531	137,531
	<u>\$ 2,035,000</u>	<u>\$ 489,267</u>	<u>\$ 2,524,267</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
June 30, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 80,000	\$ 88,466	\$ 168,466
2027	85,000	85,100	170,100
2028	90,000	82,475	172,475
2029	95,000	79,701	174,701
2030	95,000	76,850	171,850
2031	100,000	73,925	173,925
2032	105,000	70,850	175,850
2033	115,000	67,550	182,550
2034	120,000	63,950	183,950
2035	125,000	60,044	185,044
2036	130,000	55,819	185,819
2037	135,000	51,347	186,347
2038	145,000	46,531	191,531
2039	150,000	41,368	191,368
2040	160,000	35,943	195,943
2041	165,000	30,255	195,255
2042	175,000	24,197	199,197
2043	185,000	17,672	202,672
2044	195,000	10,784	205,784
2045	200,000	3,625	203,625
	<u>\$ 2,650,000</u>	<u>\$ 1,066,452</u>	<u>\$ 3,716,452</u>

See accompanying auditor's report.

*Harris County Municipal Utility District No. 481
 TSI-5. Long-Term Debt Service Requirements
 Series 2021 Park--by Years
 June 30, 2025*

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 45,000	\$ 31,500	\$ 76,500
2027	45,000	29,700	74,700
2028	50,000	27,800	77,800
2029	50,000	26,300	76,300
2030	50,000	25,300	75,300
2031	55,000	24,250	79,250
2032	55,000	23,150	78,150
2033	60,000	22,000	82,000
2034	60,000	20,800	80,800
2035	60,000	19,600	79,600
2036	65,000	18,350	83,350
2037	65,000	17,050	82,050
2038	70,000	15,613	85,613
2039	70,000	14,038	84,038
2040	75,000	12,406	87,406
2041	75,000	10,719	85,719
2042	80,000	8,975	88,975
2043	80,000	7,125	87,125
2044	85,000	5,166	90,166
2045	85,000	3,147	88,147
2046	90,000	1,069	91,069
	<u>\$ 1,370,000</u>	<u>\$ 364,058</u>	<u>\$ 1,734,058</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
June 30, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 140,000	\$ 111,088	\$ 251,088
2027	145,000	106,813	251,813
2028	150,000	102,388	252,388
2029	155,000	98,588	253,588
2030	160,000	95,438	255,438
2031	165,000	92,188	257,188
2032	170,000	88,838	258,838
2033	180,000	85,338	265,338
2034	185,000	81,572	266,572
2035	190,000	77,469	267,469
2036	200,000	73,081	273,081
2037	205,000	68,397	273,397
2038	215,000	63,409	278,409
2039	225,000	58,044	283,044
2040	230,000	52,356	282,356
2041	240,000	46,331	286,331
2042	250,000	39,900	289,900
2043	260,000	33,206	293,206
2044	270,000	26,250	296,250
2045	275,000	19,097	294,097
2046	290,000	11,681	301,681
2047	300,000	3,933	303,933
	<u>\$ 4,600,000</u>	<u>\$ 1,435,405</u>	<u>\$ 6,035,405</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-5. Long-Term Debt Service Requirements
Series 2022 Road--by Years
June 30, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 105,000	\$ 120,200	\$ 225,200
2027	110,000	114,825	224,825
2028	110,000	109,325	219,325
2029	115,000	104,850	219,850
2030	120,000	101,325	221,325
2031	125,000	97,650	222,650
2032	130,000	93,825	223,825
2033	135,000	89,850	224,850
2034	135,000	85,800	220,800
2035	140,000	81,588	221,588
2036	145,000	77,134	222,134
2037	150,000	72,525	222,525
2038	155,000	67,759	222,759
2039	165,000	62,656	227,656
2040	170,000	57,213	227,213
2041	175,000	51,497	226,497
2042	180,000	45,506	225,506
2043	185,000	39,347	224,347
2044	195,000	32,813	227,813
2045	200,000	25,900	225,900
2046	205,000	18,813	223,813
2047	215,000	11,463	226,463
2048	220,000	3,849	223,849
	<u>\$ 3,585,000</u>	<u>\$ 1,565,713</u>	<u>\$ 5,150,713</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
June 30, 2025

<u>Due During Fiscal Years Ending</u>	<u>Principal Due September 1</u>	<u>Interest Due September 1, March 1</u>	<u>Total</u>
2026	\$ 125,000	\$ 264,819	\$ 389,819
2027	130,000	256,531	386,531
2028	140,000	247,756	387,756
2029	145,000	238,494	383,494
2030	150,000	228,906	378,906
2031	160,000	220,631	380,631
2032	165,000	213,725	378,725
2033	175,000	206,500	381,500
2034	185,000	198,850	383,850
2035	195,000	190,653	385,653
2036	205,000	181,903	386,903
2037	215,000	172,581	387,581
2038	225,000	162,681	387,681
2039	235,000	152,184	387,184
2040	245,000	141,084	386,084
2041	260,000	129,406	389,406
2042	275,000	117,034	392,034
2043	285,000	103,906	388,906
2044	300,000	90,013	390,013
2045	315,000	75,406	390,406
2046	330,000	60,088	390,088
2047	350,000	43,938	393,938
2048	365,000	26,956	391,956
2049	385,000	9,143	394,143
	<u>\$ 5,560,000</u>	<u>\$ 3,733,188</u>	<u>\$ 9,293,188</u>

See accompanying auditor's report.

*Harris County Municipal Utility District No. 481
 TSI-5. Long-Term Debt Service Requirements
 All Bonded Debt Series--by Years
 June 30, 2025*

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2026	\$ 990,000	\$ 910,974	\$ 1,900,974
2027	1,030,000	871,870	1,901,870
2028	1,070,000	831,350	1,901,350
2029	1,105,000	790,964	1,895,964
2030	1,140,000	750,989	1,890,989
2031	1,180,000	710,727	1,890,727
2032	1,220,000	670,138	1,890,138
2033	1,280,000	627,632	1,907,632
2034	1,315,000	583,216	1,898,216
2035	1,370,000	536,548	1,906,548
2036	1,425,000	487,106	1,912,106
2037	1,445,000	435,663	1,880,663
2038	1,510,000	382,152	1,892,152
2039	1,155,000	334,321	1,489,321
2040	880,000	299,002	1,179,002
2041	915,000	268,208	1,183,208
2042	960,000	235,612	1,195,612
2043	995,000	201,256	1,196,256
2044	1,045,000	165,026	1,210,026
2045	1,075,000	127,175	1,202,175
2046	915,000	91,651	1,006,651
2047	865,000	59,334	924,334
2048	585,000	30,805	615,805
2049	385,000	9,143	394,143
	<u>\$ 25,855,000</u>	<u>\$ 10,410,862</u>	<u>\$ 36,265,862</u>

See accompanying auditor's report.

Harris County Municipal Utility District No. 481
TSI-6. Change in Long-Term Bonded Debt
June 30, 2025

	Bond Issue			
	Series 2014	Series 2015 Road	Series 2017	Series 2019
Interest rate	2.00% - 4.125%	1.50% - 4.00%	1.50% - 3.75%	3.00% - 5.50%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/16 - 9/1/37	9/1/16 - 9/1/38	9/1/18 - 9/1/38	9/1/20 - 9/1/44
Beginning bonds outstanding	\$ 4,305,000	\$ 2,080,000	\$ 2,185,000	\$ 2,725,000
Bonds retired	(225,000)	(105,000)	(150,000)	(75,000)
Ending bonds outstanding	<u>\$ 4,080,000</u>	<u>\$ 1,975,000</u>	<u>\$ 2,035,000</u>	<u>\$ 2,650,000</u>
Interest paid during fiscal year	<u>\$ 162,012</u>	<u>\$ 77,250</u>	<u>\$ 70,194</u>	<u>\$ 92,638</u>
Paying agent's name and city All Series	<u>The Bank of New York Mellon Trust Company, N.A., Dallas, Texas</u>			

Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds	Fire Protection Bonds
	Amount Authorized by Voters	\$ 82,500,000	\$ 8,000,000	\$ 21,640,000
Amount Issued	(22,495,000)	(1,500,000)	(6,580,000)	
Remaining To Be Issued	<u>\$ 60,005,000</u>	<u>\$ 6,500,000</u>	<u>\$ 15,060,000</u>	<u>\$ 2,000,000</u>

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balance as of June 30, 2025: \$ 3,505,206

Average annual debt service payment (principal and interest) for remaining term of all debt: \$ 1,511,078

See accompanying auditor's report.

Bond Issue

Series 2021 Park	Series 2021	Series 2022 Road	Series 2023	Totals
2.00% - 4.00% 9/1; 3/1 9/1/22 - 9/1/45	2.00% - 3.00% 9/1; 3/1 9/1/22 - 9/1/46	3.00% - 5.00% 9/1; 3/1 9/1/23 - 9/1/47	4.25% - 6.50% 9/1; 3/1 9/1/24 - 9/1/48	
\$ 1,415,000	\$ 4,735,000	\$ 3,685,000	\$ 5,650,000	\$ 26,780,000
(45,000)	(135,000)	(100,000)	(90,000)	(925,000)
<u>\$ 1,370,000</u>	<u>\$ 4,600,000</u>	<u>\$ 3,585,000</u>	<u>\$ 5,560,000</u>	<u>\$ 25,855,000</u>
<u>\$ 33,300</u>	<u>\$ 114,538</u>	<u>\$ 125,325</u>	<u>\$ 340,489</u>	<u>\$ 1,015,746</u>

Harris County Municipal Utility District No. 481
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Property taxes	\$ 588,433	\$ 513,353	\$ 491,736	\$ 445,765	\$ 598,815
Investment earnings	59,983	60,613	33,239	2,567	2,765
Total Revenues	648,416	573,966	524,975	448,332	601,580
Expenditures					
Operating and administrative					
Professional fees	360,761	122,837	110,483	107,836	183,071
Contracted services	25,150	22,200	19,800	14,213	12,075
Repairs and maintenance	478,988	172,645	201,807	298,374	128,339
Utilities	14,380	18,654	11,988	10,350	5,827
Administrative	43,603	32,997	40,208	37,902	32,009
Other	9,815	7,881	6,486	7,529	3,478
Capital outlay	86,263	15,558	46,457	75,986	32,400
Total Expenditures	1,018,960	392,772	437,229	552,190	397,199
Revenues Over/(Under) Expenditures	\$ (370,544)	\$ 181,194	\$ 87,746	\$ (103,858)	\$ 204,381

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2025	2024	2023	2022	2021
91%	89%	94%	99%	100%
9%	11%	6%	1%	*
100%	100%	100%	100%	100%
56%	21%	21%	24%	30%
4%	4%	4%	3%	2%
74%	30%	38%	67%	21%
2%	3%	2%	2%	1%
7%	6%	8%	8%	5%
2%	1%	1%	2%	1%
13%	3%	9%	17%	5%
158%	68%	83%	123%	65%
(58%)	32%	17%	(23%)	35%

Harris County Municipal Utility District No. 481

TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund

For the Last Five Fiscal Years

	Amounts				
	2025	2024	2023	2022	2021
Revenues					
Property taxes	\$ 1,987,793	\$ 2,054,380	\$ 1,749,804	\$ 1,514,212	\$ 1,068,995
Penalties and interest	12,297	15,530	12,935	2,074	4,223
Investment earnings	123,432	123,796	64,008	4,609	3,494
Total Revenues	<u>2,123,522</u>	<u>2,193,706</u>	<u>1,826,747</u>	<u>1,520,895</u>	<u>1,076,712</u>
Expenditures					
Tax collection services	35,291	39,028	27,605	26,187	23,853
Other		1,000	1,000		1,000
Debt service					
Principal	925,000	810,000	665,000	510,000	495,000
Interest and fees	1,013,801	707,734	716,635	516,898	470,021
Total Expenditures	<u>1,974,092</u>	<u>1,557,762</u>	<u>1,410,240</u>	<u>1,053,085</u>	<u>989,874</u>
Revenues Over Expenditures	<u>\$ 149,430</u>	<u>\$ 635,944</u>	<u>\$ 416,507</u>	<u>\$ 467,810</u>	<u>\$ 86,838</u>

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues

2025	2024	2023	2022	2021
93%	93%	95%	100%	100%
1%	1%	1%	*	*
6%	6%	4%	*	*
100%	100%	100%	100%	100%
2%	2%	2%	2%	2%
	*	*		*
44%	37%	36%	34%	46%
48%	32%	39%	34%	44%
94%	71%	77%	70%	92%
6%	29%	23%	30%	8%

Harris County Municipal Utility District No. 481
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended June 30, 2025

Complete District Mailing Address: 202 Century Square Boulevard, Sugar Land, TX 77478
District Business Telephone Number: (281) 500-6050
Submission Date of the most recent District Registration Form
(TWC Sections 36.054 and 49.054): July 12, 2022
Limit on Fees of Office that a Director may receive during a fiscal year: \$ 7,200
(Set by Board Resolution -- TWC Section 49.060)

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Tom Canning	05/22 - 05/26	\$ 6,851	\$ 1,677	President/Treasurer
Jeff Fox	05/22 - 05/26	4,420	30	Vice President
Carol Kling	05/24 - 05/28	2,431	76	Assistant Vice President
Deborah Clements	05/22 - 05/26	7,200	3,605	Secretary
Larry Howard	05/24 - 05/28	1,547	24	Assistant Secretary
Consultants				
The Muller Law Group, PLLC <i>General legal fees</i>	2014	<u>Amounts Paid</u> \$ 146,034		Attorney
Myrtle Cruz, Inc.	2007	22,713		Bookkeeper
Assessments of the Southwest, Inc.	2007	8,770		Tax Collector
Harris Central Appraisal District	Legislation	19,330		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2008	4,146		Delinquent Tax Attorney
LJA Engineering & Surveying, Inc. <i>Amounts paid directly by District</i>	2007	92,024		Engineer
		61,866		
<i>Amounts paid from developer reimbursements</i>				
McGrath & Co., PLLC	2011	19,000		Auditor
Post Oak Municipal Advisors, LLC	2018			Financial Advisor
TBG Partners <i>Amounts paid directly by District</i>	2007	11,006		Landscape Architect

* Fees of Office are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditor's report.