HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400

(Harris County, Texas)

PRELIMINARY OFFICIAL STATEMENT

DATED: SEPTEMBER 28, 2026

$5,075,000
UNLIMITED TAX BONDS
SERIES 2026

BIDS DUE: 10:00 A.M., HOUSTON TIME
BONDS AWARDED: 12:00 NOON, HOUSTON TIME
MONDAY, OCTOBER 26, 2026

RATHMANN & ASSOCIATES

Financial Advisor to the District

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

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 28, 2026

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION SUBJECT TO THE MATTERS DESCRIBED UNDER "LEGAL MATTERS" HEREIN, INCLUDING THE ALTERNATIVE MINIMUM TAX ON CERTAIN CORPORATIONS. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The District will designate the Bonds as "qualified tax-exempt obligations" for financial institutions. See "LEGAL MATTERS – Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Ratings: Moody's Investors Service, Inc. (Underlying) …."A3"
See "SALE AND DISTRIBUTION OF THE BONDS – Municipal Bond Insurance and Rating" herein

$5,075,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
(A Political Subdivision of the State of Texas located within Harris County, Texas)
UNLIMITED TAX BONDS, SERIES 2026

Dated: December 1, 2026
Interest Accrual Date: Date of Delivery

Due: September 1, as shown on the inside cover

Principal of the above bonds (the "Bonds") is payable to the registered owners thereof (the "Registered Owners") by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Houston, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the date of initial delivery (expected December 2, 2026) (the "Date of Delivery"), and is payable on September 1, 2027, and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only. The Bonds are subject to redemption prior to maturity at the option of Harris County Municipal Utility District No. 400 (the "District"), as a whole or in part, on September 1, 2031, or any date thereafter, at a price equal to the principal amount of the Bonds or the portions thereof so called for redemption plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York, ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. 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/Registrar (as defined herein) directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Direct or Indirect Participant (as defined under "BOOK-ENTRY-ONLY SYSTEM") acquires an interest in the Bonds, but (i) all rights or ownership must be exercised through DTC and the Book-Entry Only System, and, (ii) except as described herein, notices that are to be given to Registered Owners under the Bond Order (defined herein) will be given only to DTC. See "BOOK-ENTRY-ONLY SYSTEM."

See Maturity Schedule on the inside cover

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District, as further described herein. See "THE BONDS – Source of Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. Investment in the Bonds is subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about December 2, 2026.

MATURITY SCHEDULE

CUSIP Prefix (a): 41420Q

Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
2052[c]	$315,000			
2053[c]	320,000			
2054[c]	1,400,000			
2055[c]	1,480,000			
2056[c]	1,560,000			

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

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

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

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 2400, Houston, Texas 77056 upon payment of the costs for duplication thereof.

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the lowest bid, which was tendered by _____ (the "Underwriter"), to purchase the Bonds bearing the interest rates shown under "MATURITY SCHEDULE" on the inside cover page hereof at a price of _____% of the principal amount thereof, which resulted in a net effective interest rate of _____% as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

Municipal Bond Insurance and Ratings

Applications have been made to Assured Guaranty Municipal Corp ("AGM") and Build America Mutual Assurance Company ("BAM") to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than Moody's Investors Service ("Moody's"), will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings except the Moody's rating fees as described below. Moody's has assigned an underlying rating of "A3" to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by Moody's, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody's and the Moody's rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated herein under the caption "NO MATERIAL ADVERSE CHANGE," if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

BOND INSURANCE RISK FACTORS

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

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

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

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

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

OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

THE BONDS

The Issuer	Harris County Municipal Utility District No. 400 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."
The Issue.....	Harris County Municipal Utility District No. 400 Unlimited Tax Bonds, Series 2026, in the aggregate principal amount of $5,075,000 are dated December 1, 2026. Interest accrues from the Date of Delivery, and is payable on September 1, 2027, and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds mature on September 1 in each of the years and in the amounts shown on the inside cover page of this Official Statement. The Bonds are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2031, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. The Bonds will be issued pursuant to a Bond Order (the "Bond Order") adopted by the Board of Directors of the District. The Bonds are being issued under the authority of Chapters 49 and 54 of the Texas Water Code, as amended.
Book-Entry-Only System.....	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "BOOK-ENTRY-ONLY SYSTEM").
Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source and Security for Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates." The Bonds are obligations solely of the District, and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District.

Other Characteristics	The Bonds are issued in fully registered form, without coupons, in the denomination of $5,000 each, or any integral multiple thereof.
Use of Bond Proceeds	The proceeds of the sale of the Bonds will be used by the District to pay the District's cost of (i) construction and acquisition of the Wastewater Treatment Plant No. 2 Headworks Replacement Project and West Storm Sewer Rehabilitation; (ii) engineering and material testing fees associated with the design and construction of such facilities; and (iii) to pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"), a fee to the Attorney General of Texas and certain financing costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Payment Record.....	The District has previously issued Unlimited Tax Bonds, Series 2006 (the "Series 2006 Bonds"), Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"), Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds"), Unlimited Tax Bonds, Series 2020A (the "Series 2020A Bonds"), Unlimited Tax Park Bonds, Series 2020B (the "Series 2020B Park Bonds"), Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds") and Unlimited Tax Bonds, Series 2024 (the "Series 2024 Bonds"). The District also has issued the Unlimited Tax Refunding Bonds, Series 2013A (the "Series 2013A Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"), Unlimited Tax Park Refunding Bonds, Series 2019A (the "Series 2019A Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2019B (the "Series 2019B Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2020C (the "Series 2020C Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such previously issued bonds as the "Prior Bonds." The District has timely paid all principal of and interest on the Prior Bonds when due. Before the issuance of the Bonds, the principal amount of the Prior Bonds that had not been retired by the District is $96,780,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's bonded indebtedness, consisting of the Outstanding Bonds and the Bonds, will be $101,855,000.

Qualified Tax-Exempt Obligations	The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS - Qualified Tax-Exempt Obligations."
Authorized But Unissued Bonds.....	$32,720,000 bonds for waterworks, wastewater and drainage facilities and $152,600,000 for refunding purposes will remain authorized but unissued after issuance of the Bonds. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
Municipal Bond Insurance	Applications have been made to Assured Guaranty Municipal Corporation ("AGM") and Build America Mutual Assurance Company ("BAM") to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than Moody's Investors Service ("Moody's"), will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings except the Moody's rating fees as described below. Moody's has assigned an underlying rating of "A3" to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on the Bonds, separate rating(s), including a rating by Moody's, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody's and the Moody's rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption "NO MATERIAL ADVERSE CHANGE," if the Underwriter elects to purchase municipal bond guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds. See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings."
Bond Counsel	Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. See "THE DISTRICT - Management of the District" and "LEGAL MATTERS."

Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Engineer.....	Quiddity Engineering, LLC, Houston, Texas.
Financial Advisor	Rathmann & Associates, L.P., Houston, Texas.

THE DISTRICT

Description	The District is a political subdivision of the State of Texas, created by Order of the TCEQ on July 19, 2004. The District contains approximately 1,318.79 acres of land. The District is located entirely within Harris County, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The District is located entirely within the Humble Independent School District. The District is located approximately 13 miles northeast of the central business district of the City. The District is adjacent to the north side of Beltway 8 (North Sam Houston Parkway) and lies approximately 3 miles east of U.S. Highway 59. See "THE DISTRICT - General" and - "Description," and "APPENDIX A - LOCATION MAP."
Authority	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."
Development and Home Construction.....	As of September 1, 2026, the District contained 3,624 fully -developed single-family residential lots, on all of which homes have been constructed and conveyed to home purchasers. Commercial above-ground improvements that have been constructed within the District totaling approximately 621,786 square feet of building area include (i) Wal-Mart (approximately 209,300 square feet of building area), (ii) two office buildings (a total of approximately 54,780 square feet of building area), (iii) five shopping centers (a total of approximately 75,415 square feet of building area), (iv) ShowBiz Cinemas (approximately 64,712 square feet of building area), (v) a Staybridge Suites hotel (approximately 71,276 square feet of building area), and (vi) stand-alone businesses (a total of approximately 146,303 square feet of building area). In addition, the 252-unit The Abbey at Park Lakes Apartments have been constructed within the District. According to the District's Engineer, the development of the entirety of the developable land located within the District has been developed with the provision of water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities (collectively, the "System") and street paving. Such land has been developed as Canyon Village at Park Lakes, Sections 4 through 9, Canyon Gate at Park Lakes, Sections 3 through 9, 11 through 14 and 16, Balmoral, Sections 1 through 3, 9 through 14, 16 , 17, 23 and 25 South, and Park Lakes East, Sections 1 through 8, consisting of a total of 3,624 single-family residential lots

located within the District (an aggregate of approximately 937.19 acres) and two recreational reserves totaling approximately 6.58 acres. A total of approximately 93.5 acres of land located within the District have been developed for commercial and/or multi-family residential usage with the provision of trunk components of the System and street paving. Above-ground commercial and multi-family improvements have been constructed on a total of all but approximately 2.59 of such acres.

Approximately 64.75 acres located within the District are owned by the Humble Independent School District. An elementary school has been constructed on approximately 12.45 acres of land located within the District and an elementary school and a middle school have been constructed on approximately 52.3 acres of land located within the District. Such acreage and improvements are exempt from taxation by the District. The balance of the land located within the District is contained within various easements or rights-of-way, or is otherwise not available for future development. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX DATA - Principal 2026 Taxpayers."

The District financed the cost of acquiring or constructing certain components of the System, including Water Plant No. 1, Phase 1, interim Wastewater Treatment Plant, Phase 1, site work and lift station, delivery and assembly; water distribution, wastewater collection and storm drainage facilities to serve Park Lakes Commercial Reserves, Phases I and II, Canyon Village at Park Lakes, Sections 4 through 9, and Canyon Gate at Park Lakes, Sections 3 through 8 and 11 through 14 and 16, and Balmoral Park Lakes East, Sections 4 through 6; emergency waterline interconnect; interim Wastewater Treatment Plant, Phase II, and permanent Wastewater Treatment Plant No. 1 - Phase I; land costs for water plant and wastewater plant sites; the District's share of clearing and grubbing for Park Lakes Phase I - West, Phase IA - West, Phase I - East, and Phase IA - East; trunk water, wastewater and drainage facilities for Canyon Village at Park Lakes, Sections 1 and 10, and Canyon Gate at Park Lakes, Sections 1 and 2, land and construction costs for Park Lakes detention and storm water quality features - Phase I-D and II-D, Water Plant No. 1 - chloramine conversion, surface water interconnect facilities, land and construction costs for the amenity portion of Park Lakes, Phase 1 detention and storm water quality features; land and construction costs for the Canyon Village at Park Lakes Recreational Center; land and construction costs for Canyon Village at Park Lakes Landscape Reserves; and clearing and grubbing to serve Park Lakes, Phase 1 West, Balmoral Lift Station - Phase 1, Water Re-pressurization Station - Phase 1, and Balmoral Drainage Facilities - Phase 1, underground water distribution, wastewater collection, and storm drainage facilities serving Balmoral, Sections 1 through 3, 9 through 14, 17 and 23, and Park Lakes East, Sections 1 through 3 and 7, Balmoral Bend, Balmoral Hills and Ralston Road

and the Park Lakes Detention Basin expansion and Detention Basin Phase 2 ; Park Lakes North Detention, Phase II; Park Lakes East Phase I Clearing and Grubbing, Detention Basin Clearing and Grubbing, and Detention Basin Facilities, the amenity portion of Park Lakes detention and storm water quality pond, phases 1 and 2; clearing and grubbing serving Canyon Gate at Park Lakes, Sections 11 and 13, and Park Lakes East, phases 1 and 1a; landscape reserves in sections within Canyon Village at Park Lakes and Canyon Gate at Park Lakes; and land costs for the amenity portion of Park Lakes detention and storm water pond, phases 1 and 2, and for landscape reserves in Canyon Gate at Park Lakes; Balmoral Park Lakes East drainage facilities; Wastewater Treatment Plant No. 1 improvements; Wastewater Treatment Plant No. 2 expansion and wastewater system rehabilitation; underground water distribution, wastewater collection, and storm drainage facilities serving Balmoral Park Lakes East, Section 8; Balmoral Park Lakes East detention basin phase 3 facilities; Wastewater Treatment Plant No. 1 improvements; West Wastewater system rehabilitation and other items with portions of the proceeds of the sale of the Prior Bonds. The District is financing construction and acquisition of the Wastewater Treatment Plant No. 2 Headworks Replacement Project and West Storm Sewer Rehabilitation with portions of the proceeds of the sale of the Bonds. The District anticipates financing its cost of acquiring or constructing additional components of the System, and other facilities, including recreational facilities, with the proceeds of the sale of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS - Future Debt.”

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2026 Assessed Valuation	$	1,235,764,351	(a)
(As of January 1, 2026)			
See "TAX DATA" and "TAXING PROCEDURES"			
Direct Debt:			
Outstanding Bonds	$	96,780,000	
The Bonds		5,075,000	
Total	$	101,855,000	(b)
Estimated Overlapping Debt	$	90,217,667	
Total Direct and Estimated Overlapping Debt	$	192,072,667	
Direct Debt Ratio			
: as a percentage of 2026 Assessed Valuation		8.24 %	
Direct and Overlapping Debt Ratio			
: as a percentage of 2026 Assessed Valuation		15.54 %	
Bond Fund Balance as of August 24, 2026	$	3,002,781	(c)
General Fund Balance as of August 24, 2026	$	20,389,470	
2025 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$	0.38	
Maintenance Tax		0.17	
Total	$	0.55	(d)
Anticipated Approximate 2026 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$	0.42	
Maintenance Tax		0.16	
Total	$	0.58	(d)
Average Percentage of Total Tax Collections (2015-2024) as of August 31, 2026		99.90 %	
Percentage of Tax Collections of 2025 Levy as of August 31, 2026 (In process of collection)		99.35 %	
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2051)	$	6,017,288	
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2051)	$	6,130,925	
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2051) at 95% Tax Collections			
Based Upon 2026 Assessed Valuation	$	0.52	

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2051) at 95% Tax Collections		
Based Upon 2026 Assessed Valuation	$	0.53
Number of Single Family Residences as of September 1, 2026		3,624

Completed Commercial Improvements Totaling Approximately 621,786 Square Feet of Building Area
- Wal-Mart - approximately 209,300 square feet
- ShowBiz Cinemas - approximately 64,712 square feet
- Staybridge Suites - approximately 71,276 square feet
- Two Office Buildings - totaling approximately 54,780 square feet
- Five Shopping Centers - totaling approximately 75,415 square feet
- Stand-alone Businesses - totaling approximately 146,303 square feet

Completed Multi-family Improvements
- 252-unit The Abbey at Park Lakes Apartments

(a) As of January 1, 2026, and comprises the District's 2026 tax roll. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is $24,899,221, which total is included in the amount of $1,235,764,351. The Appraisal District has proposed the valuation of such protested properties to be $27,319,321. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $24,244,196, which total is also included in the amount of $1,235,764,351. The District is unable to predict the amount of the District's final 2026 Assessed Valuation. Such final 2026 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2026. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) See "DISTRICT DEBT." In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "USE AND DISTRIBUTION OF BOND PROCEEDS," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

(c) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Bond Fund. Such fund balance reflects the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due for 2026. The District's initial debt service payment on the Bonds, consisting of an interest payment thereon, is due on September 1, 2027.

(d) The District levied a debt service tax in the amount of $0.38 per $100 of Assessed Valuation for 2025, plus a maintenance tax of $0.17 per $100 of Assessed Valuation. The District anticipates levying a debt service tax of approximately $0.42 per $100 of Assessed Valuation plus a maintenance tax of approximately $0.16 per $100 of Assessed Valuation for 2026. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all units of government which levy taxes against the property located within the District, plus the 2025 tax of the District is $2.575273 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

$5,075,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
UNLIMITED TAX BONDS
SERIES 2026

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Harris County Municipal Utility District No. 400 (the "District") of its Unlimited Tax Bonds, Series 2026 (the "Bonds").

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

Description

The Bonds will be dated December 1, 2026, with interest payable on September 1, 2027, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the date of delivery of the Bonds to the Initial Purchasers thereof, and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 of the years and in the amounts shown under "MATURITY SCHEDULE" on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At elections held within the District on November 2, 2004, and September 10, 2005, voters of the District authorized a total of $150,000,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities. The Bonds constitute the thirteenth issuance of bonds from such November 2, 2004, authorization. After the issuance of the Bonds, $32,720,000 in principal amount of unlimited tax bonds for water, sanitary sewer and drainage facilities will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"). In addition, at an election held within the District on May 7, 2005, voters in the District authorized a total of $4,835,000 in bonds for the purpose of acquiring or constructing recreational facilities. No unlimited tax bonds for recreational facilities currently remain authorized but unissued. See "Financing Recreational Facilities" below.

Source and Security for Payment

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District (see "TAXING PROCEDURES"). Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the establishment of the District's Construction Fund and the District's Bond Fund (the "Bond Fund") created and established pursuant to the order(s) of the Board of Directors of the District authorizing the issuance of the Outstanding Bonds. All remaining proceeds of the Bonds will be deposited into the Construction Fund. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds, the Outstanding Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Outstanding Bonds, and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

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, 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 any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "BOOK-ENTRY-ONLY SYSTEM." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds or portions thereof to be redeemed, plus accrued interest to the redemption date. 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 which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., (the "Paying Agent," "Registrar" or "Paying Agent/Registrar") having its principal corporate trust office and its principal payment office in Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Replacement of Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall be required to accept the previous Paying Agent / Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least $25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $150,000,000 unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. Following the issuance of the Bonds, the District will have $32,720,000 of unlimited tax bonds authorized but unissued for said improvements and facilities. The District's voters have also authorized the issuance of a total of $154,835,000 unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. The District currently has $152,600,000 of unlimited tax refunding bonds authorized

but unissued. The District's voters have authorized issuance of a total of $4,835,000 unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. The District currently has no unlimited tax bonds authorized but unissued for recreational facilities but could authorize additional amounts. See "Financing Recreational Facilities" below.

The Bond Order 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 also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution and Chapter 54 Texas Water Code, as amended, conservation and reclamation districts created pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District. The District has not yet been authorized by its voters to issue bonds for financing and constructing road facilities. See "Issuance of Additional Debt" above and "INVESTMENT CONSIDERATIONS - Future Debt." Issuance of additional bonds for road facilities may dilute the security for the Bonds.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve a maintenance tax to support recreational facilities and/or the issuance of bonds payable from taxes.

The District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District. In addition, the District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the issuance of the bonds, but in no event an amount greater than the estimated cost in the plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election.

At an election held within the District on May 7, 2005, voters of the District authorized a total of $4,835,000 unlimited tax bonds for financing and constructing recreational facilities and authorized a maintenance tax not to exceed $0.10 per each $100 of assessed valuation for maintenance of recreational facilities. The District issued its $1,590,000 Unlimited Tax Bonds, Series 2010, and $3,245,000 Unlimited Tax Park Bonds, Series 2020B for the purpose of acquiring or constructing recreational facilities. The District currently has no unlimited tax bonds authorized but unissued for recreational facilities but could authorize additional amounts.

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

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed for full purposes by the City of Houston, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Houston hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and, therefore, the District makes no representation that the City of Houston will ever attempt to annex the District for full purposes and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur. Under the terms of the SPA (as hereinafter defined) between the District and the City of Houston, however, the City has agreed not to annex the District for full purposes (a traditional municipal annexation) for at least thirty (30) years from the effective date of the SPA. See "THE DISTRICT - Strategic Partnership Agreement." The District could consent to a full purpose annexation prior to that time by agreeing to amend the SPA to such effect, however, the District currently has no intention to do so.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

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 Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS - Registered Owners' Remedies and Bankruptcy."

Defeasance

The Bond Order provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current 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) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by 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. The foregoing obligations may be in book entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds shall no longer be regarded to be 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 a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities

transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The proceeds of the sale of the Bonds will be used by the District to pay the District's cost of (i) construction and acquisition of the Wastewater Treatment Plant No. 2 Headworks Replacement Project and West Storm Sewer Rehabilitation; (ii) engineering and material testing fees associated with the design and construction of such facilities; and (iii) to pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the TCEQ, a fee to the Attorney General of Texas and certain financing costs related to the issuance of the Bonds.

Construction Costs		**District Share**
A. Developer Contribution Items (a)		
1. Engineering & Materials Testing	$	20,029
Total Developer Contribution Items	$	20,029
B. District Items		
1. Wastewater Treatment Plant No. 2 Headworks Replacement Project	$	1,693,566
2. West Storm Sewer Rehabilitation		1,689,000
3. Contingencies		338,065
4. Engineering & Materials Testing		807,648
Total District Items	$	4,528,279
TOTAL CONSTRUCTION COSTS	$	4,548,309
Non-Construction Costs		
1. Legal Fees	$	136,875
2. Financial Advisor Fees		101,500
3. Developer Interest (b)		17,055
4. Bond Discount		152,250
5. Bond Issuance Expenses		45,649
6. Bond Application Report Costs		55,600
7. Attorney General Fee		5,075
8. TCEQ Bond Issuance Fee		12,688
9. Contingency (c)		0
TOTAL NON-CONSTRUCTION COSTS	$	526,692
TOTAL BOND ISSUE REQUIREMENT	**$**	**5,075,000**

(a) In general, developers are required to pay up to thirty percent (30%) of the cost of emplacing certain of the water, wastewater and drainage facilities in a municipal utility district pursuant to the rules of the TCEQ. However, pursuant to certain exceptions under TCEQ rules, the District is permitted to finance one hundred percent (100%) of the cost of the facilities being financed with the proceeds of the sale of the Bonds.
(b) Represents interest owed on amounts that have been paid on the District's behalf as set forth above. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the parties making such advances have borrowed funds.
(c) Represents funds which may be used by the District only in accordance with the rules of the TCEQ as further discussed below.

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

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated July 19, 2004, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston (except as described below under - "Strategic Partnership Agreement"), is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, separately or jointly with one or more conservation and reclamation districts, municipalities or other political subdivisions after approval by the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also, subject to certain limitations, develop and finance roads. See "THE BONDS - Issuance of Additional Debt," - "Financing Recreational Facilities," and - "Financing Road Facilities."

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Harris County. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing road and fire-fighting facilities, as well as voter approval of the issuance of bonds for said purposes and/or for the purposes of financing recreational facilities. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."

Description

The District contains approximately 1,318.79 acres of land. The District is located entirely within Harris County, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas. The District is located entirely within the Humble Independent School District. The District is located approximately 13 miles northeast of the central

business district of the City of Houston. The District is adjacent to the north side of Beltway 8 (North Sam Houston Parkway) and lies approximately 3 miles east of U.S. Highway 59. See "APPENDIX A - LOCATION MAP."

Management of the District

The District is governed by the Board, consisting of five (5) directors. The Board has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. All of the five (5) directors reside within the District. All of the directors own land which is subject to taxation by the District.

Name	Position	Term Expires May
Cheryl Smith	President	2030
Donna Muldrew	Vice President	2028
Gerald Jones, Jr.	Secretary	2028
Shepard Cross	Asst. Secretary	2028
Gregory A. Waits, Jr.	Asst. Secretary	2030

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

Tax Assessor/Collector - The District has engaged Wheeler & Associates, Inc. ("Wheeler"), Houston, Texas, as the District's Tax Assessor/Collector. The Tax Assessor/Collector applies the District's tax rate to appraisal rolls prepared by the Harris Central Appraisal District and bills and collects such tax.

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

Consulting Engineers - The District has employed the firm of Quiddity Engineering, LLC (the "Engineer"), Houston, Texas, as consulting engineer in connection with the overall planning activities and the design of the System.

Bookkeeper - The District has engaged Artesian Financial Services as the District's Bookkeeper.

Auditor - As required by the Texas Water Code, the District retains an independent certified public accountant to audit the District's financial statements annually, which annual audited financial statements are filed with the TCEQ. The financial statements of the District as of February 28, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX B."

Bond Counsel and General Counsel – Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

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

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor

registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company search.html.

Strategic Partnership Agreement

The District and the City of Houston (the "City") have entered into a Strategic Partnership Agreement dated effective December 20, 2007 (the "SPA") pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a "limited purpose annexation" for certain portions of the District which are developed for retail and commercial purposes in order to apply certain City health, safety, planning and zoning ordinances within the District. Areas of residential development within the District are not subject to the limited purpose annexation. The SPA also provides that the City will not annex the District for "full purposes" for at least thirty (30) years from the effective date of the SPA. Also, as a condition to full purpose annexation, any unpaid reimbursement obligations due to a developer by the District for water, wastewater, drainage and recreational facilities must be assumed by the City to the maximum extent permitted by TCEQ rules. The procedures for full purpose annexation under the SPA may differ from those otherwise applicable under Chapter 43, Texas Local Government Code, including any requirements for an election. See "THE BONDS - Annexation."

As of the effective date of the SPA, the City was authorized to impose the one percent (1%) City sales and use tax within the portion of the District included in the limited purpose annexation. Such portion includes primarily certain areas of commercial and retail development within the District. The City pays to the District an amount equal to one half (½) of all sales and use tax revenue generated within such area of the District and received by the City from the Comptroller of Public Accounts of the State of Texas (the "Sales Tax Revenue"). Pursuant to State law, the District is authorized to use Sales Tax Revenue generated under the SPA for any lawful purpose. None of the anticipated Sales Tax Revenue is pledged toward the payment of principal of and interest on the Bonds or the Outstanding Bonds.

DEVELOPMENT AND HOME CONSTRUCTION

As of September 1, 2026, the District contained 3,624 fully -developed single-family residential lots, on all of which homes have been constructed and conveyed to home purchasers. Commercial above-ground improvements that have been constructed within the District totaling approximately 621,786 square feet of building area include (i) Wal-Mart (approximately 209,300 square feet of building area), (ii) two office buildings (a total of approximately 54,780 square feet of building area), (iii) five shopping centers (a total of approximately 75,415 square feet of building area), (iv) ShowBiz Cinemas (approximately 64,712 square feet of building area), (v) a Staybridge Suites hotel (approximately 71,276 square feet of building area), and (vi) stand-alone businesses (a total of approximately 146,303 square feet of building area). In addition, the 252-unit The Abbey at Park Lakes Apartments have been constructed within the District.

According to the District's Engineer, the development of the entirety of the developable land located within the District has been developed with the provision of water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities (collectively, the "System") and street paving. Such land has been developed as Canyon Village at Park Lakes, Sections 4 through 9, Canyon Gate at Park Lakes, Sections 3 through 9, 11 through 14 and 16, Balmoral, Sections 1 through 3, 9 through 14, 16 , 17, 23 and 25 South, and Park Lakes East, Sections 1 through 8, consisting of a total of 3,624 single-family residential lots located within the District (an aggregate of approximately 937.19 acres) and two recreational reserves totaling approximately 6.58 acres. A total of approximately 93.5 acres of land located within the District have been developed for commercial and/or multi-family residential usage with the provision of trunk components of the System and street paving. Above-ground commercial and multi-family improvements have been constructed on a total of all but approximately 2.59 of such acres.

Approximately 64.75 acres located within the District are owned by the Humble Independent School District. An elementary school has been constructed on approximately 12.45 acres of land located within the District and an elementary school and a middle school have been constructed on approximately 52.3 acres of land located within the District. Such acreage and improvements are exempt from taxation by the District. The balance of the land located

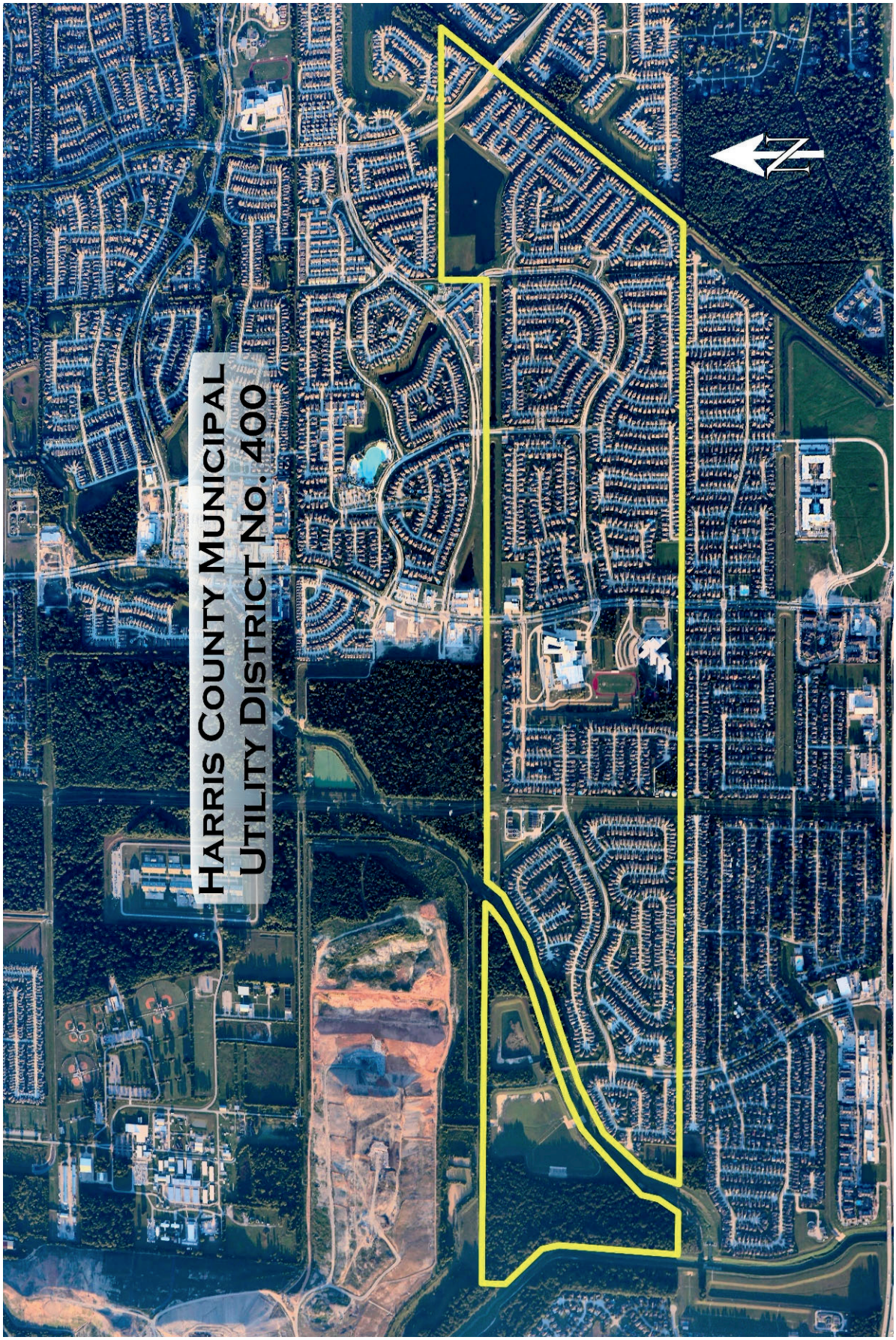
within the District is contained within various easements or rights-of-way, or is otherwise not available for future development. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX DATA - Principal 2026 Taxpayers."

The District financed the cost of acquiring or constructing certain components of the System, including Water Plant No. 1, Phase 1, interim Wastewater Treatment Plant, Phase 1, site work and lift station, delivery and assembly; water distribution, wastewater collection and storm drainage facilities to serve Park Lakes Commercial Reserves, Phases I and II, Canyon Village at Park Lakes, Sections 4 through 9, and Canyon Gate at Park Lakes, Sections 3 through 8 and 11 through 14 and 16, and Balmoral Park Lakes East, Sections 4 through 6; emergency waterline interconnect; interim Wastewater Treatment Plant, Phase II, and permanent Wastewater Treatment Plant No. 1 - Phase I; land costs for water plant and wastewater plant sites; the District's share of clearing and grubbing for Park Lakes Phase I - West, Phase IA - West, Phase I - East, and Phase IA - East; trunk water, wastewater and drainage facilities for Canyon Village at Park Lakes, Sections 1 and 10, and Canyon Gate at Park Lakes, Sections 1 and 2, land and construction costs for Park Lakes detention and storm water quality features - Phase I-D and II-D, Water Plant No. 1 - chloramine conversion, surface water interconnect facilities, land and construction costs for the amenity portion of Park Lakes, Phase 1 detention and storm water quality features; land and construction costs for the Canyon Village at Park Lakes Recreational Center; land and construction costs for Canyon Village at Park Lakes Landscape Reserves; and clearing and grubbing to serve Park Lakes, Phase 1 West, Balmoral Lift Station - Phase 1, Water Re-pressurization Station - Phase 1, and Balmoral Drainage Facilities - Phase 1, underground water distribution, wastewater collection, and storm drainage facilities serving Balmoral, Sections 1 through 3, 9 through 14, 17 and 23, and Park Lakes East, Sections 1 through 3 and 7, Balmoral Bend, Balmoral Hills and Ralston Road and the Park Lakes Detention Basin expansion and Detention Basin Phase 2 ; Park Lakes North Detention, Phase II; Park Lakes East Phase I Clearing and Grubbing, Detention Basin Clearing and Grubbing, and Detention Basin Facilities, the amenity portion of Park Lakes detention and storm water quality pond, phases 1 and 2; clearing and grubbing serving Canyon Gate at Park Lakes, Sections 11 and 13, and Park Lakes East, phases 1 and 1a; landscape reserves in sections within Canyon Village at Park Lakes and Canyon Gate at Park Lakes; and land costs for the amenity portion of Park Lakes detention and storm water pond, phases 1 and 2, and for landscape reserves in Canyon Gate at Park Lakes; Balmoral Park Lakes East drainage facilities; Wastewater Treatment Plant No. 1 improvements; Wastewater Treatment Plant No. 2 expansion and wastewater system rehabilitation; underground water distribution, wastewater collection, and storm drainage facilities serving Balmoral Park Lakes East, Section 8; Balmoral Park Lakes East detention basin phase 3 facilities; Wastewater Treatment Plant No. 1 improvements; West Wastewater system rehabilitation and other items with portions of the proceeds of the sale of the Prior Bonds. The District is financing construction and acquisition of the Wastewater Treatment Plant No. 2 Headworks Replacement Project and West Storm Sewer Rehabilitation with portions of the proceeds of the sale of the Bonds. The District anticipates financing its cost of acquiring or constructing additional components of the System, and other facilities, including recreational facilities, with the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

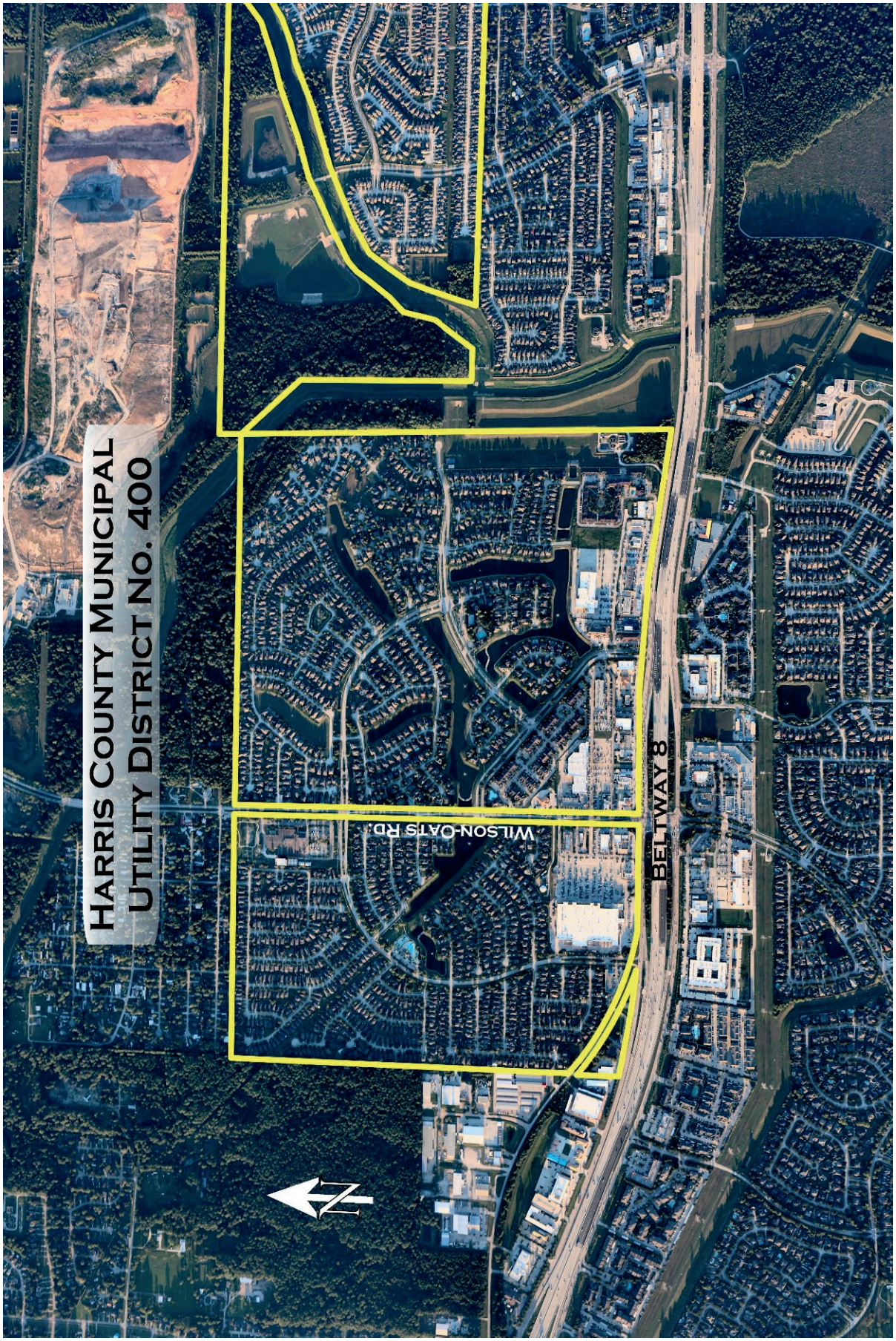
As of September 1, 2026, the status of lot development and home construction in the District was as follows:

	Lots				Homes				
					Under Construction		Completed		
Subdivision	Developed	Acres	Under Development	Acres	Sold	Unsold	Sold	Unsold	Totals
Canyon Village at Park Lakes									
Section 4	177	33.35			0	0	177	0	177
Section 5	141	25.21			0	0	141	0	141
Section 6	138	30.55			0	0	138	0	138
Section 7	111	20.43			0	0	111	0	111
Section 8	144	28.61			0	0	144	0	144
Section 9	82	19.15			0	0	82	0	82
Canyon Gate at Park Lakes									
Section 3	21	16.43			0	0	21	0	21
Section 4	23	9.36			0	0	21	0	21
Section 5	57	17.88			0	0	57	0	57
Section 6	33	23.20			0	0	31	0	31
Section 7	55	13.74			0	0	55	0	55
Section 8	109	45.89			0	0	109	0	109
Section 9	59	29.31			0	0	59	0	59
Section 11	79	32.28			0	0	79	0	79
Section 12	45	12.82			0	0	45	0	45
Section 13	115	33.60			0	0	115	0	115
Section 14	30	13.50			0	0	29	0	29
Section 16	154	33.28			0	0	154	0	154
Balmoral									
Section 1	149	57.43			0	0	149	0	149
Section 2	103	27.26			0	0	103	0	103
Section 3	134	30.02			0	0	134	0	134
Section 9	103	31.28			0	0	103	0	103
Section 10	120	20.32			0	0	120	0	120
Section 11	55	10.47			0	0	55	0	55
Section 12	94	18.46			0	4	90	0	94
Section 13	70	19.23			0	0	68	0	68
Section 14	69	16.55			0	0	69	0	69
Section 16	101	23.51			0	0	101	0	101
Section 17	37	5.68			0	0	36	0	36
Section 23	141	28.57			0	0	141	0	141
Section 25 South	26	5.92			0	0	26	0	26
Park Lakes East									
Section 1	98	38.28			0	0	98	0	98
Section 2	118	25.70			0	0	118	0	118
Section 3	98	21.24			0	0	98	0	98
Section 4	209	44.04			0	0	209	0	209
Section 5	101	25.14			0	0	101	0	101
Section 6	62	12.44			0	0	62	0	62
Section 7	104	24.73			0	0	104	0	104
Section 8	59	12.33			0	0	59	0	59
Totals	3,624	937.19	0	0	0	0	3,624	0	3,624

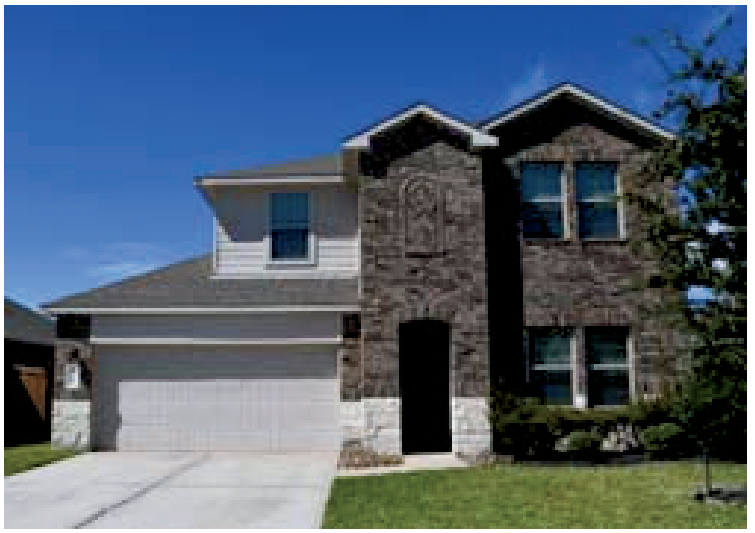
AERIAL PHOTOGRAPH OF A PORTION OF THE DISTRICT
(taken October 2026)



AERIAL PHOTOGRAPH OF A PORTION OF THE DISTRICT
(taken October 2026)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2026)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2026)

DISTRICT DEBT

General

The following tables and calculations relate to the Bonds and the Outstanding Bonds. After issuance of the Bonds, the aggregate principal amount of the Outstanding Bonds will be $101,855,000. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government that overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2026 Assessed Valuation (As of January 1, 2026) See "TAX DATA" and "TAXING PROCEDURES"	$	1,235,764,351	(a)
Direct Debt:			
Outstanding Bonds	$	96,780,000	
The Bonds		5,075,000	
Total	$	101,855,000	(b)
Estimated Overlapping Debt	$	90,217,667	
Total Direct and Estimated Overlapping Debt	$	192,072,667	
Direct Debt Ratio : as a percentage of 2026 Assessed Valuation		8.24 %	
Direct and Overlapping Debt Ratios : as a percentage of 2026 Assessed Valuation		15.54 %	
Bond Fund Balance as of August 24, 2026	$	3,002,781	(c)
General Fund Balance as of August 24, 2026	$	20,389,470	

(a) As of January 1, 2026, and comprises the District's 2026 tax roll. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is $24,899,221, which total is included in the amount of $1,235,764,351. The Appraisal District has proposed the valuation of such protested properties to be $27,319,321. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $24,244,196, which total is also included in the amount of $1,235,764,351. The District is unable to predict the amount of the District's final 2026 Assessed Valuation. Such final 2026 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2026. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds and is financing with the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "USE AND DISTRIBUTION OF BOND PROCEEDS," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."

(c) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the Bond Fund. Such fund balance reflects the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due for 2026. The District's initial debt service payment on the Bonds, consisting of an interest payment thereon, is due on September 1, 2027.

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Debt as of September 15, 2026	Estimated Overlapping Percent	Estimated Overlapping Amount
Harris County (a)	$3,028,184,736	0.17993%	$5,448,476
Harris County Department of Education	28,960,000	0.17993%	52,106
Harris County Flood Control District	1,034,900,000	0.17993%	1,862,049
Harris County Hospital District	1,644,825,000	0.17993%	2,959,459
Port of Houston Authority	386,074,397	0.17993%	694,646
Humble Independent School District	1,385,510,000	5.64172%	78,166,537
Lone Star College System	336,455,000	0.30744%	1,034,393
TOTAL ESTIMATED OVERLAPPING DEBT			$90,217,667
TOTAL DIRECT DEBT (the Bonds and the Outstanding Bonds)			101,855,000
TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT			$192,072,667

(a) Harris County Toll Road Bonds are considered to be self-supporting, and are not included in this schedule.

Debt Ratios

	% of 2026 Assessed Valuation
Direct Debt	8.24%
Direct and Estimated Overlapping Debt	15.54%

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien that is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administration, and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy and collect ad valorem taxes for general operation and maintenance purposes and for operation of recreational facilities, and such taxes have been authorized by the duly qualified voters of the District in amounts not to exceed $1.35 and $0.10 per $100 of Assessed Valuation, respectively. The District has levied a debt service tax rate of $0.38 per $100 of Assessed Valuation and a maintenance tax of $0.17 per $100 of Assessed Valuation for 2025, and anticipates levying a debt service tax of approximately $0.16 per $100 of Assessed Valuation for 2026. See "TAX DATA - Maintenance Tax."

Debt Service Requirement Schedule

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

Year Ending December 31	Current Total Debt Service	Plus: The Bonds Principal	Plus: The Bonds Interest*	New Total Debt Service
2026	$5,676,306			$5,676,306
2027	5,673,544		$209,344	5,882,888
2028	5,672,344		279,125	5,951,469
2029	5,673,356		279,125	5,952,481
2030	5,676,419		279,125	5,955,544
2031	5,680,669		279,125	5,959,794
2032	5,690,144		279,125	5,969,269
2033	5,694,619		279,125	5,973,744
2034	5,702,875		279,125	5,982,000
2035	5,702,700		279,125	5,981,825
2036	5,714,919		279,125	5,994,044
2037	5,721,750		279,125	6,000,875
2038	5,724,438		279,125	6,003,563
2039	5,729,988		279,125	6,009,113
2040	5,735,963		279,125	6,015,088
2041	5,742,250		279,125	6,021,375
2042	5,753,325		279,125	6,032,450
2043	5,764,225		279,125	6,043,350
2044	5,768,219		279,125	6,047,344
2045	5,782,238		279,125	6,061,363
2046	5,787,669		279,125	6,066,794
2047	5,801,025		279,125	6,080,150
2048	5,812,731		279,125	6,091,856
2049	5,825,563		279,125	6,104,688
2050	5,841,075		279,125	6,120,200
2051	5,851,800		279,125	6,130,925
2052	1,049,800	$315,000	279,125	1,643,925
2053	1,066,000	320,000	261,800	1,647,800
2054		1,400,000	244,200	1,644,200
2055		1,480,000	167,200	1,647,200
2056		1,560,000	85,800	1,645,800
	$151,315,954	$5,075,000	$7,946,469	$164,337,423

Average Annual Requirements: (2027-2051)	$6,017,288
Maximum Annual Requirement: (2051)	$6,130,925

* Interest is estimated 5.5% per annum for purposes of illustration.

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds and the Bonds (see "TAXING PROCEDURES"). The Board of Directors of the District has in its Bond Order covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The District has levied a debt service tax for 2025 at a rate of $0.38 per $100 of Assessed Valuation, and anticipates levying a debt service tax of approximately $0.42 per $100 of Assessed Valuation for 2026. See - "Tax Rate Distribution" below.

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for administrative expenses and maintenance of the District's water, sanitary sewer and drainage improvements, and for maintenance of recreational facilities, if such maintenance taxes are authorized by a vote of the District's electorate. On November 2, 2004, the District voters authorized the levy of a maintenance tax for administrative expenses and maintenance of water, sewer and drainage improvements in the maximum amount of $1.35 per $100 of Assessed Valuation. On May 7, 2005, the District voters authorized the levy of a maintenance tax for recreational facilities in the maximum amount of $0.10 per $100 of Assessed Valuation. Each of said taxes may be levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any bonds payable in whole or in part from taxes which may be issued in the future. The District levied a maintenance tax of $0.17 per $100 of Assessed Valuation for 2025, and anticipates levying a maintenance tax of approximately $0.16 per $100 of Assessed Valuation for 2026. To date, the District has not levied a maintenance tax for recreational facilities and has no current plans to levy such tax.

Historical Values and Tax Collection History

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

				% Collections	
Tax Year	Assessed Valuation	Tax Rate(a)	Adjusted Levy	Current & Prior Years(b)	Year Ended 9/30
2015	$407,773,665	$1.010	$4,118,506	99.99%	2016
2016	426,087,336	0.950	4,047,822	99.99	2017
2017	455,073,675	0.950	4,323,191	99.98	2018
2018	504,351,382	0.930	4,690,456	99.97	2019
2019	619,301,114	0.870	5,387,905	99.96	2020
2020	742,737,745	0.790	5,868,418	99.94	2021
2021	885,910,094	0.760	6,733,688	99.83	2022
2022	1,077,194,680	0.650	7,028,554	99.88	2023
2023	1,200,241,629	0.550	6,718,090	99.84	2024
2024	1,246,848,127	0.550	6,733,688	99.64	2025
2025	1,238,288,385	0.550	7,028,554	99.35(c)	2026
2026	1,235,764,351(d)	(e)	(e)	(e)	2027

(a) Per $100 of Assessed Valuation.

(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through August 31, 2026. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) As of August 31, 2026. In process of collection.

(d) Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is $24,899,221, which total is included in the amount of $1,235,764,351. The Appraisal District has proposed the valuation of such protested properties to be $27,319,321. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $24,244,196, which total is also included in the amount of $1,235,764,351. The District is unable to predict the amount of the District's final 2026 Assessed Valuation. Such final 2026 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2026.

(e) The District anticipates levying a debt service tax of approximately $0.42 per $100 of Assessed Valuation plus a maintenance tax of $ approximately 0.16 per $100 of Assessed Valuation for 2026.

Tax Rate Distribution

	2025	2024	2023	2022	2021
Debt Service	$0.38	$0.365	$0.35	$0.44	$0.51
Maintenance	0.17	0.185	0.20	0.21	0.25
Total	$0.55	$0.550	$0.55	$0.65	$0.76

Analysis of Tax Base

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

Type of Property	2026 Assessed Valuation	%	2025 Assessed Valuation	%	2024 Assessed Valuation	%
Land	$259,092,492	20.97%	$269,477,700	21.76%	$224,611,854	18.01%
Improvements	1,087,352,037	87.99%	1,117,383,891	90.24%	1,166,524,480	93.56%
Personal Property	26,018,138	2.11%	41,477,612	3.35%	40,243,229	3.23%
Uncertified	49,143,417	3.98%	0	0.00%	0	0.00%
Exemptions	-185,841,733	-15.04%	-190,050,818	-15.35%	-184,531,436	-14.80%
Total	$1,235,764,351*	100.00%	$1,238,288,385	100.00%	$1,246,848,127	100.00%

Type of Property	2023 Assessed Valuation	%	2022 Assessed Valuation	%
Land	$222,333,773	18.52%	$220,899,654	20.51%
Improvements	1,104,684,192	92.04%	966,505,520	89.72%
Personal Property	39,593,283	3.30%	36,064,220	3.35%
Exemptions	-166,369,619	-13.86%	-146,274,714	-13.58%
Total	$1,200,241,629	100.00%	$1,077,194,680	100.00%

* Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such protested properties is $24,899,221, which total is included in the amount of $1,235,764,351. The Appraisal District has proposed the valuation of such protested properties to be $27,319,321. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $24,244,196, which total is also included in the amount of $1,235,764,351. The District is unable to predict the amount of the District's final 2026 Assessed Valuation. Such final 2026 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2023.

Principal 2026 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2026. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2026.

Taxpayer	Type of Property	Assessed Valuation 2026 Tax Roll	% of 2026 Tax Roll
AR-Park Lakes LLC	Land and Improvements	$39,457,850	3.19%
Wal-Mart Real Estate Business Trust and Wal-Mart Stores Texas, LLC	Land, Improvements & Personal Property	18,893,530	1.53%
Store Capital Acquisitions LLC	Land and Improvements	14,784,928	1.20%
Falcon Prime Holdings Ltd	Land and Improvements	14,125,402	1.14%
Sahkjar Hospitality Corp.	Land and Improvements	9,388,669	0.76%
Elite Resources LLC	Land and Improvements	7,696,255	0.62%
WSH TX Park Lakes LLC	Land and Improvements	7,603,040	0.62%
Sunesara Canyon Lakes LLC	Land and Improvements	6,330,683	0.51%
Kamco-Fall Creek Center LLC	Land and Improvements	6,215,724	0.50%
Centerpoint Energy Houston Electric	Personal Property	6,100,310	0.49%
		$130,596,391	10.57%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2026 Assessed Valuation. The calculations assume collection of 95% of taxes levied, no use of funds on hand, and the sale of no bonds by the District other than the Outstanding Bonds and the Bonds.

Average Annual Debt Service Requirements (2027-2051)	$6,017,288
Tax Rate of $0.52 on the 2026 Assessed Valuation ($1,235,764,351) produces	$6,104,676
Maximum Annual Debt Service Requirement (2051)	$6,130,925
Tax Rate of $0.53 on the 2026 Assessed Valuation ($1,235,764,351) produces	$6,222,074

The District levied a debt service tax of $0.38 per $100 of Assessed Valuation for 2025, plus a maintenance tax of $0.17 per $100 of Assessed Valuation. The District anticipates levying a debt service tax of approximately $0.42 per $100 of Assessed Valuation plus a maintenance tax of approximately $0.16 per $100 of Assessed Valuation for 2026. As the above table indicates, an anticipated debt service tax rate of approximately $0.42 per $100 of Assessed Valuation is not sufficient to pay the average annual debt service requirements and the maximum annual debt service requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the 2026 Assessed Valuation, assuming a tax collection rate of 95%, no use of other available funds, including earnings from the investment of funds held in the District's Bond Fund, and the issuance of no additional bonds by the District. However, as is stated above, the District had collected an average of 99.90% of its tax levies for the period 2015 through 2024, as of August 31, 2026, and its 2025 levy was 99.35% collected as of such date. In addition, the District's Bond Fund balance was $3,002,781 as of August 24, 2026. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Bond Fund at any time, the District expects to apply earnings from the investment of monies held in the Bond Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. See "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS." Therefore, the District anticipates being able to pay the maximum and average annual debt service requirements of the Bonds and the Outstanding Bonds without increasing its total debt service and maintenance tax levy above the level of the total anticipated 2026 tax levy of approximately $0.42 per $100 of Assessed Valuation. However, the District can make no representation that the

taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2025 taxes levied upon property located within the District and the District's 2025 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Taxing Jurisdiction	2025 Tax Rate Per $100 of A.V.
The District*	$0.550000
Harris County	$0.380960
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
Humble Independent School District	$1.105200
Lone Star College System	$0.106000
Harris County Emergency Service District No. 10	$0.100000
Harris County Emergency Service District No. 1	$0.085145
Total Tax Rate	$2.575273

* The District has levied a debt service tax rate of $0.38 per $100 of Assessed Valuation and a maintenance tax of $0.17 per $100 of Assessed Valuation for 2025. The District anticipates levying a debt service tax of approximately $0.42 per $100 of Assessed Valuation plus a maintenance tax of approximately $0.16 per $100 of Assessed Valuation for 2026.

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (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 a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Harris Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2026 tax year, the District has granted an exemption of $30,000 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. 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 (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law), who was (i) killed in action, or (ii) 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 up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which 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. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District

has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

Certain Tax Exemptions Provided for Affordable Housing

There is one multifamily apartment complex located within the District: the 252-unit The Abbey at Park Lakes Apartments. Certain multi-family housing may be exempt from ad valorem taxation by the District pursuant to Chapter 303 of the Texas Local Government Code (the "PFC Act"), Chapter 392 of the Texas Local Government Code (the "Housing Authority Act"), or Chapter 394 of the Texas Local Government Code (the "HFC Act"), if certain conditions are met.

The Housing Authority Act authorizes cities and counties to create housing authorities to provide safe and sanitary housing for persons of low income within the area of operation of the housing authority. Multi-family property owned by a housing authority, including property for which a housing authority holds an equitable interest, is exempt from all taxes and special assessments of a city, county, the state, or another political subdivision, including conservation and reclamation districts such as the District, if certain conditions are met under the Housing Authority Act. The Tour 18 Apartments located within the District are owned by a housing authority and are not subject to taxation by the District. The District has not been given notice that any apartment complex other than the Tour 18 Apartments is exempt from taxation.

The PFC Act authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities.

Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. A PFC project approved on or after June 18, 2023, does not quality for an exemption with respect to taxes imposed by a conservation and reclamation district providing water, sewer, or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

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

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations

of the contract by which the debt was created. For the 2026 tax year, the District has granted a five percent (5%) general residential homestead exemption.

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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) 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 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% 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.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on the current operation and maintenance tax rate or on the percentage of projected build-out that a 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 land, 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. See “SELECTED FINANCIAL INFORMATION” for a description of the District’s current total tax rate.

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 in the district, 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

Developing Districts

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

The District

A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the District's Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2026 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developed District.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. 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 comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to approve the adopted total tax rate. See "Rollback of Operation and Maintenance Tax Rate." 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.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture 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 such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the 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 for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, no land within the District was designated for agricultural use, open space, inventory deferment, or timberland.

Tax Abatement

The City of Houston and Harris County may designate all or part of the District as a reinvestment zone, and the District, Harris County, and (if it were to annex the area) the City of Houston may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only for the items specified in the Texas Property Tax Code. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period

of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, 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 power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units (see "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law, and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest 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. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS - Tax Collection Limitations" and "- The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District."

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial proportion of the assessed valuation of the property located within the District is attributable to the current market value of single-family residences, apartments and commercial buildings that have been constructed within the District. The market value of such residences is related to general economic conditions affecting the demand for residences. Demand for residences of this type and the construction of apartments and commercial buildings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban center toward which the marketing of homes and commercial enterprises is directed. Decreased levels of home construction activity, among other factors, would restrict the growth of property values in the District. Fluctuation in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing (see "Potential Effects of Oil Price Volatility on the Houston Area" below). Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although development of the District has occurred as is described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," the District cannot predict the pace or magnitude of any future commercial development or construction of future commercial buildings in the District, nor can it predict the level of occupancy of any commercial improvements that are located within the District.

National Economy: The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although development of the District has occurred as described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION," the District cannot predict the pace or magnitude of any future commercial development or construction of future commercial buildings in the District, nor can it predict the level of occupancy of any commercial improvements that are located within the District. The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on development and the construction of commercial buildings, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which the construction of commercial buildings might be undertaken. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District or the construction of future commercial buildings. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or construction of future commercial buildings within the District. In addition, since the District is located approximately 13 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and a further decline in real estate and financial markets in the United States could adversely affect development and commercial building plans in the District and restrain the growth of the District's property tax base.

Developer/Builder/Landowner Obligation to the District: The ability of any principal taxpayer within the District to make full and timely payments of taxes levied against their property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. See "TAX DATA - Principal 2026 Taxpayers." There is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the construction of future apartments or commercial buildings in the District. See "DEVELOPMENT AND HOME CONSTRUCTION."

As is reflected in this Official Statement under the caption "TAX DATA - Principal 2026 Taxpayers," the District's ten principal taxpayers in 2026 owned property located in the District the aggregate Assessed Valuation of which comprised approximately 10.57% of the District's total 2026 Assessed Valuation. The District cannot represent that its tax base will in the future be less concentrated in property owned by a relatively small number of property owners, than it is currently. In addition, if large retail stores, such as Wal-Mart, were to discontinue operations, such buildings may be difficult to re-lease or re-purpose. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse affect on the investment quality or security of the Bonds. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet its debt service requirements.

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The District's 2026 Assessed Valuation is $1,235,764,351. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be $6,130,925 (2051) and the Average Annual Debt Service Requirements will be $6,017,288 (2027 through 2051, inclusive). Assuming no increase to nor decrease from the 2026 Assessed Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of $0.53 and $0.52 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively.

The District levied a debt service tax of $0.38 per $100 of Assessed Valuation for 2025, plus a maintenance tax of $0.17 per $100 of Assessed Valuation. The District anticipates levying a debt service tax of approximately $0.42 per $100 of Assessed Valuation plus a maintenance tax of approximately $0.16 per $100 of Assessed Valuation for 2026. As indicated above, an anticipated debt service tax rate of approximately $0.58 per $100 of Assessed Valuation is not sufficient to pay the average annual debt service requirements and the maximum annual debt service requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the 2026 Assessed Valuation, assuming a tax collection rate of 95%, no use of other available funds, including earnings from the investment of funds held in the District's Bond Fund, and the issuance of no additional bonds by the District. However, the District had collected an average of 99.90% of its tax levies for the period 2015 through 2024, as of August 31, 2026, and its 2025 levy was 99.35% collected as of such date. In addition, the District's Bond Fund balance was $3,002,781 as of August 24, 2026. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Bond Fund at any time, the District expects to apply earnings from the investment of monies held in the Bond Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. See "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS." Therefore, the District anticipates being able to pay the maximum and average annual debt service requirements of the Bonds and the Outstanding Bonds without increasing its total debt service and maintenance tax levy above the level of the total anticipated 2026 tax levy of approximately $0.42 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES."

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2025 tax levies of all units of government which levy taxes against the property located within the District, plus the 2025 tax of the District is $2.575273 per $100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such

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

Registered Owners' Remedies and Bankruptcy

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

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

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

The District reserved in the Bond Order the right to issue the remaining $32,720,000 unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities, the $152,600,000 for refunding purposes, and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining $32,720,000 bonds described above for waterworks, wastewater and drainage facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $32,720,000 bonds for waterworks, wastewater and drainage facilities is also subject to TCEQ authorization.

The District has financed components of the System and certain other facilities that are described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION" and "THE SYSTEM" with the proceeds of the sale of the Prior Bonds. The District is financing construction and acquisition of underground water distribution, wastewater collection, and storm drainage facilities serving Balmoral Park Lakes East, Section 8; Balmoral Park Lakes East detention basin phase 3 facilities; Wastewater Treatment Plant No. 1 improvements; West Wastewater system rehabilitation with portions of the proceeds of the sale of the Bonds. The District anticipates financing additional components of the System, and other facilities, with the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt" and "THE SYSTEM."

According to the District's Engineer, the $32,720,000 bonds which remain authorized but unissued will be adequate to finance the construction of all water, wastewater, and drainage facilities to provide service to all of the currently undeveloped portions of the District. In the event that additional authorization is necessary, the District will seek approval of the voters of the District of the authorization to issue additional bonds. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "DISTRICT DEBT - Debt Service Requirement Schedule," and "THE SYSTEM."

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

Competitive Nature of Houston Housing and Commercial Building Markets

The single-family development and housing and apartment and commercial development and building industries in the Houston area are very competitive, and the District can give no assurance that additional apartments or commercial buildings will be constructed within the District, or that any development projects other than those that have been heretofore undertaken in the District will be initiated or completed. The likelihood of the construction of future apartments or commercial buildings or the initiation of any new apartment or commercial development projects in the District is affected by most of the factors discussed in this section, and such likelihood is directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

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 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 "serious" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2027. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

In order to demonstrate progress toward attainment of the EPA's ozone standards, the TCEQ has established a state implementation plan ("SIP") for the HGB Area setting emission control requirements, some of which regulate the inspection and use of automobiles. These types of measures could impact how people travel, what distances people are willing to travel, where people choose to live and work, and what jobs are available in the HGB Area. These SIP requirements can negatively impact business due to the additional permitting/regulatory constraints that accompany this designation and because of the community stigma associated with a nonattainment designation. It is possible that additional controls, including SIP revisions, will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

Water Supply & Discharge Issues. Water supply and discharge regulations that municipal utility districts, including the District, may be required to comply with involve: (1) groundwater well permitting and surface water appropriation; (2) public water supply systems; (3) wastewater discharges from treatment facilities; (4) storm water discharges; and (5) wetlands dredge and fill activities. Each of these is addressed below:

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyflouroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject

to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, 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. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The District's stormwater discharges currently maintain permit coverage through the Municipal Separate Storm System Permit (the "Current Permit") issued to the Storm Water Management Joint Task Force consisting of Harris County, Harris County Flood Control District, the City of Houston, and the Texas Department of Transportation. In the event that at any time in the future the District is not included in the Current Permit, it may be required to seek independent coverage under the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. If the District's inclusion in the MS4 Permit were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from the United States Army Corps of Engineers ("USACE") if operations of the District require that wetlands be filled, dredged, or otherwise altered.

On May 25, 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.

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.

Extreme Weather Events

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

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

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

Specific Flood Type Risks

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

Potential Effects of Oil Price Volatility on the Houston Area

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

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 income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

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.

THE SYSTEM

Regulation

According to the District's Engineer, the System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Houston, Harris County, and the Harris County Flood Control District. Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ.

Description

The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 1,318.79 acres is 4,492 with a total estimated population of 13,707 people. The following descriptions are based upon an estimate of 3 people/connection supplied by the District's Engineer. The System presently serves a total of 4,258 ESFCs, consisting of the single-family residential lots and other property that have been developed within the District that are described above under the caption "DEVELOPMENT AND HOME CONSTRUCTION." The District financed the cost of acquiring or constructing certain components of the System as described in this Official Statement under such caption with portions of the proceeds of the sale of the Prior Bonds. The District is financing construction and acquisition of the Wastewater Treatment Plant No. 2 Headworks Replacement Project and West Storm Sewer Rehabilitation with portions of the proceeds of the sale of the Bonds. The District anticipates financing its cost of acquiring or constructing additional components of the System, and other facilities, including recreational facilities, with the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Water Supply

Water supply for the District service area of Water Plant No. 1 consists of groundwater supplied by facilities that are owned by the District, which currently consist of one well that contains 1,700 gallons-per-minute ("gpm") of capacity, 30,000 gallons of pressure tank capacity, a 508,000 gallon ground storage tank, and booster pumps totaling 4,000 gpm of capacity. According to the District's Engineer, such water supply facilities are capable of serving approximately 2,500 ESFCs. Water supply for the District service area of Water Plant No. 2 consists of one well that contains 1,800 gpm of capacity and surface water supplied by facilities owned by the City of Houston which include an existing 12-inch metered interconnect. Water Plant No. 2 supply facilities owned by the District consist of 60,000 gallons of pressure tank capacity, 1,350,000 gallons of ground storage tank capacity, and booster pumps totaling 5,500 gpm of capacity. According to the District's Engineer, such water supply facilities are currently capable of serving 2,250 ESFCs, water for which is supplied pursuant to a water supply and groundwater reduction plan contract with the City of Houston effective June 30, 2005, that is referenced below.

The District has two emergency water distribution interconnection lines that connect the District's water distribution facilities with the water distribution facilities of the adjoining Harris County Water Control and Improvement District No. 96 and Harris County Municipal Utility District No. 49. The District has constructed two water interconnection lines that connect to the City of Houston 84-inch surface water line along Beltway 8. According to the District's Engineer, such water interconnection line and associated re-pressurization facility currently is permitted to serve 3,538 ESFCs. The District lies in an area which, according to the Harris-Galveston Subsidence District, must reduce ground water withdrawal to 20% of total water use by the year 2035. The District has entered into a water supply and groundwater reduction plan contract with the City of Houston, effective June 30, 2005, under which the District is included in the City's groundwater reduction plan.

Wastewater Treatment

Wastewater treatment for the District in the Wastewater Treatment Plant No. 1 service area is being provided by an 800,000 gallons-per-day ("gpd") permanent plant. Based on 300 gpd/ESFC, the 800,000 gpd permanent wastewater treatment plant has capacity sufficient to serve 2,667 ESFCs. The District financed the cost of constructing the permanent wastewater treatment plant with a portion of the proceeds of the sale of the Prior Bonds. The District has entered into a Lease Agreement with Option to Purchase for an interim packaged wastewater treatment plant (the "Interim WWTP") for the service area of Wastewater Treatment Plant No. 2. Phases I and II of the Interim WWTP, which are complete, consist of 550,000 gpd of capacity, and Phase I of the permanent plant, which is complete, provides a capacity of 850,000 gpd. Based upon 225 gpd/ESFC, Wastewater Treatment Plant No. 2 currently has sufficient capacity to serve 2,235 ESFCs for the District. The District is financing construction and acquisition of the Wastewater Treatment Plant No. 2 Headworks Replacement Project and West Storm Sewer Rehabilitation with portions of the proceeds of the sale of the Bonds.

100-Year Flood Plain

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

Approximately 230 acres located within the District are designated as lying within the 100-Year Flood Zone AE, and additionally,179 acres within shaded Zone X, or 500-Year Flood Zone as determined by the Federal Emergency Agency (“FEMA”) Flood Insurance Rate Map (“FIRM”), Map Numbers 48201C0485M, 48201C0505M, and 48201C0515M, Harris County, Texas, and Incorporated Areas, dated June 9, 2014, and 48201C0495L Harris County, Texas, and Incorporated Areas, dated June 18, 2007.

Canyon Gate at Park Lakes, Sections 5, 7, 8, 9, 13, 15 and 16 are located within the 100-year flood plain. Except for Canyon Gate at Park Lakes, Section 7, these areas have been filled to a level that brings the areas out of the 100-year flood plain as shown on the June 18, 2007, Flood Insurance Rate Maps. A LOMR-F was submitted to and approved by FEMA to remove Canyon Gate at Park Lakes, Sections 5, 8, 9, 13, 15 and 16 from the 100-year flood plain. Canyon Gate at Park Lakes, Section 7 was filled to a level that will bring the area out of the 100-year flood plain as shown on the TSARP Preliminary Flood Insurance Rate Maps and the appropriate protest information was submitted for a map revision. A portion of Canyon Gate at Park Lakes, Section 7 remained in the 100-year flood plain due to differences in the TSARP Preliminary Flood Insurance Maps and the adopted June 18, 2007 Flood Insurance Rate Maps. All remaining areas will be filled to a level that will bring the areas out of the 100-year flood plain by flood plain mitigation except an approximately 8.75-acre reserve located in the northeast corner of the District, the 2.06-acre drill site in the southeast corner of the District and the detention facilities currently shown in the 100-year flood plain.

Balmoral Park Lakes East, Sections 3 and 5 through 8 are located within the 100-year floodplain. This area has been filled to a level that brings the area out of the 100-year floodplain as shown on the June 9, 2014, Flood Insurance Rate Maps. A LOMR-F was submitted and approved by FEMA to remove Balmoral Park Lakes East, Sections 3 and 5 through 8 from the 100-year floodplain.

The National Weather Service has completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas estimates for the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study, which is based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization,

or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "THE DISTRICT - General," – "Strategic Partnership Agreement," and - "Management of the District - Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS" solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm 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 such firm'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 of the other information contained herein.

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") (i) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (ii) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under Section 57(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District will designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."**

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds may be includable in certain corporation's "adjusted financial statement income" determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax-exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose,

a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

State, Local and Foreign Taxes

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

The initial public offering price to be paid for one or more maturities of the Bonds may be less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrued period or be in excess of one year (the "Original Issue Discount Bonds"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

NO-LITIGATION CERTIFICATE

The District will furnish to the Underwriters a certificate, dated as of the date of delivery of the Bonds, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or to the knowledge of the District's certifying officers, threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for 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, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

NO MATERIAL ADVERSE CHANGE

The obligations of the Underwriter to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale. If the Underwriter elects to purchase municipal bond guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

OFFICIAL STATEMENT

General

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

The financial statements of the District as of February 28, 2026, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX B."

Experts

The information contained in this Official Statement relating to engineering, to the description of the System generally and, in particular, the engineering information included in the sections captioned "THE DISTRICT," "DEVELOPMENT AND HOME CONSTRUCTION" and "THE SYSTEM," has been provided by Quiddity Engineering, LLC, Houston, Texas. Such information has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" has been provided by the Appraisal District and Wheeler and Associates, Inc. The District has included certain information herein in reliance upon said firm's authority as an expert in the field of tax assessing and real property appraisal. The District has included certain information herein in reliance upon the Appraisal District's authority as an expert in the field of tax assessing and real property appraisal.

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

Official Statement "Deemed Final"

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking

Board (the “MSRB”) or any successor to its functions as a repository through its Electronic Municipal Market Access (“EMMA”) system.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. 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 “SELECTED FINANCIAL INFORMATION,” “TAX DATA,” and in “APPENDIX B.” The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2027. The District will provide the updated information to the MSRB or any successor to its functions as a repository.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's fiscal year end is currently the last day of February. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an Underwriters to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the 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 Order 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 Underwriters from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings

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

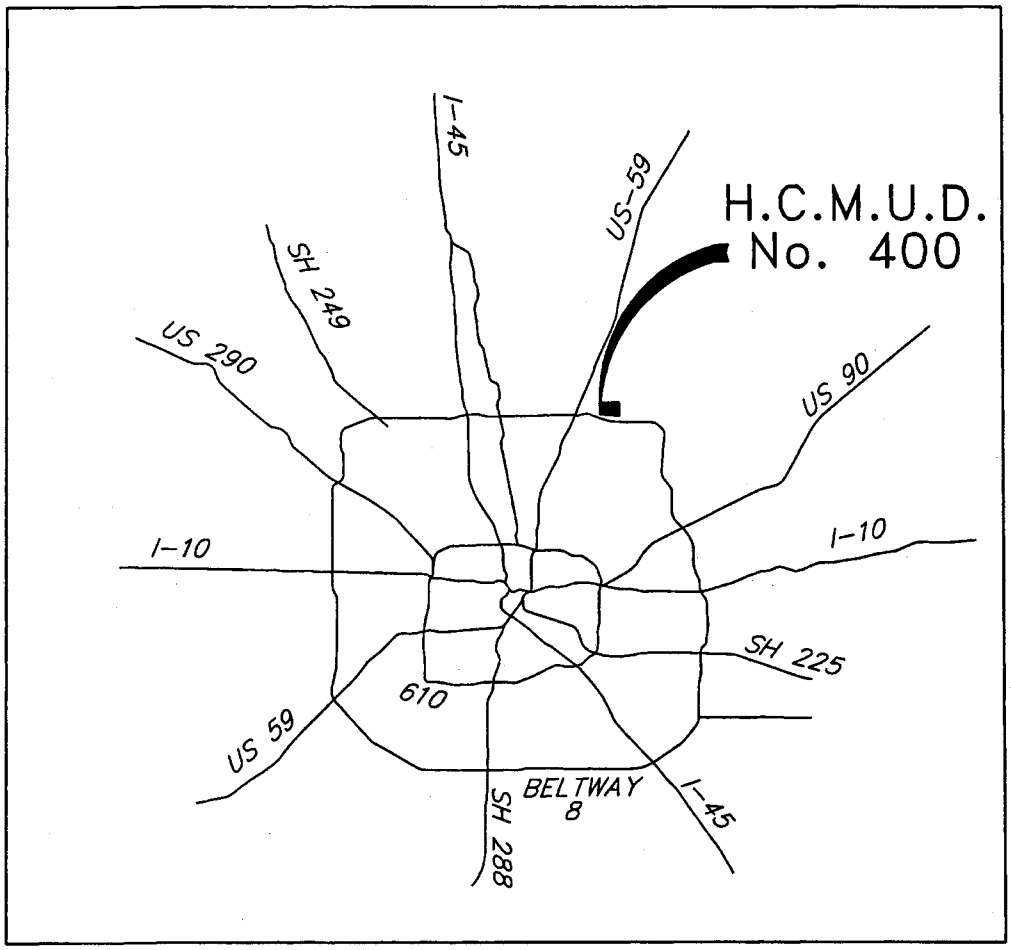
This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 400 as of the date shown on the first page hereof.

President, Board of Directors
Harris County Municipal Utility District No. 400

ATTEST:

Secretary, Board of Directors
Harris County Municipal Utility District No. 400

APPENDIX A
LOCATION MAP



HARRIS COUNTY AREA MAP

HARRIS COUNTY
MUNICIPAL UTILITY DISTRICT No. 400

LOCATION MAP

APPENDIX B

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400

HARRIS COUNTY, TEXAS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FEBRUARY 28, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

FEBRUARY 28, 2026

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 400
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. 400 (the "District") as of and for the year ended February 28, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of February 28, 2026, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

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.

Houston | Austin | Dallas
13100 Wortham Center Drive, Suite 235, Houston, Texas 77065-5610 713-462-0341

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

* Exercise professional judgment and maintain professional skepticism throughout the audit.

* Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

* Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

* Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Board of Directors
Harris County Municipal Utility District No. 400

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

McCall Gibson Swedlund Barfoot Ellis PLLC
Certified Public Accountants
Houston, Texas

June 22, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED FEBRUARY 28, 2026

Management's discussion and analysis of Harris County Municipal Utility District No. 400's (the "District") financial performance provides an overview of the District's financial activities for the year ended February 28, 2026. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has five governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, costs and general expenditures. The District has two Special Revenue Funds. One Special Revenue Fund accounts for the water plant jointly owned by the District and Harris County Municipal Utility District No. 423. The other Special Revenue Fund accounts for the operations of a regional wastewater treatment plant. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $46,392,643 as of February 28, 2026.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2026	2025	Change Positive (Negative)
Current and Other Assets	$ 48,820,202	$ 46,585,026	$ 2,235,176
Capital Assets (Net of Accumulated Depreciation)	98,127,367	99,493,002	(1,365,635)
Total Assets	$ 146,947,569	$ 146,078,028	$ 869,541
Deferred Outflows of Resources	$ 844,666	$ 926,318	$ (81,652)
Bonds Payable	$ 98,488,042	$ 100,556,413	$ 2,068,371
Other Liabilities	2,911,550	2,262,345	(649,205)
Total Liabilities	$ 101,399,592	$ 102,818,758	$ 1,419,166
Net Position:			
Net Investment in Capital Assets	$ 12,191,901	$ 12,318,967	$ (127,066)
Restricted	7,570,985	8,206,740	(635,755)
Unrestricted	26,629,757	23,659,881	2,969,876
Total Net Position	$ 46,392,643	$ 44,185,588	$ 2,207,055

The following table provides comparative analysis of the District's operations for the years ending February 28, 2026, and February 28, 2025. The District's net position increased by $2,207,055 during the current year.

	Summary of Changes in the Statement of Activities		
	2026	2025	Change Positive (Negative)
Revenues:			
Property Taxes	$ 6,752,550	$ 6,841,514	$ (88,964)
Charges for Services	7,163,412	7,016,794	146,618
Other Revenues	4,476,102	3,718,251	757,851
Total Revenues	$ 18,392,064	$ 17,576,559	$ 815,505
Expenses for Services	16,185,009	15,993,905	(191,104)
Change in Net Position	$ 2,207,055	$ 1,582,654	$ 624,401
Net Position, Beginning of Year	44,185,588	42,602,934	1,582,654
Net Position, End of Year	$ 46,392,643	$ 44,185,588	$ 2,207,055

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of February 28, 2026, were $40,435,571, an increase of $1,887,093 from the prior fiscal year.

The General Fund fund balance increased by $3,310,786, primarily due to service, tax and investment revenues exceeding operating costs.

The Debt Service Fund fund balance decreased by $675,543, primarily due to the structure of the District's debt service requirements.

The Special Revenue Funds of the District are revenue neutral. Costs incurred are billed to the respective participants on a monthly basis.

The Capital Projects Fund fund balance decreased by $748,150. The District used bond proceeds received in prior years to fund current year capital costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted budgets for the General Fund as well as the Special Revenue Funds for the current fiscal year. The budgets were not amended during the current fiscal. Actual revenues were $172,624 less than budgeted revenues and actual expenditures were $1,826,410 less than budgeted expenditures. This resulted in a positive budget variance of $1,653,786. See the budget to actual comparison for additional information.

CAPITAL ASSETS

Capital assets as of February 28, 2026, total $98,127,367 (net accumulated depreciation) and include land, as well as the water, wastewater, drainage and recreational facilities.

CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation

	2026	2025	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 25,225,907	$ 25,225,907	$
Construction in Progress	1,530,291	3,818,677	(2,288,386)
Capital Assets, Net of Accumulated Depreciation:			
Water System	16,947,353	14,041,126	2,906,227
Wastewater System	29,782,673	30,699,383	(916,710)
Drainage System	17,098,084	17,615,310	(517,226)
Recreational Facilities	7,543,059	8,092,599	(549,540)
Total Net Capital Assets	$ 98,127,367	$ 99,493,002	$ (1,365,635)

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

LONG-TERM DEBT ACTIVITY

At the end of the current year, the District had total bond debt payable of $99,140,000. The changes in the debt position of the District during the year ended February 28, 2026, are summarized as follows:

Bond Debt Payable, March 1, 2025	$ 101,225,000
Less: Bond Principal Paid	2,085,000
Bond Debt Payable, February 28, 2026	$ 99,140,000

The District's bonds carry either an underlying rating of "A-" from Standard and Poor's or an underlying rating of "A3" from Moody's. The Series 2015 Refunding, Series 2017, Series 2019A Refunding, Series 2019B Refunding, Series 2020 and Series 2020C Refunding bonds carry an insured rating "AA" by virtue of bond insurance issued by Assured Guaranty. The Series 2016, Series 2020A, Series 2020B, Series 2021 Refunding, Series 2022 and Series 2024 bonds carry an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of February 28, 2026 and reflect all rating changes through the year then ended.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 400, c/o Schwartz Page & Harding, L.L.P., 1300 Post Oak Blvd, Suite 2400, Houston, TX 77056.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2026

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
ASSETS			
Cash	$ 1,728,425	$ 475,171	$ 323,860
Investments	19,580,643		853,849
Receivables:			
Property Taxes	97,838		
Penalty and Interest on Delinquent Taxes			
Service Accounts	477,477		
Accrued Interest			
Builder Damages	9,235		
Other		2,354	
Due from Other Funds	1,214,869	65,824	278,808
Prepaid Costs	156,717		40,600
Due from Other Governmental Units	148,005	342,247	641,743
Advance for Water Plant Operations	224,163		
Advance for Regional Wastewater Treatment Plant Operations	203,124		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	$ 23,840,496	$ 885,596	$ 2,138,860
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	$ -0-	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 23,840,496	$ 885,596	$ 2,138,860

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 515,894	$	$ 3,043,350	$	$ 3,043,350
6,551,245	11,466,000	38,451,737		38,451,737
206,654		304,492		304,492
			38,374	38,374
		477,477		477,477
			44,261	44,261
		9,235		9,235
		2,354		2,354
619,837	298,392	2,477,730	(2,477,730)	
		197,317	45,954	243,271
33,656		1,165,651	5,040,000	6,205,651
		224,163	(224,163)	
		203,124	(203,124)	
			25,225,907	25,225,907
			1,530,291	1,530,291
			71,371,169	71,371,169
$ 7,927,286	$ 11,764,392	$ 46,556,630	$ 100,390,939	$ 146,947,569
$ -0-	$ -0-	$ -0-	$ 844,666	$ 844,666
$ 7,927,286	$ 11,764,392	$ 46,556,630	$ 101,235,605	$ 147,792,235

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2026

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
LIABILITIES			
Accounts Payable	$ 604,553	$ 248,997	$ 906,379
Due to Other Funds	1,206,379	268,988	598,991
Due to Taxpayers			
Security Deposits	530,022		
Advance for Regional Wastewater Treatment Plant Operations			565,333
Advance for Water Plant Operations		367,611	
Long-Term Liabilities:			
Bonds Payable, Due Within One Year			
Bonds Payable, Due After One Year			
TOTAL LIABILITIES	$ 2,340,954	$ 885,596	$ 2,070,703
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 97,838	$ -0-	$ -0-

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$	$ 1,759,929	$	$ 1,759,929
346,890	56,482	2,477,730	(2,477,730)	
115,942		115,942		115,942
		530,022		530,022
		565,333	(203,124)	362,209
		367,611	(224,163)	143,448
			2,360,000	2,360,000
			96,128,042	96,128,042
$ 462,832	$ 56,482	$ 5,816,567	$ 95,583,025	$ 101,399,592
$ 206,654	$ -0-	$ 304,492	$ (304,492)	$ -0-

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
FEBRUARY 28, 2026

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
FUND BALANCES			
Nonspendable:			
Prepaid Costs	$ 156,717	$	$ 40,600
For Water Plant Operations	224,163		
For Regional Wastewater Treatment Plant Operations	203,124		
Restricted for Authorized Construction			
Restricted for Debt Service			
Assigned to 2027 Budget Deficit	1,535,177		
Unassigned	19,282,523		27,557
TOTAL FUND BALANCES	$ 21,401,704	$ -0-	$ 68,157
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 23,840,496	$ 885,596	$ 2,138,860
NET POSITION			
Net Investment in Capital Assets			
Restricted for Wastewater Treatment Plant Operations			
Restricted for Debt Service			
Unrestricted			
TOTAL NET POSITION			

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$	$ 197,317	$ (197,317)	$
		224,163	(224,163)	
		203,124	(203,124)	
	11,707,910	11,707,910	(11,707,910)	
7,257,800		7,257,800	(7,257,800)	
		1,535,177	(1,535,177)	
		19,310,080	(19,310,080)	
$ 7,257,800	$ 11,707,910	$ 40,435,571	$ (40,435,571)	$ -0-
$ 7,927,286	$ 11,764,392	$ 46,556,630		
			$ 12,191,901	$ 12,191,901
			68,157	68,157
			7,502,828	7,502,828
			26,629,757	26,629,757
			$ 46,392,643	$ 46,392,643

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
FEBRUARY 28, 2026

Total Fund Balances - Governmental Funds	$ 40,435,571
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Bond insurance premiums paid at closing are amortized over the term of the refunding bonds.	45,954
Certain assets are not due and receivable in the current period and, therefore, are not reported as assets in the governmental funds.	5,084,261
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	98,127,367
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.	844,666
Deferred inflows of resources related property tax revenues and penalty and interest receivable on delinquent taxes for the 2025 and prior tax levies became part of recognized revenue in the governmental activities of the District.	342,866
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:	
Bonds Payable	(98,488,042)
Total Net Position - Governmental Activities	$ 46,392,643

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED FEBRUARY 28, 2026

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
REVENUES			
Property Taxes	$ 2,071,561	$	$
Water Service	1,292,569	1,933,499	
Wastewater Service	1,869,073		2,035,676
Water Authority Fee	1,699,381		
Penalty and Interest	127,112		
Tap Connection and Inspection Fees	54,286		
Sales Tax Revenues	665,028		
Investment Revenues	744,437	9,828	18,781
Miscellaneous Revenues	2,630,391		
TOTAL REVENUES	$ 11,153,838	$ 1,943,327	$ 2,054,457
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 348,311	$ 10,232	$ 74,355
Contracted Services	1,574,664	33,862	56,079
Purchased Water Service	1,170,900	1,683,079	
Purchased Wastewater Service	740,458		
Utilities	101,421	53,072	156,040
Repairs and Maintenance	3,135,567	149,048	464,252
Depreciation			
Lease Payments			243,600
Other	771,731	14,034	1,060,131
Capital Outlay			
Debt Service:			
Bond Principal			
Bond Interest			
TOTAL EXPENDITURES/EXPENSES	$ 7,843,052	$ 1,943,327	$ 2,054,457

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 4,631,079	$	$ 6,702,640	$ 49,910	$ 6,752,550
		3,226,068	(1,170,900)	2,055,168
		3,904,749	(740,458)	3,164,291
		1,699,381		1,699,381
60,873		187,985	2,301	190,286
		54,286		54,286
		665,028		665,028
250,019	505,067	1,528,132		1,528,132
1,331		2,631,722	(348,780)	2,282,942
$ 4,943,302	$ 505,067	$ 20,599,991	$ (2,207,927)	$ 18,392,064
$ 22,823	$ 3,886	$ 459,607	$	$ 459,607
112,643	975	1,778,223		1,778,223
		2,853,979	(1,170,900)	1,683,079
		740,458	(740,458)	
		310,533		310,533
		3,748,867		3,748,867
			2,588,942	2,588,942
		243,600		243,600
48,535	25,049	1,919,480		1,919,480
	1,223,307	1,223,307	(1,223,307)	
2,085,000		2,085,000	(2,085,000)	
3,349,844		3,349,844	102,834	3,452,678
$ 5,618,845	$ 1,253,217	$ 18,712,898	$ (2,527,889)	$ 16,185,009

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED FEBRUARY 28, 2026

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
NET CHANGE IN FUND BALANCES	$ 3,310,786	$ -0-	$ -0-
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - MARCH 1, 2025	18,090,918		68,157
FUND BALANCES/NET POSITION - FEBRUARY 28, 2026	$ 21,401,704	$ -0-	$ 68,157

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

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ (675,543)	$ (748,150)	$ 1,887,093	$ (1,887,093)	$
			2,207,055	2,207,055
7,933,343	12,456,060	38,548,478	5,637,110	44,185,588
$ 7,257,800	$ 11,707,910	$ 40,435,571	$ 5,957,072	$ 46,392,643

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED FEBRUARY 28, 2026

Net Change in Fund Balances - Governmental Funds	$	1,887,093
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		49,910
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		2,301
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(2,588,942)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		1,223,307
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		2,085,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(102,834)
Change in Net Position - Governmental Activities	$	2,207,055

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 400 (the "District") was created effective July 19, 2004, by an Order of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to operate and maintain a fire department to perform all fire-fighting activities within the District after approval by the Commission and voters of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has entered into an agreement with Harris County Municipal Utility District No. 423 for water service. The District has oversight over the water facilities. Additional disclosure concerning this agreement is provided in Note 8.

The District has entered into an agreement with Harris County Municipal Utility District No. 499, Harris County Municipal Utility District No. 422, Harris County Municipal Utility District No. 423 and Harris County Fresh Water Supply District No. 48 for wastewater disposal through a regional wastewater treatment plant (the "Plant"). The District has oversight responsibility over the Plant. Additional disclosure concerning this agreement is provided in Note 9.

Financial Statement Presentation

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

* Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

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

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

The District has five governmental funds and considers each to be major.

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

Special Revenue Fund Water Plant – To account for financial resources collected and administered by the District for the operation of the joint water plants which is a joint venture of the District with Harris County Municipal Utility District No. 423.

Special Revenue Fund Wastewater Treatment Plant – To account for financial resources collected and administered by the District for the operation of the regional wastewater treatment plant.

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

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current year or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due. The District has applied a current accounting standard that provides for an exception to the basic concept that general long-term indebtedness is not reported as an expenditure until the amount becomes due and payable. This exception allows the District to record the March 1, 2026, debt service payments as expenditures during the current fiscal year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. See Note 14 for interfund receivables/payables and transfers as of February 28, 2026.

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
Recreational Facilities	10-20

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund and each Special Revenue Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. Neither Special Revenue Fund budgets were amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Funds present the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District has assigned $1,535,177 of its General Fund fund balance for a budgeted deficit in the fiscal year ending February 28, 2027.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Refunding Series 2015	Series 2016	Series 2017
Amount Outstanding – February 28, 2026	$7,580,000	$14,400,000	$11,225,000
Interest Rates	3.25% - 4.00%	3.25% - 4.00%	3.50% - 4.00%
Maturity Date	September 1, 2026/2036	September 1, 2026/2042	September 1, 2026/2047
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	September 1, 2023*	September 1, 2024*

	Refunding Series 2019A	Refunding Series 2019B	Series 2020
Amount Outstanding – February 28, 2026	$830,000	$1,615,000	$13,705,000
Interest Rates	3.00% - 3.625%	3.00% - 3.75%	2.00% - 4.00%
Maturity Date	September 1, 2026/2036	September 1, 2026/2037	September 1, 2026/2049
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2024*	September 1, 2025*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2016 term bonds maturing on September 1, 2042 are subject to mandatory redemption beginning September 1, 2038. Series 2017 term bonds maturing on September 1, 2042 and September 1, 2047, are subject to mandatory redemption beginning September 1, 2038 and September 1, 2045, respectively. Series 2019A Refunding term bonds maturing beginning September 1, 2029, September 1, 2031, September 1, 2033, and September 1, 2036, are subject to mandatory redemption beginning September 1, 2028, September 1, 2030, September 1, 2032, and September 1, 2034, respectively. Series 2019B Refunding term bonds maturing beginning September 1, 2029, September 1, 2031, September 1, 2033, September 1, 2035, and September 1, 2037, are subject to mandatory redemption beginning September 1, 2028, September 1, 2030, September 1, 2032, September 1, 2034, and September 1, 2036, respectively. Series 2020 term bonds maturing on September 1, 2045 and September 1, 2049, are subject to mandatory redemption beginning September 1, 2041, and September 1, 2046, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2020A	Series 2020B	Refunding Series 2020C
Amount Outstanding – February 28, 2026	$4,950,000	$3,025,000	$1,955,000
Interest Rates	2.125% - 2.375%	2.00% - 2.50%	2.00% - 2.375%
Maturity Date	September 1, 2043/2050	September 1, 2026/2050	September 1, 2026/2037
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2025*	September 1, 2025*	September 1,2025*

	Refunding Series 2021	Series 2022	Series 2024
Amount Outstanding – February 28, 2026	$8,895,000	$16,340,000	$14,620,000
Interest Rates	2.00% - 3.00%	3.00% - 5.00%	4.00% - 6.00%
Maturity Date	September 1, 2026/2035	September 1, 2026/2051	September 1, 2026/2053
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1,2026*	September 1, 2027*	September 1, 2029*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2020A term bonds maturing on September 1, 2044, September 1, 2046, and September 1, 2050, are subject to mandatory redemption beginning September 1, 2043, September 1, 2045, and September 1, 2047, respectively. Series 2020B term bonds maturing on September 1, 2029, September 1, 2031, September 1, 2034, September 1, 2037, September 1, 2040, and September 1, 2050, are subject to mandatory redemption beginning September 1, 2028, September 1, 2030, September 1, 2032, September 1, 2035, September 1, 2038, and September 1, 2041, respectively. Series 2020C Refunding term bonds maturing on September 1, 2028, September 1, 2031, and September 1, 2036, are subject to mandatory redemption beginning September 1, 2026, September 1, 2029, and September 1, 2032, respectively. Series 2021 Refunding term bonds maturing on September 1, 2027 are subject to mandatory redemption beginning on September 1, 2026. Series 2022 term bonds maturing on September 1, 2044, September 1, 2046, and September 1, 2051 are subject to mandatory redemption beginning September 1, 2043, September 1, 2045, and September 1, 2047, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended February 28, 2026:

	March 1, 2025	Additions	Retirements	February 28, 2026
Bonds Payable	$ 101,225,000	$	$ 2,085,000	$ 99,140,000
Unamortized Discounts	(1,420,946)		(64,477)	(1,356,469)
Unamortized Premiums	752,359		47,848	704,511
Bonds Payable, Net	$ 100,556,413	$ -0-	$ 2,068,371	$ 98,488,042

Amount Due Within One Year	$ 2,360,000
Amount Due After One Year	96,128,042
Bonds Payable, Net	$ 98,488,042

As of February 28, 2026, the District has authorized but unissued tax bonds of $37,795,000 and authorized but unissued refunding bonds of $152,600,000.

As of February 28, 2026, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2027	$ 2,360,000	$ 3,272,427	$ 5,632,427
2028	2,445,000	3,182,945	5,627,945
2029	2,535,000	3,095,350	5,630,350
2030	2,620,000	3,009,887	5,629,887
2031	2,710,000	2,923,544	5,633,544
2032-2036	14,925,000	13,323,129	28,248,129
2037-2041	17,645,000	10,673,227	28,318,227
2042-2046	21,140,000	7,307,968	28,447,968
2047-2051	25,215,000	3,457,632	28,672,632
2052-2054	7,545,000	271,700	7,816,700
	$ 99,140,000	$ 50,517,809	$ 149,657,809

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended February 28, 2026, the District levied an ad valorem debt service tax rate of $0.38 per $100 of assessed valuation, which resulted in a tax levy of $4,742,315 on the adjusted taxable valuation of $1,247,980,696 for the 2025 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that the District is required by the Securities and Exchange Commission to provide continuing disclosure of certain general financial information and operating data with respect to the District to the state information depository. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At year end, the carrying amount of the District's deposits was $12,117,867 and the bank balance was $10,825,528. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at February 28, 2026, as listed below:

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 1,728,425	$ 9,074,517	$ 10,802,942
SPECIAL REVENUE FUNDS	799,031		799,031
DEBT SERVICE FUND	515,894		515,894
TOTAL DEPOSITS	$ 3,043,350	$ 9,074,517	$ 12,117,867

Investments

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

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District records its investments in certificates of deposit at acquisition cost.

As of February 28, 2026, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Texas CLASS	$ 10,506,126	$ 10,506,126
Certificates of Deposit	9,074,517	9,074,517
SPECIAL REVENUE FUNDS		
Texas CLASS	853,849	853,849
DEBT SERVICE FUND		
Texas CLASS	6,551,245	6,551,245
CAPITAL PROJECTS FUND		
Texas CLASS	11,466,000	11,466,000
TOTAL INVESTMENTS	$ 38,451,737	$ 38,451,737

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At February 28, 2026, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

Restrictions

All cash and investments of the Special Revenue Funds are restricted for the water plant and wastewater treatment plant operations. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended February 28, 2026:

	March 1, 2025	Increases	Decreases	February 28, 2026
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 25,225,907	$	$	$ 25,225,907
Construction in Progress	3,818,677	1,223,307	3,511,693	1,530,291
Total Capital Assets Not Being Depreciated	$ 29,044,584	$ 1,223,307	$ 3,511,693	$ 26,756,198
Capital Assets Subject to Depreciation				
Water System	$ 18,582,264	$ 3,511,693	$	$ 22,093,957
Wastewater System	37,744,005			37,744,005
Drainage System	23,275,185			23,275,185
Recreational Facilities	9,659,426			9,659,426
Total Capital Assets Subject to Depreciation	$ 89,260,880	$ 3,511,693	$ - 0 -	$ 92,772,573
Accumulated Depreciation				
Water System	$ 4,541,138	$ 605,466	$	$ 5,146,604
Wastewater System	7,044,622	916,710		7,961,332
Drainage System	5,659,875	517,226		6,177,101
Recreational Facilities	1,566,827	549,540		2,116,367
Total Accumulated Depreciation	$ 18,812,462	$ 2,588,942	$ - 0 -	$ 21,401,404
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 70,448,418	$ 922,751	$ - 0 -	$ 71,371,169
Total Capital Assets, Net of Accumulated Depreciation	$ 99,493,002	$ 2,146,058	$ 3,511,693	$ 98,127,367

NOTE 7. MAINTENANCE TAX

On November 2, 2004, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.35 per $100 of assessed valuation of taxable property within the District. During the year ending February 28, 2026, the District levied an ad valorem maintenance tax rate of $0.17 per $100 of assessed valuation, which resulted in a tax levy of $2,121,562 on the adjusted taxable valuation of $1,247,980,696 for the 2025 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

NOTE 8. WATER SUPPLY AGREEMENT

On December 18, 2017, the District and Harris County Municipal Utility District No. 423 ("District No. 423") entered into a Water Facilities Agreement. The agreement provided for the financing, design and construction of a Phase II expansion of the District's Water Re-Pressurization Facility ("Facility") so that it may serve 2,500 total connections of potable water supply, distribution capacity and related services and to provide for the maintenance and operation of the Facility following completion of construction for the mutual benefit of both districts. On March 23, 2020, the agreement was amended to provide for the financing, design and construction of a Phase III expansion of the Facility which is to be constructed completely at the option and cost of District No. 423. This project has been completed. On May 23, 2022 and February 1, 2023, the agreement was amended to reflect a new proportionate share schedule in connection with the completion of Phase III expansion of the Facility. The District performs the accounting for the water operations and is responsible for operating the Facility. The districts have an operating reserve of $367,611 with the District funding $224,163, and District No. 423 funding $143,448 of the reserve. Certain operating costs are fixed expenditures and are billed on each district's proportionate share of ownership while variable operating costs are billed based on each districts active equivalent single-family connections. Transactions for the current year are summarized as follows:

	Harris County Municipal Utility District No. 400	Harris County Municipal Utility District No. 423	Total
Due from participants, March 1, 2025	$ 98,312	$ 590,807	$ 689,119
Current year billings to Participants	1,170,900	816,329	1,987,229
Current year collections	1,207,169	1,078,565	2,285,734
Due from participants February 28, 2026	$ 62,043	$ 328,571	$ 390,614
Reserve balances at February 28, 2026	$ 224,163	$ 143,448	$ 367,611

The District recorded $1,170,900 for operating costs related to this agreement.

NOTE 9. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT

On July 1, 2008, the District, District No. 423, Harris County Municipal Utility District No. 422, Harris County Municipal Utility District No. 499 and Harris County Fresh Water Supply District No. 48 entered in a Regional Wastewater Treatment Plant Agreement. The agreement was amended and restated on July 1, 2013 and a second amended and restated agreement was made effective on November 1, 2021 and the first amendment to the second amended agreement was effective on January 22, 2024. It calls for the District to sell 7,875 gallons per day (gpd) of capacity to District No. 422 for $240,000 plus related costs. The second amendment provides for the construction and operation of an interim regional wastewater treatment plant with an on-site lift station and ultimate capacity to treat approximately 550,000 gpd. Additionally, the second amendment establishes the terms and conditions by which the parties will finance the design and construction of, allocate treatment capacity in, and fund the operations of the existing plant, an 850,000 gpd expansion, the trunkline and the District lift station. The first amendment provides ownership interest after completion to 1,400,000 gpd expansion. The District performs the accounting for the wastewater operations and is responsible for the operations of the interim plant. Certain operating costs are fixed expenditures and are billed on each districts proportionate share of ownership while variable operating costs are billed on each districts active equivalent single-family connections. Transactions for the current year are summarized as follows:

	Harris County Municipal Utility District No. 400	Harris County Municipal Utility District No. 422	Harris County Municipal Utility District No. 423	Harris County Municipal Utility District No. 499	Harris County Fresh Water Supply District No. 48	Total
Due from participants, March 1, 2025	$ 154,456	$ 98,419	$ 309,443	$ 135,776	$ 26,168	$ 724,262
Current year billings to Participants	740,458	382,100	718,216	282,628	44,926	2,168,328
Current year collections	721,168	452,485	626,913	301,958	69,763	2,172,287
Due from participants February 28, 2026	$ 173,746	$ 28,034	$ 400,746	$ 116,446	$ 1,331	$ 720,303
Reserve balances at February 28, 2026	$ 203,124	$ 100,177	$ 162,081	$ 88,418	$ 11,533	$ 565,333

The District recorded $740,458 for operating costs related to this agreement.

During the prior fiscal year, in accordance with the second amended and restated agreement, the District sold bonds to finance the construction of the wastewater treatment plant expansion. The bond proceeds were used to finance the District's portion, as well as the Harris County MUD Nos. 422 and 423 portions, of the wastewater treatment plant expansion project, for which the District will be repaid over time.

NOTE 9. REGIONAL SEWAGE TREATMENT PLANT AGREEMENT (Continued)

The District has recorded a receivable in the amount of $5,040,000, to be paid annually, including interest, until September 1, 2042 by Harris County MUD Nos. 422 and 423. As of February 28, 2026, the repayment requirements were as follows:

Due During Fiscal Years Ending February 28/29	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 250,000	$ 279,720	$ 529,720
2028	255,000	265,844	520,844
2029	255,000	251,692	506,692
2030	265,000	237,540	502,540
2031	270,000	222,833	492,833
2032	275,000	207,848	482,848
2033	285,000	192,585	477,585
2034	285,000	176,766	461,766
2035	295,000	160,950	455,950
2036	300,000	144,578	444,578
2037	310,000	127,928	437,928
2038	315,000	110,723	425,723
2039	320,000	93,240	413,240
2040	330,000	75,480	405,480
2041	335,000	57,166	392,166
2042	345,000	38,572	383,572
2043	350,000	19,425	369,425
	$ 5,040,000	$ 2,662,890	$ 7,702,890

The following is a summary of changes regarding repayment requirements for the year ended February 28, 2026:

Repayment Receivable, beginning of year	$ 5,280,000
Principal Repayments	240,000
Repayment Receivable, end of year	$ 5,040,000

NOTE 10. GROUNDWATER REDUCTION PLAN AGREEMENT

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to an annual permit issued by the Subsidence District. In 1999, the Subsidence District adopted a district regulatory plan to reduce groundwater withdrawal through the conversion to surface water. The District has entered into a Groundwater Reduction Plan Agreement (GRPA) with the City of Houston (the City) in order to meet the Subsidence District's requirements. As a participant in the GRPA, the District has complied with all Subsidence District requirements for surface water conversion, but is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City. For the year ended February 28, 2026, the District incurred fees totaling $1,683,079 for surface water purchased from the City.

NOTE 11. LEASE-INTERIM WASTEWATER TREATMENT PLANT

On April 24, 2017, the District entered into a 60-month lease agreement with AUC Group, LP to lease a 400,000 gallons per day prepackaged wastewater treatment plant. The monthly lease payments are $31,800. After the initial 60-month lease has ended, the District may extend the lease on a month to month basis at $20,300 per month. The District is responsible for insuring the leased property. The agreement includes a purchase option whereby the District can purchase the plant at any time in accordance with the provisions outlined in the agreement. During the current fiscal year, the District's Wastewater Treatment Plant Special Revenue Fund recorded $243,600 of expenditures per this agreement.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage and no settlements have exceeded coverage in the past three years.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

On December 20, 2007, the District entered into a Strategic Partnership Agreement with the City of Houston, Texas. The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code and the Act, the City shall annex a tract or tracts of land for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Tract within the boundaries of the District. The District will continue to develop, own, operate, and maintain a water, wastewater, and drainage system in the District.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. The District retains all rights to assess and levy ad valorem taxes on taxable property within the Tract. Upon the limited purpose annexation of the Tract, the City's municipal courts shall have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City will be applicable to the District and the Tract of land within the District. The District's assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period of this agreement.

After the Tract is annexed for limited purposes by the City, the qualified voters of the Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Tract.

The City shall impose a Sales and Use Tax within the boundaries of the Tract upon the limited-purpose annexation of the Tract. The Sales and Use Tax shall be imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City agreed to pay to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the boundaries of the Tract. The City agreed to deliver to the District its share of the sales tax receipts with 30 days of the City receiving the funds from the State Comptroller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement. The term of this Agreement is 30 years from the effective date of the Agreement. During the current fiscal year, the District recorded $665,028 in sales tax revenue, of which $148,005 was recorded as a receivable.

NOTE 14. USE OF SURPLUS FUNDS

In accordance with Rule 30 T.A.C. 293.83(3)(C) of the Commission, the District approved the use of surplus Capital Projects Fund monies to pay the costs of the replacement of ground storage tank no. 1 at water plant no. 1 at a cost of $655,836. During the current fiscal year, the District expended $199,119 on this project. The project is ongoing as of February 28, 2026.

NOTE 15. INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

As of February 28, 2026, the District had the following interfund liabilities: the Debt Service Fund owed the General Fund $346,890 for maintenance tax collections, the General Fund owed the Special Revenue Funds $235,789 for the water and wastewater treatment plant operating costs, the General Fund owed the Capital Projects Fund $298,392 project costs and the Capital Projects Fund for the wastewater treatment plant owed the Special Revenue Fund $56,482 for the remaining deposit for the cost of the wastewater treatment plant expansion. In addition, the Special Revenue Funds owed the General Fund $867,979 and the General Fund owed the Special Revenue Funds $52,361. The General Fund owed $619,837 to the Debt Service Fund for Harris County Municipal Utility Districts 422 and 423's debt payments reimbursements.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400

REQUIRED SUPPLEMENTARY INFORMATION

FEBRUARY 28, 2026

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED FEBRUARY 28, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 2,363,758	$ 2,071,561	$ (292,197)
Water Service	1,389,495	1,292,569	(96,926)
Wastewater Service	2,052,858	1,869,073	(183,785)
Water Authority Fee	1,678,132	1,699,381	21,249
Penalty and Interest	120,000	127,112	7,112
Tap Connection and Inspection Fees	17,500	54,286	36,786
Sales Tax Revenues	676,365	665,028	(11,337)
Investment Revenues	500,000	744,437	244,437
Miscellaneous Revenues	2,528,354	2,630,391	102,037
TOTAL REVENUES	$ 11,326,462	$ 11,153,838	$ (172,624)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 460,850	$ 348,311	$ 112,539
Contracted Services	1,672,080	1,574,664	97,416
Purchased Water Service	1,312,042	1,170,900	141,142
Purchased Wastewater Service	761,846	740,458	21,388
Utilities	129,450	101,421	28,029
Repairs and Maintenance	1,796,194	3,135,567	(1,339,373)
Other	767,000	771,731	(4,731)
Capital Outlay	2,770,000		2,770,000
TOTAL EXPENDITURES	$ 9,669,462	$ 7,843,052	$ 1,826,410
NET CHANGE IN FUND BALANCE	$ 1,657,000	$ 3,310,786	$ 1,653,786
FUND BALANCE - MARCH 1, 2025	18,090,918	18,090,918	
FUND BALANCE - FEBRUARY 28, 2026	$ 19,747,918	$ 21,401,704	$ 1,653,786

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - WATER PLANT FOR THE YEAR ENDED FEBRUARY 28, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 2,208,500	$ 1,933,499	$ (275,001)
Miscellaneous and Investment Revenues		9,828	9,828
TOTAL REVENUES	$ 2,208,500	$ 1,943,327	$ (265,173)
EXPENDITURES			
Service Operations:			
Professional Fees	$ 21,000	$ 10,232	$ 10,768
Contracted Services	42,000	33,862	8,138
Purchased Water Service	1,950,000	1,683,079	266,921
Utilities	56,600	53,072	3,528
Repairs and Maintenance	95,000	149,048	(54,048)
Other	23,900	14,034	9,866
Capital Outlay	20,000		20,000
TOTAL EXPENDITURES	$ 2,208,500	$ 1,943,327	$ 265,173
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - MARCH 1, 2025			
FUND BALANCE - FEBRUARY 28, 2026	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT FOR THE YEAR ENDED FEBRUARY 28, 2026

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	$ 1,673,433	$ 2,035,676	$ 362,243
Investment Revenues	22,567	18,781	(3,786)
TOTAL REVENUES	$ 1,696,000	$ 2,054,457	$ 358,457
EXPENDITURES			
Service Operations:			
Professional Fees	$ 35,000	$ 74,355	$ (39,355)
Contracted Services	84,000	56,079	27,921
Utilities	140,250	156,040	(15,790)
Repairs and Maintenance	425,000	464,252	(39,252)
Lease Payments	243,600	243,600	
Other	668,150	1,060,131	(391,981)
Capital Outlay	100,000		100,000
TOTAL EXPENDITURES	$ 1,696,000	$ 2,054,457	$ (358,457)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - MARCH 1, 2025	68,157	68,157	
FUND BALANCE - FEBRUARY 28, 2026	$ 68,157	$ 68,157	$ -0-

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

FEBRUARY 28, 2026

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2026

1. SERVICES PROVIDED BY THE DISTRICT DURING THE YEAR:

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

2. RETAIL SERVICE PROVIDERS

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

Based on the Rate Order effective April 1, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 18.00	7,000	N	$ 0.50	7,001 to 10,000
				$ 1.00	10,001 – 15,000
				$ 2.00	15,001 – 20,000
				$ 4.00	20,001 and up
WASTEWATER:	$ 40.96		Y		
SURCHARGE:					
Regional Water Authority Fees			N	$ 4.80	0001 and up

District employs winter averaging for wastewater usage? ____ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $19.50 Wastewater: $40.96 Surcharge: $48.00 Total: $108.46

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2026

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	3,387	3,360	x 1.0	3,360
1"	260	260	x 2.5	650
1½"	44	43	x 5.0	215
2"	59	59	x 8.0	472
3"	8	8	x 15.0	120
4"	2	2	x 25.0	50
6"	4	4	x 50.0	200
8"	13	13	x 80.0	1,040
10"			x 115.0	
Total Water Connections	3,777	3,749		6,107
Total Wastewater Connections	3,671	3,643	x 1.0	3,643

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

Gallons pumped into system: 220,171,000

Water Accountability Ratio: 92.5 %
(Gallons billed /Gallons pumped)

Gallons billed to customers: 203,706,000

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
SERVICES AND RATES
FOR THE YEAR ENDED FEBRUARY 28, 2026

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

Does the District have Debt Service standby fees? Yes __ No __X__

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all __X__

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

Entirely __X__ Partly _____ Not at all _____

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 28, 2026

PROFESSIONAL FEES:		
Auditing	$	28,750
Engineering		180,921
Legal		138,640
TOTAL PROFESSIONAL FEES	$	348,311
PURCHASED SERVICES FOR RESALE:		
Purchased Water and Wastewater Service	$	1,911,358
CONTRACTED SERVICES:		
Bookkeeping	$	75,836
Operations and Billing		288,687
Security		248,485
Solid Waste Disposal		961,656
TOTAL CONTRACTED SERVICES	$	1,574,664
UTILITIES:		
Electricity	$	99,910
Telephone		1,511
TOTAL UTILITIES	$	101,421
REPAIRS AND MAINTENANCE	$	3,135,567
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	30,754
Election Costs		5,126
Insurance		72,013
Office Supplies and Postage		15,271
Payroll Taxes		4,272
Travel and Meetings		11,890
Other		39,709
TOTAL ADMINISTRATIVE EXPENDITURES	$	179,035

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED FEBRUARY 28, 2026

TAP CONNECTIONS	$	82,000
OTHER EXPENDITURES:		
Chemicals	$	169,820
Generator		15,000
Laboratory Fees		73,422
Permit Fees		86,647
Inspection Fees		24,092
Sludge Hauling		97,094
Other		44,621
TOTAL OTHER EXPENDITURES	$	510,696
TOTAL EXPENDITURES	$	7,843,052

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
INVESTMENTS
FEBRUARY 28, 2026

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year
GENERAL FUND				
Texas CLASS	XXXX0001	Varies	Daily	$ 10,506,126
Certificate of Deposit	XXXX7686	3.85%	03/26/26	158,276
Certificate of Deposit	XXXX9923	3.85%	03/26/26	245,109
Certificate of Deposit	XXXX8291	3.85%	03/26/26	245,109
Certificate of Deposit	XXXX7756	3.85%	03/26/26	148,156
Certificate of Deposit	XXXX7417	3.85%	03/26/26	1,036
Certificate of Deposit	XXXX6989	3.85%	03/26/26	245,109
Certificate of Deposit	XXXX5496	3.85%	03/26/26	245,109
Certificate of Deposit	XXXX3306	3.85%	03/26/26	245,109
Certificate of Deposit	XXXX9437	3.85%	03/26/26	245,109
Certificate of Deposit	XXXX8252	3.85%	03/26/26	245,110
Certificate of Deposit	XXXX7512	3.85%	03/26/26	245,110
Certificate of Deposit	XXXX8489	3.95%	06/25/26	96,309
Certificate of Deposit	XXXX2326	3.95%	06/25/26	33,642
Certificate of Deposit	XXXX4214	3.95%	06/25/26	242,933
Certificate of Deposit	XXXX0287	3.95%	06/25/26	242,933
Certificate of Deposit	XXXX8263	3.95%	06/25/26	242,933
Certificate of Deposit	XXXX4742	3.95%	06/25/26	242,933
Certificate of Deposit	XXXX0248	3.95%	06/25/26	242,933
Certificate of Deposit	XXXX7607	3.95%	06/25/26	242,933
Certificate of Deposit	XXXX32541	3.95%	06/25/26	208,396
Certificate of Deposit	XXXX1522	3.95%	06/25/26	230,102
Certificate of Deposit	XXXX2398	3.95%	06/25/26	242,933
Certificate of Deposit	XXXX3622	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX1373	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX1014	3.75%	07/23/26	10,661
Certificate of Deposit	XXXX0167	3.75%	07/23/26	48,081
Certificate of Deposit	XXXX1552	3.75%	07/23/26	34,523
Certificate of Deposit	XXXX4977	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX0856	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX8429	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX0719	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX6835	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX7842	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX3474	3.75%	07/23/26	241,906
Certificate of Deposit	XXXX2858	3.75%	07/23/26	3,880
Certificate of Deposit	XXXX0622	3.30%	12/24/26	237,894
Certificate of Deposit	XXXX5412	3.30%	12/24/26	237,894
Certificate of Deposit	XXXX2373	3.30%	12/24/26	237,894
Certificate of Deposit	XXXX3653	3.30%	12/24/26	109,285
Certificate of Deposit	XXXX7514	3.30%	12/24/26	237,894
Certificate of Deposit	XXXX5495	3.30%	12/24/26	237,894
Certificate of Deposit	XXXX1522	3.30%	12/24/26	12,565
Certificate of Deposit	XXXX5241	3.30%	12/24/26	237,894
Certificate of Deposit	XXXX5583	3.30%	12/24/26	237,894
Certificate of Deposit	XXXX8018	3.30%	12/24/26	237,894
Certificate of Deposit	XXXX4015	3.30%	12/24/26	237,894
TOTAL GENERAL FUND				$ 19,580,643
SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT				
Texas CLASS	XXXX0018	Varies	Daily	$ 853,849
DEBT SERVICE FUND				
Texas CLASS	XXXX0002	Varies	Daily	$ 6,551,245
CAPITAL PROJECTS FUND				
Texas CLASS	XXXX0010	Varies	Daily	$ 66,961
Texas CLASS	XXXX0013	Varies	Daily	311,081
Texas CLASS	XXXX0016	Varies	Daily	2,740
Texas CLASS	XXXX0017	Varies	Daily	11,085,218
TOTAL CAPITAL PROJECTS FUND				$ 11,466,000
TOTAL - ALL FUNDS				$ 38,451,737

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2026

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
MARCH 1, 2025	$ 85,415		$ 169,167	
Adjustments to Beginning Balance	(37,578)	$ 47,837	(73,749)	$ 95,418
Original 2025 Tax Levy	$ 2,034,089		$ 4,546,788	
Adjustment to 2025 Tax Levy	87,473	2,121,562	195,527	4,742,315
TOTAL TO BE ACCOUNTED FOR		$ 2,169,399		$ 4,837,733
TAX COLLECTIONS:				
Prior Years	$ (2,943)		$ (6,047)	
Current Year	2,074,504	2,071,561	4,637,126	4,631,079
TAXES RECEIVABLE - FEBRUARY 28, 2026		$ 97,838		$ 206,654
TAXES RECEIVABLE BY YEAR:				
2025		$ 47,058		$ 105,189
2024		35,856		70,742
2023		4,080		7,140
2022		4,917		10,303
2021		3,585		7,312
2020		1,150		2,484
2019		481		1,513
2018		305		1,045
2017		112		352
2016		59		186
2015		10		28
2014		147		129
2013		39		112
2012		39		119
TOTAL		$ 97,838		$ 206,654

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED FEBRUARY 28, 2026

	2025	2024	2023	2022
PROPERTY VALUATIONS:				
Land	$ 269,284,007	$ 224,803,873	$ 222,000,851	$ 220,965,188
Improvements	1,123,845,505	1,183,010,265	1,116,875,712	978,443,094
Personal Property	41,086,970	39,938,150	38,594,088	37,520,685
Exemptions	(186,235,786)	(178,977,937)	(159,412,706)	(139,181,233)
TOTAL PROPERTY VALUATIONS	$1,247,980,696	$1,268,774,351	$1,218,057,945	$1,097,747,734
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.38	$ 0.365	$ 0.35	$ 0.44
Maintenance	0.17	0.185	0.20	0.21
TOTAL TAX RATES PER $100 VALUATION	$ 0.55	$ 0.550	$ 0.55	$ 0.65
ADJUSTED TAX LEVY*	$ 6,863,877	$ 6,975,492	$ 6,699,302	$ 7,135,786
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	97.78 %	98.47 %	99.83 %	99.79 %

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

Maintenance Tax – Maximum tax rate of $1.35 per $100 of assessed valuation approved by voters on November 2, 2004.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	REFUNDING SERIES-2015		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 1,065,000	$ 269,694	$ 1,334,694
2028	1,100,000	233,138	1,333,138
2029	300,000	208,450	508,450
2030	310,000	197,200	507,200
2031	325,000	185,294	510,294
2032	330,000	172,600	502,600
2033	590,000	154,200	744,200
2034	620,000	130,000	750,000
2035	645,000	104,700	749,700
2036	365,000	84,500	449,500
2037	1,930,000	38,600	1,968,600
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
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2054			
	$ 7,580,000	$ 1,778,376	$ 9,358,376

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	SERIES-2016		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 125,000	$ 500,875	$ 625,875
2028	125,000	495,875	620,875
2029	125,000	491,344	616,344
2030	125,000	487,281	612,281
2031	125,000	483,219	608,219
2032	125,000	479,156	604,156
2033	125,000	475,094	600,094
2034	125,000	470,953	595,953
2035	125,000	466,734	591,734
2036	125,000	462,438	587,438
2037	125,000	458,063	583,063
2038	125,000	453,688	578,688
2039	2,325,000	410,813	2,735,813
2040	2,450,000	327,250	2,777,250
2041	2,575,000	239,311	2,814,311
2042	2,700,000	147,000	2,847,000
2043	2,850,000	49,875	2,899,875
2044			
2045			
2046			
2047			
2048			
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2053			
2054			
	$ 14,400,000	$ 6,898,969	$ 21,298,969

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	SERIES- 2017		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 75,000	$ 403,656	$ 478,656
2028	75,000	400,656	475,656
2029	75,000	397,656	472,656
2030	75,000	394,656	469,656
2031	75,000	391,656	466,656
2032	75,000	388,656	463,656
2033	75,000	385,656	460,656
2034	75,000	382,656	457,656
2035	75,000	379,656	454,656
2036	75,000	376,657	451,657
2037	75,000	373,657	448,657
2038	75,000	370,657	445,657
2039	75,000	367,844	442,844
2040	75,000	365,219	440,219
2041	75,000	362,594	437,594
2042	75,000	359,969	434,969
2043	75,000	357,344	432,344
2044	1,825,000	324,094	2,149,094
2045	1,900,000	258,906	2,158,906
2046	1,975,000	189,859	2,164,859
2047	2,075,000	116,454	2,191,454
2048	2,175,000	39,422	2,214,422
2049			
2050			
2051			
2052			
2053			
2054			
	$ 11,225,000	$ 7,387,580	$ 18,612,580

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	REFUNDING SERIES-2019A		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 70,000	$ 26,919	$ 96,919
2028	75,000	24,744	99,744
2029	65,000	22,603	87,603
2030	65,000	20,572	85,572
2031	70,000	18,375	88,375
2032	75,000	15,928	90,928
2033	80,000	13,262	93,262
2034	80,000	10,462	90,462
2035	85,000	7,521	92,521
2036	80,000	4,531	84,531
2037	85,000	1,541	86,541
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
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2053			
2054			
	$ 830,000	$ 166,458	$ 996,458

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	REFUNDING SERIES-2019B		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 60,000	$ 57,113	$ 117,113
2028	60,000	55,313	115,313
2029	55,000	53,552	108,552
2030	55,000	51,833	106,833
2031	55,000	50,046	105,046
2032	55,000	48,190	103,190
2033	55,000	46,300	101,300
2034	55,000	44,375	99,375
2035	55,000	42,450	97,450
2036	55,000	40,525	95,525
2037	55,000	38,531	93,531
2038	1,000,000	18,750	1,018,750
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
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2051			
2052			
2053			
2054			
	$ 1,615,000	$ 546,978	$ 2,161,978

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	SERIES-2020		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 100,000	$ 347,444	$ 447,444
2028	100,000	344,443	444,443
2029	100,000	342,444	442,444
2030	150,000	339,944	489,944
2031	150,000	336,944	486,944
2032	150,000	333,943	483,943
2033	150,000	330,944	480,944
2034	150,000	327,850	477,850
2035	150,000	324,569	474,569
2036	150,000	321,194	471,194
2037	150,000	317,725	467,725
2038	150,000	314,162	464,162
2039	150,000	310,506	460,506
2040	150,000	306,757	456,757
2041	150,000	303,006	453,006
2042	150,000	299,256	449,256
2043	150,000	295,507	445,507
2044	800,000	283,631	1,083,631
2045	800,000	263,631	1,063,631
2046	900,000	242,381	1,142,381
2047	900,000	219,319	1,119,319
2048	900,000	195,694	1,095,694
2049	3,255,000	141,159	3,396,159
2050	3,750,000	49,219	3,799,219
2051			
2052			
2053			
2054			
	$ 13,705,000	$ 6,891,672	$ 20,596,672

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	SERIES-2020A		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$	$ 115,663	$ 115,663
2028		115,663	115,663
2029		115,663	115,663
2030		115,663	115,663
2031		115,663	115,663
2032		115,663	115,663
2033		115,663	115,663
2034		115,663	115,663
2035		115,663	115,663
2036		115,663	115,663
2037		115,663	115,663
2038		115,663	115,663
2039		115,663	115,663
2040		115,663	115,663
2041		115,663	115,663
2042		115,663	115,663
2043		115,663	115,663
2044	265,000	112,847	377,847
2045	285,000	107,003	392,003
2046	210,000	101,613	311,613
2047	210,000	96,888	306,888
2048	220,000	91,913	311,913
2049	160,000	87,400	247,400
2050		85,500	85,500
2051	3,600,000	42,750	3,642,750
2052			
2053			
2054			
	$ 4,950,000	$ 2,692,185	$ 7,642,185

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	SERIES-2020B		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 80,000	$ 68,650	$ 148,650
2028	80,000	67,050	147,050
2029	85,000	65,400	150,400
2030	85,000	63,700	148,700
2031	90,000	61,950	151,950
2032	90,000	60,150	150,150
2033	95,000	58,300	153,300
2034	100,000	56,350	156,350
2035	100,000	54,350	154,350
2036	105,000	52,234	157,234
2037	110,000	49,950	159,950
2038	115,000	47,559	162,559
2039	120,000	44,988	164,988
2040	120,000	42,288	162,288
2041	125,000	39,531	164,531
2042	130,000	36,500	166,500
2043	135,000	33,188	168,188
2044	140,000	29,750	169,750
2045	145,000	26,188	171,188
2046	150,000	22,500	172,500
2047	155,000	18,688	173,688
2048	160,000	14,750	174,750
2049	165,000	10,688	175,688
2050	170,000	6,500	176,500
2051	175,000	2,188	177,188
2052			
2053			
2054			
	$ 3,025,000	$ 1,033,390	$ 4,058,390

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	REFUNDING SERIES-2020C		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 25,000	$ 44,706	$ 69,706
2028	50,000	43,956	93,956
2029	50,000	42,956	92,956
2030	50,000	41,956	91,956
2031	50,000	40,956	90,956
2032	45,000	40,006	85,006
2033	45,000	39,050	84,050
2034	45,000	38,038	83,038
2035	70,000	36,743	106,743
2036	70,000	35,169	105,169
2037	140,000	32,806	172,806
2038	1,315,000	15,616	1,330,616
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
	$ 1,955,000	$ 451,958	$ 2,406,958

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	REFUNDING SERIES-2021		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 250,000	$ 209,100	$ 459,100
2028	260,000	201,450	461,450
2029	1,105,000	180,975	1,285,975
2030	925,000	150,525	1,075,525
2031	955,000	122,325	1,077,325
2032	980,000	98,200	1,078,200
2033	1,000,000	78,400	1,078,400
2034	1,020,000	58,200	1,078,200
2035	1,040,000	37,600	1,077,600
2036	1,360,000	13,600	1,373,600
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
2052			
2053			
2054			
	$ 8,895,000	$ 1,150,375	$ 10,045,375

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	SERIES-2022		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 295,000	$ 631,557	$ 926,557
2028	295,000	616,807	911,807
2029	335,000	604,407	939,407
2030	525,000	591,507	1,116,507
2031	545,000	575,116	1,120,116
2032	590,000	557,012	1,147,012
2033	370,000	541,412	911,412
2034	390,000	527,600	917,600
2035	395,000	511,900	906,900
2036	430,000	495,400	925,400
2037	225,000	482,300	707,300
2038	220,000	473,400	693,400
2039	420,000	460,600	880,600
2040	400,000	444,200	844,200
2041	380,000	428,600	808,600
2042	360,000	413,800	773,800
2043	325,000	400,100	725,100
2044	625,000	381,100	1,006,100
2045	640,000	355,800	995,800
2046	655,000	329,900	984,900
2047	675,000	303,300	978,300
2048	690,000	276,000	966,000
2049	700,000	248,200	948,200
2050	480,000	224,600	704,600
2051	745,000	200,100	945,100
2052	4,630,000	92,600	4,722,600
2053			
2054			
	$ 16,340,000	$ 11,167,318	$ 27,507,318

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

	SERIES-2024		
Due During Fiscal Years Ending February 28/29	Principal Due September 1	Interest Due March 1/ September 1	Total
2027	$ 215,000	$ 597,050	$ 812,050
2028	225,000	583,850	808,850
2029	240,000	569,900	809,900
2030	255,000	555,050	810,050
2031	270,000	542,000	812,000
2032	285,000	530,900	815,900
2033	305,000	519,100	824,100
2034	320,000	506,600	826,600
2035	340,000	493,400	833,400
2036	360,000	479,400	839,400
2037	385,000	464,500	849,500
2038	410,000	448,600	858,600
2039	430,000	431,800	861,800
2040	455,000	414,100	869,100
2041	480,000	395,400	875,400
2042	510,000	375,600	885,600
2043	540,000	354,600	894,600
2044	575,000	332,300	907,300
2045	605,000	308,700	913,700
2046	645,000	283,700	928,700
2047	680,000	257,200	937,200
2048	725,000	229,100	954,100
2049	770,000	199,200	969,200
2050	815,000	167,500	982,500
2051	865,000	133,900	998,900
2052	920,000	98,200	1,018,200
2053	970,000	60,400	1,030,400
2054	1,025,000	20,500	1,045,500
	$ 14,620,000	$ 10,352,550	$ 24,972,550

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
LONG-TERM DEBT SERVICE REQUIREMENTS
FEBRUARY 28, 2026

Due During Fiscal Years Ending February 28/29	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2027	$ 2,360,000	$ 3,272,427	$ 5,632,427
2028	2,445,000	3,182,945	5,627,945
2029	2,535,000	3,095,350	5,630,350
2030	2,620,000	3,009,887	5,629,887
2031	2,710,000	2,923,544	5,633,544
2032	2,800,000	2,840,404	5,640,404
2033	2,890,000	2,757,381	5,647,381
2034	2,980,000	2,668,747	5,648,747
2035	3,080,000	2,575,286	5,655,286
2036	3,175,000	2,481,311	5,656,311
2037	3,280,000	2,373,336	5,653,336
2038	3,410,000	2,258,095	5,668,095
2039	3,520,000	2,142,214	5,662,214
2040	3,650,000	2,015,477	5,665,477
2041	3,785,000	1,884,105	5,669,105
2042	3,925,000	1,747,788	5,672,788
2043	4,075,000	1,606,277	5,681,277
2044	4,230,000	1,463,722	5,693,722
2045	4,375,000	1,320,228	5,695,228
2046	4,535,000	1,169,953	5,704,953
2047	4,695,000	1,011,849	5,706,849
2048	4,870,000	846,879	5,716,879
2049	5,050,000	686,647	5,736,647
2050	5,215,000	533,319	5,748,319
2051	5,385,000	378,938	5,763,938
2052	5,550,000	190,800	5,740,800
2053	970,000	60,400	1,030,400
2054	1,025,000	20,500	1,045,500
	$ 99,140,000	$ 50,517,809	$ 149,657,809

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 28, 2026

Description	Original Bonds Issued	Bonds Outstanding March 1, 2025
Harris County Municipal Utility District No. 400 Unlimited Tax Refunding Bonds - Series 2015	$ 9,970,000	$ 7,880,000
Harris County Municipal Utility District No. 400 Unlimited Tax Bonds - Series 2016	15,535,000	14,525,000
Harris County Municipal Utility District No. 400 Unlimited Tax Bonds - Series 2017	11,660,000	11,300,000
Harris County Municipal Utility District No. 400 Unlimited Tax Refunding Bonds - Series 2019A	1,205,000	900,000
Harris County Municipal Utility District No. 400 Unlimited Tax Refunding Bonds - Series 2019B	1,910,000	1,675,000
Harris County Municipal Utility District No. 400 Unlimited Tax Bonds - Series 2020	14,110,000	13,805,000
Harris County Municipal Utility District No. 400 Unlimited Tax Bonds - Series 2020A	4,950,000	4,950,000
Harris County Municipal Utility District No. 400 Unlimited Tax Park Bonds - Series 2020B	3,245,000	3,100,000
Harris County Municipal Utility District No. 400 Unlimited Tax Refunding Bonds - Series 2020C	5,190,000	2,685,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding February 28, 2026	Paying Agent
$	$ 300,000	$ 292,250	$ 7,580,000	Wells Fargo Bank N.A. Houston, TX
	125,000	505,875	14,400,000	The Bank of New York Mellon Trust Company Dallas, TX
	75,000	406,656	11,225,000	The Bank of New York Mellon Trust Company Dallas, TX
	70,000	29,019	830,000	The Bank of New York Mellon Trust Company Dallas, TX
	60,000	58,912	1,615,000	The Bank of New York Mellon Trust Company Dallas, TX
	100,000	351,444	13,705,000	The Bank of New York Mellon Trust Company Dallas, TX
		115,662	4,950,000	The Bank of New York Mellon Trust Company Dallas, TX
	75,000	71,138	3,025,000	The Bank of New York Mellon Trust Company Dallas, TX
	730,000	52,256	1,955,000	The Bank of New York Mellon Trust Company Dallas, TX

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED FEBRUARY 28, 2026

Description	Original Bonds Issued	Bonds Outstanding March 1, 2025
Harris County Municipal Utility District No. 400 Unlimited Tax Refunding Bonds - Series 2021	$ 9,570,000	$ 9,135,000
Harris County Municipal Utility District No. 400 Unlimited Tax Bonds - Series 2022	16,930,000	16,650,000
Harris County Municipal Utility District No. 400 Unlimited Tax Bonds - Series 2024	14,620,000	14,620,000
	$ 108,895,000	$ 101,225,000

Bond Authority:	Tax Bonds*	Refunding Bonds	Park Bonds
Amount Authorized by Voters	$ 150,000,000	$ 154,835,000	$ 4,835,000
Amount Issued	112,205,000	2,235,000	4,835,000
Remaining to be Issued	$ 37,795,000	$ 152,600,000	$ - 0 -

Debt Service Fund cash, investments and cash with paying agent balances as of Feburary 28, 2026:	$ 7,067,139
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 5,344,922

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

* Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding February 28, 2026	Paying Agent
$	$ 240,000	$ 216,450	$ 8,895,000	The Bank of New York Mellon Trust Company Dallas, TX
	310,000	646,682	16,340,000	The Bank of New York Mellon Trust Company Dallas, TX
		603,500	14,620,000	The Bank of New York Mellon Trust Company Dallas, TX
$ - 0 -	$ 2,085,000	$ 3,349,844	$ 99,140,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 2,071,561	$ 2,287,682	$ 2,403,144
Water Service	1,292,569	1,251,557	1,224,456
Wastewater Service	1,869,073	1,888,166	1,812,278
Water Authority Fee	1,699,381	1,532,101	1,509,234
Penalty and Interest	127,112	123,923	109,305
Tap Connection and Inspection Fees	54,286	219,036	146,142
Sales Tax Revenues	665,028	635,016	661,032
Investment Revenues	744,437	1,367,216	385,468
Miscellaneous Revenues	2,630,391	789,629	1,010,706
TOTAL REVENUES	$ 11,153,838	$ 10,094,326	$ 9,261,765
EXPENDITURES			
Professional Fees	$ 348,311	$ 518,499	$ 560,913
Contracted Services	1,574,664	1,494,830	1,435,617
Purchased Water and Wastewater Service	1,911,358	2,126,473	2,118,037
Utilities	101,421	127,987	123,560
Repairs and Maintenance	3,135,567	1,872,076	1,204,223
Other	771,731	926,873	797,460
Capital Outlay		2,804,755	3,918,822
TOTAL EXPENDITURES	$ 7,843,052	$ 9,871,493	$ 10,158,632
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 3,310,786	$ 222,833	$ (896,867)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ - 0 -	$ (619,837)	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 3,310,786	$ (397,004)	$ (896,867)
BEGINNING FUND BALANCE	18,090,918	18,487,922	19,384,789
ENDING FUND BALANCE	$ 21,401,704	$ 18,090,918	$ 18,487,922

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 2,276,646	$ 2,258,932	18.5 %	22.7 %	25.9 %	27.5 %	29.2 %
1,177,214	1,061,995	11.6	12.4	13.2	14.2	13.7
1,771,887	1,712,386	16.8	18.7	19.6	21.4	22.1
1,353,556	970,278	15.2	15.2	16.3	16.3	12.5
99,042	99,034	1.1	1.2	1.2	1.2	1.3
127,645	577,186	0.5	2.2	1.6	1.5	7.5
661,157	646,725	6.0	6.3	7.1	8.0	8.4
372,169	24,888	6.7	13.5	4.2	4.5	0.3
448,057	388,216	23.6	7.8	10.9	5.4	5.0
$ 8,287,373	$ 7,739,640	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 376,139	$ 487,580	3.1 %	5.1 %	6.1 %	4.5 %	6.3 %
1,286,462	1,157,296	14.1	14.8	15.5	15.5	15.0
1,521,400	1,663,595	17.1	21.1	22.9	18.4	21.5
139,514	105,239	0.9	1.3	1.3	1.7	1.4
1,060,273	1,097,390	28.1	18.5	13.0	12.8	14.2
777,200	934,015	6.9	9.2	8.6	9.4	12.1
216,366	2,812,039		27.8	42.3	2.6	36.3
$ 5,377,354	$ 8,257,154	70.2 %	97.8 %	109.7 %	64.9 %	106.8 %
$ 2,910,019	$ (517,514)	29.8 %	2.2 %	(9.7) %	35.1 %	(6.8) %
$ 451,245	$ (269,299)					
$ 3,361,264	$ (786,813)					
16,023,525	16,810,338					
$ 19,384,789	$ 16,023,525					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2026	2025	2024
REVENUES			
Property Taxes	$ 4,631,079	$ 4,510,894	$ 4,211,764
Penalty and Interest	60,873	37,584	34,021
Investment Revenues	250,019	337,024	365,461
Miscellaneous Revenues	1,331	35	438
TOTAL REVENUES	$ 4,943,302	$ 4,885,537	$ 4,611,684
EXPENDITURES			
Tax Collection Expenditures	$ 168,301	$ 174,511	$ 147,417
Debt Service Principal	2,085,000	2,025,000	1,720,000
Debt Service Interest and Fees	3,365,544	3,327,919	2,882,931
Bond Issuance Costs			
Payment to Refunded Bond Escrow Agent			
TOTAL EXPENDITURES	$ 5,618,845	$ 5,527,430	$ 4,750,348
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (675,543)	$ (641,893)	$ (138,664)
OTHER FINANCING SOURCES (USES)			
Transfers In	$	$ 619,837	$
Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
Bond Discount			
Bond Premium			
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 619,837	$ - 0 -
NET CHANGE IN FUND BALANCE	$ (675,543)	$ (22,056)	$ (138,664)
BEGINNING FUND BALANCE	7,933,343	7,955,399	8,094,063
ENDING FUND BALANCE	$ 7,257,800	$ 7,933,343	$ 7,955,399
TOTAL ACTIVE RETAIL WATER CONNECTIONS	3,749	3,755	3,735
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	3,643	3,651	3,684

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2023	2022	2026	2025	2024	2023	2022
$ 4,767,477	$ 4,620,532	93.7 %	92.2 %	91.4 %	96.6 %	98.5 %
34,270	58,340	1.2	0.8	0.7	0.7	1.2
135,367	14,515	5.1	6.9	7.9	2.7	0.3
	40		0.1			
$ 4,937,114	$ 4,693,427	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 142,633	$ 134,470	3.4 %	3.6 %	3.2 %	2.9 %	2.9 %
1,615,000	1,530,000	42.2	41.4	37.3	32.7	32.6
2,756,882	2,256,978	68.1	68.1	62.5	55.8	48.1
	369,822					7.9
	9,000					0.2
$ 4,514,515	$ 4,300,270	113.7 %	113.1 %	103.0 %	91.4 %	91.7 %
$ 422,599	$ 393,157	(13.7) %	(13.1) %	(3.0) %	8.6 %	8.3 %
$	$					
	9,570,000					
	(9,548,250)					
	(16,674)					
	368,175					
$ - 0 -	$ 373,251					
$ 422,599	$ 766,408					
7,671,464	6,905,056					
$ 8,094,063	$ 7,671,464					
3,699	3,648					
3,620	3,550					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2026

District Mailing Address - Harris County Municipal Utility District No. 400
c/o Schwartz Page & Harding, L.L.P.
1300 Post Oak Blvd, Suite 2400
Houston, TX 77056

District Telephone Number - (713) 623-4531

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the fiscal year ended February 28, 2026	Expense Reimbursements for the fiscal year ended February 28, 2026	Title
Cheryl Smith	05/2022 05/2026 (Elected)	$ 7,200	$ 5,004	President
Donna Muldrew	05/2024 05/2028 (Elected)	$ 6,630	$ 1,418	Vice President
Gerald Jones, Jr.	05/2024 05/2028 (Elected)	$ 7,072	$ 2,529	Secretary
Shepard Cross	05/2024 05/2028 (Elected)	$ 6,758	$ 2,398	Assistant Secretary
Lottie Williams	05/2022 05/2026 (Elected)	$ 3,094	$ 305	Director

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

Submission date of most recent District Registration Form: May 19, 2026

The limit on Fees of Office that a Director may receive during a fiscal year is approved to the maximum extend allowed by the law as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 400
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
FEBRUARY 28, 2026

Consultants:	Date Hired	District Fees for the fiscal year ended February 28, 2026	Water Plant and Wastewater Treatment Plant Fees for the fiscal year ended February 28, 2026	Title
Schwartz, Page & Harding, L.L.P.	08/24/04	$ 157,530	$ 5,097	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	12/28/20	$ 28,750 $ 750	$ 14,000 $ -0-	Auditor SB 625
Artesian Financial Services, LLC	12/01/22	$ 89,974	$ 48,666	Bookkeeper
Perdue Brandon Fielder Collins & Mott, L.L.P.	04/01/06	$ 22,823	$ -0-	Delinquent Tax Attorney
Quiddity Engineering, LLC	08/24/04	$ 1,367,013	$ 320,279	Engineer
Rathmann & Associates, L.P.	08/24/04	$	$ -0-	Financial Advisor
Lisa Rickert	12/01/22	$ -0-	$ -0-	Investment Officer
Inframark, LLC	09/01/09	$ 1,368,703	$ 637,402	Operator
Wheeler & Associates, Inc.	08/24/04	$ 89,407	$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

RATHMANN & ASSOCIATES

Financial Advisor to the District