BISSONNET
MUNICIPAL UTILITY DISTRICT
(Harris County, Texas)

PRELIMINARY OFFICIAL STATEMENT
DATED: OCTOBER 14, 2026

$15,000,000
WATERWORKS AND SEWER SYSTEM COMBINATION
UNLIMITED TAX AND REVENUE BONDS
SERIES 2026

BIDS DUE: 10:00 A.M., HOUSTON TIME
BONDS AWARDED: 12:00 NOON, HOUSTON TIME
TUESDAY, NOVEMBER 10, 2026
HOUSTON, TEXAS

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 OCTOBER 14, 2026

This Preliminary Official Statement is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon the sale of the Bonds, the Official Statement will be completed and delivered to the Underwriter.

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE - Book-Entry Only

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

$15,000,000
BISSONNET MUNICIPAL UTILITY DISTRICT
(A Political Subdivision of the State of Texas, located within Harris County, Texas)
WATERWORKS AND SEWER SYSTEM COMBINATION
UNLIMITED TAX AND REVENUE 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 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 15, 2026) (the "Date of Delivery"), and is payable on March 1, 2027, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only. The Bonds are subject to redemption, in whole or in part, prior to their scheduled maturities on September 1, 2031, or on any date thereafter, at the option of Bissonnet Municipal Utility District (the "District"). Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds or the portions thereof so called for redemption, plus accrued interest to the date of 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 (defined below) 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 "THE BONDS - 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 "THE BONDS - 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 "THE BONDS - Book-Entry-Only System."

The Bonds constitute the thirteenth series of bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District have authorized a total of $72,750,000 principal amount of bonds for the purpose of acquiring and constructing the System, and $23,500,000 principal amount of unlimited tax bonds for refunding such bonds. Following the issuance of the Bonds, $20,080,000 principal amount of unlimited tax bonds for the System and $19,245,000 principal amount of unlimited tax bonds for refunding such bonds authorized by the District's voters will remain authorized but unissued. See "THE BONDS - Legal Ability to Issue Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and 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, and are further payable from and secured by a pledge of and lien on certain Net Revenues (as defined herein), if any, of the District's waterworks and sewer system (the "System") to the extent and upon the conditions described herein. The System is not expected to produce sufficient Net Revenues to make significant contributions, if any, to future debt service payments. See "THE BONDS – Source of Payment." Neither the State of Texas, the City of Houston, Texas, Harris County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, or Harris County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Wallace & Philbin, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected to be on or about December 15, 2026.

MATURITY SCHEDULE

CUSIP Prefix (a): 091721

Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
$570,000	2040(c)			
600,000	2041(c)			
630,000	2042(c)			
660,000	2043(c)			
695,000	2044(c)			
735,000	2045(c)			
770,000	2046(c)			
815,000	2047(c)			
855,000	2048(c)			
900,000	2049(c)			
945,000	2050(c)			
995,000	2051(c)			
1,050,000	2052(c)			
1,105,000	2053(c)			
1,160,000	2054(c)			
1,225,000	2055(c)			
1,290,000	2056(c)			

_____

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

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

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

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District 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 Underwriter (as defined herein), and thereafter only as described under "SOURCES OF INFORMATION - Updating of Official Statement."

Neither the District nor the Underwriter 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 of the Bonds

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

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 THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

Municipal Bond Insurance and Ratings

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

BOND INSURANCE RISK FACTORS

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

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

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

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

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

OFFICIAL STATEMENT SUMMARY

The following 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 reader should refer particularly to sections that are indicated for more detailed information.

THE BONDS

The Issuer	Bissonnet Municipal Utility District (the "District"), is a political subdivision of the State of Texas located in Harris County, Texas. See "THE DISTRICT."
Description.....	$15,000,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2026 (the "Bonds"), are dated December 1, 2026, and mature on September 1 in the years and principal amounts shown on the inside cover page of this Official Statement under the heading "MATURITY SCHEDULE." Interest on the Bonds accrues from the date of initial delivery (the "Date of Delivery"), at the rates shown on the inside cover hereof, and is payable on March 1, 2027, and on each September 1 and March 1 thereafter (each, an "Interest Payment Date") until maturity or prior redemption. The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The Bonds are subject to redemption, in whole or in part, prior to their scheduled maturities, on 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 fixed for 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 and an Order of the TCEQ (hereinafter defined). See "THE BONDS."
Book-Entry-Only System.....	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (as defined herein) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds (see "THE BONDS - Book-Entry-Only System").
Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District, and are further payable from and secured by a pledge of and lien on certain Net Revenues (as defined herein), if any, of the District's waterworks and sewer system (the "System"), to the extent and upon the conditions described herein. The System is not expected to produce sufficient Net Revenues to make

	significant contributions, if any, to future debt service payments. The Bonds are obligations of the District and are not obligations of Harris County, Texas, the City of Houston, Texas, the State of Texas or any political subdivision other than the District. See "THE BONDS - Source of Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates."
Use of Proceeds	Proceeds of the sale of the Bonds will be used by the District to (i) finance the District's cost of Sanitary sewer CCTV and rehabilitation construction costs; ground storage tank no. 2 addition at Water Plant no. 2 construction costs; Water Plant no. 2 improvements construction costs; Wastewater Treatment Plant (WWTP) replacement construction costs; and Water Plant No. 1 and 2 chloramine conversion and surface water tie-ins construction costs; (ii) pay certain engineering costs related to the aforementioned facilities and projects; and (iii) pay for administrative and issuance costs, legal fees, fiscal agent fees, fees to the Texas Commission on Environmental Quality (the "TCEQ" or "Commission") and 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 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1977, Series 1978, Series 1981, Series 1984, Series 1993, Series 1996, Series 2003, Series 2005, Series 2007, Series 2009, Series 2017 and Series 2020. The District also has issued Unlimited Tax Refunding Bonds, Series 1992 (the "Series 1992 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"), and Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to the District's prior issued bonded indebtedness as the "Prior Bonds." The District has timely paid all interest on the Prior Bonds when due. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that has not been previously retired by the District is $11,865,000 (the "Outstanding Bonds"). After issuance of the Bonds, the total of the District's direct bonded indebtedness, including the Bonds, will be $26,865,000. See "THE BONDS - Legal Ability to Issue Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."
Authorized But Unissued Bonds.....	$20,080,000 bonds for waterworks, sanitary sewer, and drainage facilities and $19,245,000 bonds for refunding such bonds will remain authorized but unissued after issuance of the Bonds. See "THE BONDS - Legal Ability to Issue Additional Debt."
Municipal Bond Insurance and Ratings.....	Applications have been made to Assured Guaranty Inc. ("AG") and Build America Mutual Assurance Company ("BAM") to issue a commitment for municipal bond guaranty insurance on the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than S&P Global Ratings ("S&P"), a division of S&P Global Inc., will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is

solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond guaranty insurance policy, and the payment of fees in connection with such ratings except the S&P rating fees as described below. S&P has assigned an underlying rating of "A" (stable outlook) to the Bonds. If the Underwriter chooses to purchase municipal bond guaranty insurance on the Bonds, separate rating(s), including a rating by S&P, may at the election of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of S&P and the S&P rating associated with the guaranty insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," if the Underwriter elects to purchase municipal guaranty insurance on the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

NOT Qualified Tax-Exempt Obligations..... The Bonds are **not** "qualified tax-exempt obligations" for financial institutions.

Bond Counsel..... Wallace & Philbin, L.L.P., Houston, Texas, Bond Counsel. See "LEGAL MATTERS" and "TAX MATTERS."

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

Financial Advisor..... Rathmann & Associates, L.P., Houston, Texas.

Paying Agent/Registrar..... The Bank of New York Mellon Trust Company, N.A., in Houston, Texas.

THE DISTRICT

Description..... Bissonnet Municipal Utility District, a political subdivision of the State of Texas, was created by an Order of the Texas Water Rights Commission, now the TCEQ, on January 7, 1974, and operates as a municipal utility district pursuant to Chapters 49 and 54 of the Texas Water Code. The District contains approximately 544.02 acres of land. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas, approximately 17 miles southwest of the central business district of Houston. The approximate center of the District is located at the intersection of Bissonnet Road and Synott Road. The District is bounded partially (i) on the east and south by the City of Houston, (ii) on the north by a tract of land owned by the Alief Independent School District on which are located Liestman Elementary and Killough Middle Schools, and (iii) on the west by Renn Road Municipal Utility District and by Beechnut Municipal

	Utility District. The District is located entirely within Harris County, Texas. See "THE DISTRICT - 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 - Authority."
Development of the District.....	Land within the District has been developed for single-family residential, multi-family residential, and commercial use. The District's water supply and distribution, wastewater collection and treatment and storm drainage/detention system (the "System") currently serves fifteen completed residential subdivisions containing 2,255 fully-developed single-family residential and townhome lots that contain 2,255 homes, all of which have been sold to homeowners; four completed multi-family projects plus additional multi-family units aggregating 470 units; a daycare center, a convenience store, five strip shopping centers and two automobile service centers. Such development has been undertaken on approximately 520.41 acres located in the District. There is a total of approximately 23.82 acres of land located within the District that is available for future development that is served by District facilities on which no above-ground improvements have yet been constructed, including approximately 21.32 acres that are located within platted unrestricted reserves that are part of the aforementioned total of approximately 520.41 developed acres located within the District. Such approximately 23.82 acres are served with trunk underground water distribution, wastewater collection, and storm sewer facilities, and street paving constructed to the perimeter of the tracts, and have reserved and allocated to them portions of the District's wastewater treatment and water supply capacities in the District's wastewater treatment and water supply facilities. According to the District's Engineer, such wastewater treatment and water supply facilities contain sufficient capacities to serve all connections currently projected for the District at full development of the District. Under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "THE SYSTEM." None of the owners of any of such approximately 23.82 acres that are available for future development has reported any definitive plan to the District for the construction of above-ground improvements on the tract that it owns, and no such owner has any obligation to the District to undertake the construction of any future above-ground improvements thereon. Therefore, the District cannot represent when, or whether, any of such approximately 23.82 acres available for future development might be further developed or have any above-ground improvements constructed on them. See "FUTURE DEVELOPMENT," and "THE SYSTEM." The balance of the land that is located within the District is contained within street rights-of-way, drainage easements or District detention facilities, parks, recreational and open space, a pipeline easement, or is otherwise not available for development.

The District financed the cost of acquiring and constructing the water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities comprising the System with portions of the proceeds of the sale of the Prior Bonds. The District will finance the acquisition or construction of additions to the System and other facilities with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "USE AND DISTRIBUTION OF BOND PROCEEDS." The District anticipates issuing additional bonds for such purposes as future development in the District necessitates such issuance. Further, under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "THE BONDS - Legal Ability to Issue Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," and "THE SYSTEM.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(Unaudited)

2025 Assessed Valuation (As of January 1, 2025) See "TAX DATA" and "TAXING PROCEDURES"	$	638,792,034	(a)
2026 Assessed Valuation (As of January 1, 2026) See "TAX DATA" and "TAXING PROCEDURES"	$	640,174,413	(a)
Direct Debt:			
Outstanding Bonds	$	11,865,000	
The Bonds		15,000,000	
Total	$	26,865,000	(c)
Estimated Overlapping Debt	$	20,769,964	
Total Direct and Estimated Overlapping Debt	$	47,634,964	
Direct Debt Ratio			
: as a percentage of 2025 Assessed Valuation		4.21	%
: as a percentage of 2026 Assessed Valuation		4.20	%
Direct and Overlapping Debt Ratio			
: as a percentage of 2025 Assessed Valuation		7.46	%
: as a percentage of 2026 Assessed Valuation		7.44	%
Debt Service Fund Balance as of September 9, 2026	$	1,374,106	(d)
General Fund Balance as of September 9, 2026	$	4,713,026	
2026 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$	0.240	
Maintenance Tax		0.275	
Total	$	0.515	
Average Percentage of Total Tax Collections (2015-2024) as of September 30, 2026		99.75	%
Percentage of Tax Collections (2025) as of September 30, 2026 (In process of collection.)		98.11	%
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2056)	$	1,672,823	
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2029)	$	2,075,425	
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2027-2056) at 95% Tax Collections			
Based Upon 2025 Assessed Valuation	$	0.28	
Based Upon 2026 Assessed Valuation	$	0.28	

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2029) at 95% Tax Collections		
Based Upon 2025 Assessed Valuation	$	0.35
Based Upon 2026 Assessed Valuation	$	0.35
Number of Single-Family Housing Units		2,255
Number of Multi-Family Housing Units		470
Commercial Improvements		
Daycare Center		
Convenience Store		
Five Strip Shopping Centers		
Two Automobile Service Centers		

(a) As of January 1, 2025, and comprises the District's 2025 tax roll. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Harris Central Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Common Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) As of January 1, 2026, and comprises the District's 2026 tax roll. Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $35,325,194, which total is included in the amount of $640,174,413. 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 $5,800,017, which total is also included in the amount of $640,174,413. 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.

(c) See "DISTRICT DEBT" and "THE BONDS - Legal Ability to Issue Additional Debt."

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

BISSONNET MUNICIPAL UTILITY DISTRICT
WATERWORKS AND SEWER SYSTEM COMBINATION
UNLIMITED TAX AND REVENUE BONDS, SERIES 2026

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Bissonnet Municipal Utility District, a political subdivision located in Harris County, Texas (the "District") of its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2026 (the "Bonds").

There follow in this Official Statement descriptions of the Bonds, the District's plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request and payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order (hereinafter defined), except as otherwise indicated herein.

THE BONDS

General

The following is a description of certain terms and conditions of the Bonds, which description is qualified in its entirety by reference to the order of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds (the "Bond Order"). A copy of the Bond Order may be obtained from the District upon request and payment of the costs of duplication thereof. 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.

The Bonds are dated December 1, 2026, and will mature on September 1 in the years and in the principal amounts indicated on the inside cover page hereof. The Bonds will accrue interest from the date of initial delivery (the "Date of Delivery") (or the most recent interest payment date to which interest has been paid or duly provided for) at the stated interest rates indicated on the inside cover page of this Official Statement. Interest on the Bonds is payable on March 1, 2027, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds will be issued as fully registered bonds in the denomination of $5,000 or any integral multiple thereof. Principal of the Bonds will be payable by the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., or any successor paying agent/registrar (the "Registrar," the "Paying Agent" or "Paying Agent/Registrar') in Houston, Texas.

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

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither 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 (as defined below), or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Record Date

The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date.

Assignments, Transfers and Exchanges

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

lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Payment Record

The District has previously issued Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1977, Series 1978, Series 1981, Series 1984, Series 1993, Series 1996, Series 2003, Series 2005, Series 2007, Series 2009, Series 2017 and Series 2020. The District also has issued Unlimited Tax Refunding Bonds, Series 1992 (the "Series 1992 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"), and Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to the District's prior issued bonded indebtedness as the "Prior Bonds." The District has timely paid all interest on the Prior Bonds when due. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that has not been previously retired by the District is $11,865,000 (the "Outstanding Bonds"). After issuance of the Bonds, the total of the District's direct bonded indebtedness, including the Bonds, will be $26,865,000. See "THE BONDS - Legal Ability to Issue Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Authorization of the Bonds

The Bonds are issued pursuant to the authority of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; an election held within and for the District on August 14, 1993, and an order of the Texas Commission on Environmental Quality (the "TCEQ"). See "Legal Ability to Issue Additional Debt" below.

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District, and the principal thereof and the interest thereon, together with the principal and interest on such additional tax bonds of the District as may hereafter be issued by the District, if any, are payable from and secured by the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are further payable from and secured by a pledge of and lien on certain Net Revenues, if any, of the System. Net Revenues are basically defined by the Bond Order as all income that is derived from the ownership and operation of the District's System as the same is purchased, constructed or otherwise acquired, which remains after deducting the operation and maintenance expenses of the System, but not including income derived from contracts that is pledged for payment of any special project bonds that may be issued. It is not expected that the Net Revenues will ever be sufficient to make significant contributions, if any, to debt service payments. See "THE SYSTEM - Waterworks and Sewer System Operating Statement." See "TAXING PROCEDURES" and "TAX DATA - Tax Rate Calculations" for tax adequacy, manner of assessing and collecting taxes, and the remedy to the District in the event of tax delinquencies; and "Registered Owners' Remedies" below for the remedies available to Bondholders in the event of default in the performance of any of the covenants set forth in the Bond Order or in the event of default in the payment of principal of or interest on the Bonds.

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

The District has the authority to levy an annual ad valorem tax without legal limit as to rate or amount on all taxable property within the District for each year the Bonds are outstanding. In the Bond Order, the District has covenanted to establish a rate of taxation each year ample and sufficient to provide funds to pay the interest on the Bonds and to pay the principal when due, full allowance being made for delinquencies and costs of collection.

Redemption Provisions

The Bonds shall be subject to redemption and payment prior to their scheduled maturities at the option of the District, in whole or from time to time in part, on September 1, 2031, or on any date thereafter, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption. Notice of redemption is required to be mailed at least thirty (30) days prior to the redemption date to each of the Registered Owners of the Bonds to be redeemed in whole or in part at the address shown on the bond register.

If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District in denominations of $5,000 or any integral multiple thereof within any one maturity and if fewer than all of the Bonds within a certain maturity are to be redeemed, the Paying Agent/Registrar shall designate the Bonds within such maturity to be redeemed by method of random selection (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 Paying Agent/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.

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) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

Amendments to Bond Order

The Bond Order provides that the District may, without the consent of or notice to any Registered Owners of the Bonds, amend, change or modify the Bond Order as may be required (a) by the provisions thereof, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission therein, or (c) in connection with any other change which is not to the prejudice of the Registered Owners of the Bonds. Except for such amendments, changes, or modifications, the District shall not amend, change or modify the Bond Order in any manner without the consent of the Registered Owners of the Bonds.

Annexation and Consolidation

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

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

Legal Ability to Issue Additional Debt

The District has reserved the right in the Bond Order to issue additional bonds. Following the issuance of the Bonds, the District will have the right to issue (i) $20,080,000 in bonds for waterworks, sanitary sewer, and drainage facilities, as approved by the District's voters at elections held on February 9, 1974; April 2, 1977; May 25, 1978; May 2, 1992; May 7, 2005; and May 7, 2022, and (ii) $19,245,000 in bonds for refunding purposes, as approved by the District's voters at elections held on May 2, 1992; and May 7, 2005.

The District has the right to issue the aforementioned bonds without the necessity of further voter authorization. Except for refunding bonds, before issuing any additional bonds for waterworks, sanitary sewer, and drainage facilities, the District would have to obtain approval of the Texas Commission on Environmental Quality (the "TCEQ") for the issuance of such bonds and the projects to be financed thereby. In addition to the above mentioned bonds, the District has the right to issue such additional tax bonds, revenue bonds, or combination tax and revenue bonds as may be hereafter approved by the voters of the District. The District also has the right to issue revenue notes, bond anticipation notes and tax anticipation notes without the necessity of voter approval. In addition, the District has the right to enter into contracts and to pledge its taxing power to secure any payments the District is required to make under such a contract, provided the provisions of the contract are approved by the voters of the District. The District further has the right to issue refunding bonds, in addition to the refunding bonds described above, with additional voter approval. The Bond Order places no limitation on the amount of additional bonds which may be issued by the District. The District financed the cost of acquiring and constructing the water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities comprising the System with portions of the proceeds of the sale of the Prior Bonds. The District will finance the acquisition or construction of additions to the System and other facilities with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "USE AND DISTRIBUTION OF BOND PROCEEDS." The District anticipates issuing additional bonds for such purposes as future development in the District necessitates such issuance. Further, under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "INVESTMENT CONSIDERATIONS - Future Debt," and "THE SYSTEM."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time

Registered Owners' Remedies

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

Except for the remedy of mandamus, the Bond Order does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. In addition, any legal action taken to seek any such remedies may be limited by the doctrine of sovereign immunity. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such judgment cannot be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901 946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

Proceeds of the sale of the Bonds will be used by the District to (i) finance the District's cost of Sanitary sewer CCTV and rehabilitation construction costs; ground storage tank no. 2 addition at Water Plant no. 2 construction costs; Water Plant no. 2 improvements construction costs; Wastewater Treatment Plant (WWTP) replacement construction costs; and Water Plant No. 1 and 2 chloramine conversion and surface water tie-ins construction costs; (ii) pay certain engineering costs related to the aforementioned facilities and projects; and (iii) pay for administrative and issuance costs, legal fees, fiscal agent fees, fees to the TCEQ and the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

I. Construction Costs		**District's Share**
A.	Developer Contribution Items - None	
B.	District Items	
1.	Sanitary Sewer CCTV and Rehabilitation	$394,000
2.	Water Plant No. 2 Ground Storage Tank No. 2 Addition	1,690,000
3.	Water Plant No. 2 Improvements	810,000
4.	Wastewater Treatment Plant Replacement	3,881,210
5.	Water Plant Nos. 1 and 2 Chloramine Conversion and Surface Water Tie-ins	1,252,000
6.	Contingencies	887,247
7.	Engineering and Testing Fees	5,829,000
	Total District Items	$14,743,457
	Less Surplus Funds	($1,122,305)
	NET TOTAL CONSTRUCTION COSTS	$13,621,152

II. Non-Construction Costs

A.	Legal Fees	$456,000
B.	Fiscal Agent Fees	300,000
C.	Bond Discount	450,000
D.	Bond Issuance Costs	60,248
E.	Bond Application Report Costs	65,600
F.	Attorney General Fee	9,500
G.	TCEQ Bond Issuance Fee	37,500
H.	Contingencies (b)	0
	TOTAL NON-CONSTRUCTION COSTS	$1,378,848
	TOTAL BOND ISSUE REQUIREMENTS	**$15,000,000**

(a) 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 cover the costs of the above described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District is a municipal utility district created pursuant to an Order of the Texas Water Rights Commission, a predecessor to the TCEQ, on January 7, 1974, and is authorized under Article XVI, Section 59 of the Texas Constitution. The District operates as a municipal utility district, and the rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54, Texas Water Code, as amended. In addition, the District is subject to the continuing supervision of the TCEQ. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District. The District, if approved by the voters within the District, the TCEQ, and other governmental entities having jurisdiction, may establish, operate, and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District. Under certain circumstances the District also is authorized to construct, develop and maintain park and recreational facilities. See "DEVELOPMENT OF THE DISTRICT." The District is subject to the continuing supervision of the TCEQ in certain matters.

Description

When created, the District contained approximately 137.69 acres. As a result of subsequent annexations, the District now contains approximately 544.02 acres. The District is located approximately seventeen miles southwest of Houston's central business district. The approximate center of the District is located at the intersection of Bissonnet Road and Synott Road. The District lies entirely within Harris County and is located entirely within the exclusive extraterritorial jurisdiction of the City of Houston. The District is bounded partially (i) on the east and south by the City of Houston, (ii) on the north by a tract of land owned by the Alief Independent School District on which are located Liestman Elementary and Killough Middle Schools, and (iii) on the west by Renn Road Municipal Utility District and by Beechnut Municipal Utility District. See "APPENDIX A - LOCATION MAP."

Management of the District

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

Name	Title	Term Expires May
Robert Court	President	2028
Jorge M. Silva	Vice President	2030
Susan Guanlao	Secretary	2030
Matt Dietz	Deputy Secretary	2028
Tasha Tran	Director	2028

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

Bookkeeper - The District's bookkeeper is Municipal Accounts & Consulting, L.P..

Tax Assessor/Collector - The District has engaged Tax Tech, Inc., Houston, Texas, as the District's Tax Assessor/Collector.

Consulting Engineers - The District has engaged the firm of Quiddity Engineering, LLC, Houston, Texas, as Consulting Engineer on a contract basis to provide engineering services to the District.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which financial statements are filed with the TCEQ. The financial statements of the District as of December 31, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX B."

Counsel - The District has engaged Wallace & Philbin, L.L.P., Houston, Texas, as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The fees paid to Bond Counsel by the District for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds. See "LEGAL MATTERS" and "TAX MATTERS."

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

District Operator – Municipal District Services, LLC is the general operator of the District's System.

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 869-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/companysearch.html.

DEVELOPMENT OF THE DISTRICT

Land within the District has been developed for single-family residential, multi-family residential, and commercial use. The District's water supply and distribution, wastewater collection and treatment and storm drainage/detention system (the "System") currently serves fifteen completed residential subdivisions containing 2,255 fully-developed single-family residential and townhome lots that contain 2,255 homes, all of which have been sold to homeowners; four completed multi-family projects plus additional multi-family units aggregating 470 units; a daycare center, a convenience store, five strip shopping centers and two automobile service centers. Such development has been undertaken on approximately 520.41 acres located in the District. There is a total of approximately 23.82 acres of land located within the District that is available for future development that is served by District facilities on which no above-ground improvements have yet been constructed, including approximately 21.32 acres that are located within platted unrestricted reserves that are part of the aforementioned total of approximately 520.41 developed acres located within the District. Such approximately 23.82 acres are served with trunk underground water distribution, wastewater collection, and storm sewer facilities, and street paving constructed to the perimeter of the tracts, and have reserved and allocated to them portions of the District's wastewater treatment and water supply capacities in the District's wastewater treatment and water supply facilities. According to the District's Engineer, such wastewater treatment and water supply facilities contain sufficient capacities to serve all connections currently projected for the District at full development of the District. Under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "THE SYSTEM." None of the owners of any of such approximately 23.82 acres that are available for future development has reported any definitive plan to the District for the construction of above-ground improvements on the tract that it owns, and no such owner has any obligation to the District to undertake the construction of any future above-ground improvements thereon. Therefore, the District cannot represent when, or whether, any of such approximately 23.82 acres available for future development might be further developed or have any above-ground improvements constructed on them. See "FUTURE DEVELOPMENT," and "THE SYSTEM." The balance of the land that is located within the District is contained within street rights-of-way, drainage easements or District detention facilities, parks, recreational and open space, a pipeline easement, or is otherwise not available for development.

The District financed the cost of acquiring and constructing the water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities comprising the System with portions of the proceeds of the sale of the Prior Bonds. The District will finance the acquisition or construction of additions to the System and other facilities with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "USE AND DISTRIBUTION OF BOND PROCEEDS." The District anticipates issuing additional bonds for such purposes as future development in the District necessitates such issuance. Further, under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "THE BONDS - Legal Ability to Issue Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," and "THE SYSTEM."

Following is a summary of the status of single-family, multi-family and commercial construction within the District as of September 1, 2026:

	Lots				Homes				
					Under Construction		Completed		
Subdivision	Developed	Acres	Under Development	Acres	Sold	Unsold	Sold	Unsold	Totals
Beckford Place	462	132.87			0	0	462	0	462
Beckford West	303	54.53			0	0	303	0	303
Olympia, Section 1	136	31.39			0	0	136	0	136
Branford Park, Section 2	60	14.20			0	0	60	0	60
Eldridge Court	79	16.78			0	0	79	0	79
Crescent Park									
Section 1	64	18.60			0	0	64	0	64
Section 2	113	18.70			0	0	113	0	113
Crescent Park Village									
Section 1	134	21.43			0	0	134	0	134
Section 2	171	33.95			0	0	171	0	171
Section 3	338*	31.48			0	0	338	0	338
Beechnut Landing									
Section 1	82	12.10			0	0	82	0	82
Section 2	80	11.36			0	0	80	0	80
Eldridge Trace	60	9.91			0	0	60	0	60
Autumn Meadows	71	18.41			0	0	71	0	71
Cedar Springs	102	19.02			0	0	102	0	102
Totals	2,255	444.73	0	0	0	0	2,255	0	2,255

* Townhome lots.

Name of Project	Completed Multi-Family Units
Beckford Place Apartments	143
Synott Square Apartments	108
Southchase North Apartments	104
Ambiance Townhomes	100
Additional Townhomes	15
TOTAL	470

Other Projects

Daycare Center
Convenience Store
Five Strip Shopping Centers
Two Automobile Service Centers

FUTURE DEVELOPMENT

There is a total of approximately 23.82 acres of land located within the District that is available for future development that is served by District facilities on which no above-ground improvements have yet been constructed, including approximately 21.32 acres that are located within platted unrestricted reserves that are part of the aforementioned total of approximately 520.41 developed acres located within the District. Such approximately 23.82 acres are served with trunk underground water distribution, wastewater collection, and storm sewer facilities, and street paving constructed to the perimeter of the tracts, and have reserved and allocated to them portions of the District's wastewater treatment and water supply capacities in the District's wastewater treatment and water supply facilities. According to the District's Engineer, such wastewater treatment and water supply facilities contain sufficient capacities to serve all connections currently projected for the District at full development of the District. Under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "THE SYSTEM." None of the owners of any of such approximately 23.82 acres that are available for future development has reported any definitive plan to the District for the construction of above-ground improvements on the tract that it owns, and no such owner has any obligation to the District to undertake the construction of any future above-ground improvements thereon. Therefore, the District cannot represent when, or whether, any of such approximately 23.82 acres available for future development might be further developed or have any above-ground improvements constructed on them. See "THE SYSTEM." The balance of the land that is located within the District is contained within street rights-of-way, drainage easements or District detention facilities, parks, recreational and open space, a pipeline easement, or is otherwise not available for development.

The District has reserved in the Bond Order the right to issue the remaining $20,080,000 in bonds authorized but unissued for waterworks, sanitary sewer and drainage facilities, and the $19,245,000 authorized but unissued refunding bonds, and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. The District financed the cost of acquiring and constructing the water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities comprising the System with portions of the proceeds of the sale of the Prior Bonds. The District will finance the acquisition or construction of additions to the System and other facilities with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "USE AND DISTRIBUTION OF BOND PROCEEDS." The District anticipates issuing additional bonds for such purposes as future development in the District necessitates such issuance. Further, under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "THE BONDS - Legal Ability to Issue Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," and "THE SYSTEM."

THE SYSTEM

Regulation

The water supply and distribution, wastewater collection and treatment and storm drainage/detention facilities serving land within the District (the "System") have 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 City of Houston, Harris County, the Harris County Flood Control District, and the TCEQ.

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision. According to the District's Engineer, the total number of equivalent single-family residential connections ("ESFCs") projected for the District at the full development of its approximate 544 acres is 2,650 with a total estimated population of 9,730. A description of portions of the System follows, and is based upon information supplied by the District's Engineer.

Description

As is described above under the caption "DEVELOPMENT OF THE DISTRICT," the District's System currently serves (i) 2,255 fully developed single-family residential and townhome lots located in the District, (ii) an aggregate of 470 multi-family residential units, (iii) a daycare center, a convenience store, five strip shopping centers, and two automobile service centers, as well as certain unrestricted reserves which have been provided perimeter trunk water distribution, wastewater collection and storm drainage facilities. The District financed the cost of acquiring and constructing the water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities comprising the System with portions of the proceeds of the sale of the Prior Bonds. The District will finance the acquisition or construction of additions to the System and other facilities with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "USE AND DISTRIBUTION OF BOND PROCEEDS." The District anticipates issuing additional bonds for such purposes as future development in the District necessitates such issuance. Further, under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "THE BONDS - Legal Ability to Issue Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

- Storm Drainage -

Storm water drainage for the District is accomplished by a channel improvement and storm sewer system. See "100-Year Flood Plain" below.

- Water Supply -

The District is provided water supply by the existing water well and Water Plant No. 1 and Water Plant No. 2 and the District's 55% ownership in the Beechnut Regional Water Plant (the "Regional Water Plant"). The District has constructed an emergency water supply interconnect with the City of Houston in accordance with an agreement made between the District and the former Brookfield Municipal Utility District, which has been annexed by the City of Houston. Such facilities were financed with portions of the proceeds of the Prior Bonds.

The District's Water Plant Nos. 1 and 2 currently consists of two water wells totaling 2,375 gallons-per-minute ("gpm"), 850,000 gallons of ground storage tank capacity, 80,000 gallons of hydropneumatic tank capacity, booster pump capacity totaling 4,000 gpm and related appurtenances.

According to the District's Engineer, the District's aforementioned water supply facilities provide an adequate supply of water for the 2,650 ESFCs projected for the District upon the District's full development.

- Wastewater Treatment -

Wastewater from the District is being treated at the District's existing 600,000 gallon-per-day wastewater treatment plant (the "District's Plant') plus the District's pro rata share of the capacity in the Beechnut Regional Wastewater Treatment Plant (the "Regional Wastewater Treatment Plant"). The District's Plant was financed with a portion of the proceeds of the Prior Bonds. The District also financed its pro rata share of the cost of capacity in the Regional Wastewater Treatment Plant, which the District also currently shares with Beechnut M.U.D., with a portion of the proceeds of the Prior Bonds. The Agreement entitles the District to a 57.75% share in the Regional Wastewater Treatment Plant. Under the terms of the Agreement, the District bears 57.75% of the costs, including construction costs, related thereto. According to the District's Engineer, the District's share in the Regional Wastewater Treatment Plant is 542,850 g.p.d. A portion of the proceeds of the Prior Bonds was used to finance the District's pro rata share (approximately 35.5%) of the cost of construction of a regional trunk sanitary sewer line which the District currently shares with Beechnut M.U.D.

According to the District's Engineer, the District's aforementioned wastewater treatment capacity provides adequate wastewater treatment capacity to provide service to 3,809 ESFCs, including the 2,650 ESFCs projected for the District upon the District's full development.

- Subsidence and Conversion to Surface Water Supply -

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 2001, the Texas legislature created the West Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District) and a small portion of Fort Bend County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District is included within the Authority's GRP.

The Authority has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, user fees, rates, charges and special assessments as necessary to accomplish its purposes. The Authority currently charges the District, and other major groundwater users, a fee of $3.95 per 1,000 gallons of groundwater pumped. It is anticipated that said fee will increase in the future. The District will receive surface water from the Authority in the near future, the rate for which is currently $4.35 per 1,000 gallons. The Authority has to date issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will issue substantially more bonds by the year 2030 to finance the Authority's project costs.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) have limited groundwater withdrawals to no more than 70% of the total water demand within the Authority's GRP beginning January 2013; (ii) limit groundwater withdrawals to no more than 40% of the total water demand within the Authority's GRP beginning January 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total water demand within the Authority's GRP beginning January 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a $12.52 per 1,000 gallons disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand within the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

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

- 100-Year Flood Plain -

According to the District's Engineer, the Federal Emergency Management Agency ("FEMA") Flood Hazard Boundary Map currently in effect which covers the land located in the District indicates that portions of the land located within the District are located inside the designated 100-year and 500-year flood plains of Keegan's Bayou.

According to the District's Engineer, approximately 70 acres of the District are shown on the June, 2007 FIRM maps (48201CO840L and 48201CO830L) to be located within the designated 100 year floodplain of Keegan's Bayou.

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

The National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area within the District. The application of such regulations could additionally result in higher insurance rates and stricter building codes for any property located within the expanded boundaries of the floodplain.

Waterworks and Sewer System Operating Statement

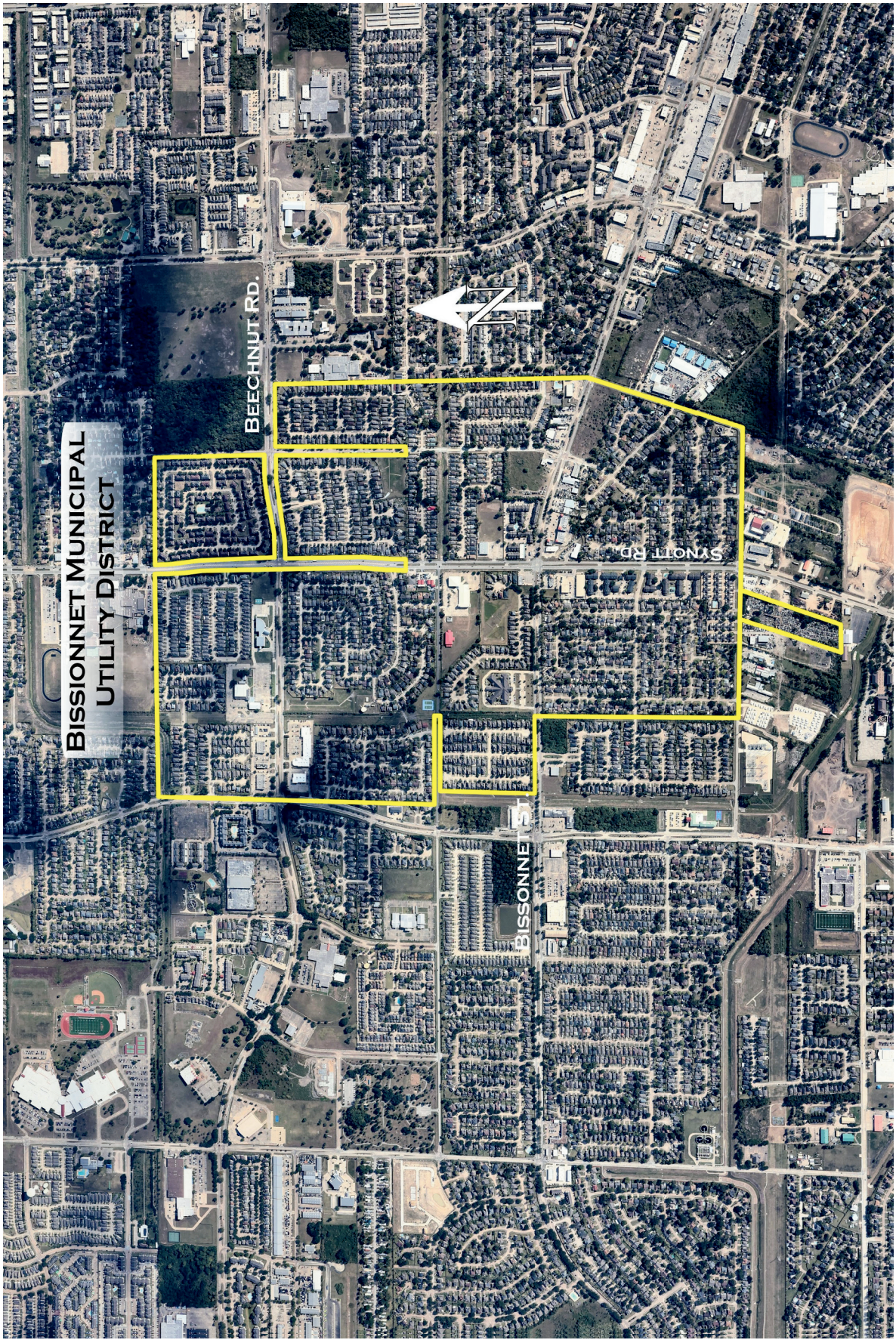
The following statement summarizes the operating history of the District's waterworks and sewer system for the fiscal years ended December 31, 2021, through 2025, and the nine-month period ended September 30, 2026. The summary has been condensed from information contained in the District's audited financial statements, to which reference is made for more complete and further information, as to the fiscal years ended December 31, 2021, through 2025, and from an unaudited compilation supplied by the District's Bookkeeper with respect to the nine-month period ended September 30, 2026. The derivation of Net Revenues which follows excludes depreciation expenses. See "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS."

		Fiscal Year Ended December 31				
	Nine-month Period Ended September 30, 2026*	2025	2024	2023	2022	2021
REVENUES						
Property Taxes	$1,760,642	$1,689,455	$1,658,534	$1,357,045	$914,392	$860,306
Water Service	633,701	966,945	938,474	970,772	918,477	751,199
Sewer Service	725,928	1,060,917	1,033,629	988,561	940,725	878,094
Regional Water Fee	598,757	927,096	936,031	976,128	855,189	779,627
Penalty and Interest	44,977	74,462	78,356	70,526	58,469	43,247
Tap Connection and Inspection Fees	14,960	22,440	24,483	87,307	34,352	20,250
Investment Income	140,820	162,469	128,750	88,648	26,206	8,579
Other Income	22,227	233	162	563	14	-
TOTAL REVENUES	$3,942,012	$4,904,017	$4,798,419	$4,539,550	$3,747,824	$3,341,302
EXPENDITURES						
Purchased Services	$239,155	$361,155	$281,985	$416,839	$601,396	$655,600
Regional Water Fee	644,744	880,493	924,699	994,578	898,549	765,341
Professional Fees	176,515	167,257	189,109	173,006	143,390	150,541
Contracted Services	592,734	995,042	1,019,036	970,606	931,992	860,402
Utilities	84,049	127,617	136,354	133,865	135,548	138,834
Repairs and Maintenance	543,030	867,429	738,323	889,012	840,508	747,574
Other Expenditures	429,144	233,408	235,748	208,978	221,819	195,512
Tap Connections		-	7,895	61,698	-	450
Capital Outlay	120,265	130,403	222,330	492,869	155,917	369,115
TOTAL EXPENDITURES	$2,829,636	$3,762,804	$3,755,479	$4,341,451	$3,929,119	$3,883,369
EXCESS REVENUES (EXPENDITURES)	$1,112,376	$1,141,213	$1,042,940	$198,099	($181,295)	($542,067)

* Unaudited.

The District's General Fund balance was $3,711,163 at December 31, 2025 (audited), and according to the District's Bookkeeper, and as of September 9, 2026, was $4,713,026 (unaudited).

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken October 2026)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2026)









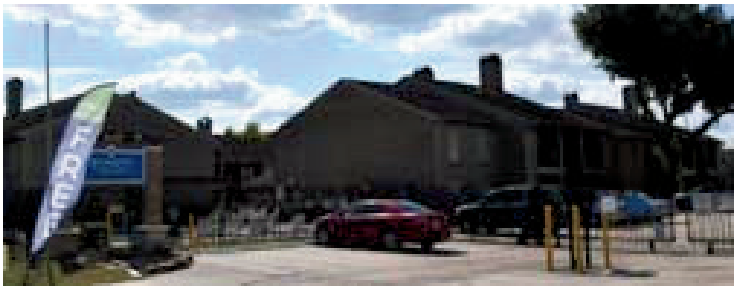




PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2026)













DISTRICT DEBT

General

The following tables and calculations relate to the Outstanding Bonds and the Bonds. 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 which 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 property within the District.

Bonded Indebtedness

2025 Assessed Valuation (As of January 1, 2025) See "TAX DATA" and "TAXING PROCEDURES"	$	638,792,034	(a)
2026 Assessed Valuation (As of January 1, 2026) See "TAX DATA" and "TAXING PROCEDURES"	$	640,174,413	(a)
Direct Debt:			
Outstanding Bonds	$	11,865,000	
The Bonds		15,000,000	
Total	$	26,865,000	(c)
Estimated Overlapping Debt	$	20,769,964	
Total Direct and Estimated Overlapping Debt	$	47,634,964	
Direct Debt Ratio			
: as a percentage of 2025 Assessed Valuation		4.21 %	
: as a percentage of 2026 Assessed Valuation		4.20 %	
Direct and Overlapping Debt Ratio			
: as a percentage of 2025 Assessed Valuation		7.46 %	
: as a percentage of 2026 Assessed Valuation		7.44 %	
Debt Service Fund Balance as of September 9, 2026	$	1,374,106	(d)
General Fund Balance as of September 9, 2026	$	4,713,026	

(a) As of January 1, 2025, and comprises the District's 2025 tax roll. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Harris Central Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Common Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) As of January 1, 2026, and comprises the District's 2026 tax roll. Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $35,325,194, which total is included in the amount of $640,174,413. 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 $5,800,017, which total is also included in the amount of $640,174,413. 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.

(c) See "THE BONDS - Legal Ability to Issue Additional Debt."

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

Estimated Direct and Overlapping Debt Statement

The following statement indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the Assessed Valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes.

Taxing Jurisdiction	Debt as of October 1, 2026	Estimated Overlapping Percent	Estimated Overlapping Amount
Harris County	$2,952,415,112	0.09208%	$2,718,562
Harris County Department of Education	28,960,000	0.09208%	26,666
Harris County Flood Control District	1,001,580,000	0.09208%	922,247
Harris County Hospital District	1,644,825,000	0.09208%	1,514,543
Port of Houston Authority	386,074,397	0.09208%	355,494
Houston City College	371,540,000	0.22732%	844,583
Alief Independent School District	416,370,000	3.45555%	14,387,870
Total Estimated Overlapping Debt			$20,769,964
Total Direct Debt (the Bonds and the Outstanding Bonds) *			26,865,000
Total Direct and Estimated Overlapping Debt			$47,634,964

* See "Bonded Indebtedness" above.

Debt Ratios

	% of 2025 Assessed Valuation	% of 2026 Assessed Valuation
Direct Debt	4.21%	4.20%
Direct and Estimated Overlapping Debt	7.46%	7.44%

Under Texas law ad valorem taxes levied by each taxing authority other than the District create a lien which 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 also are 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 operation and maintenance purposes in an amount not to exceed $1.00 per $100 of Assessed Valuation, and such taxes have been authorized and levied by the duly qualified voters of the District. The District has levied a maintenance tax of $0.275 per $100 of Assessed Valuation in 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		New Total Debt Service
		Principal	Interest*	
2026	$1,233,925			$1,233,925
2027	1,254,125		$590,625	1,844,750
2028	1,272,125		787,500	2,059,625
2029	1,287,925		787,500	2,075,425
2030	1,161,525		787,500	1,949,025
2031	1,185,400		787,500	1,972,900
2032	1,205,400		787,500	1,992,900
2033	1,218,900		787,500	2,006,400
2034	816,050		787,500	1,603,550
2035	834,269		787,500	1,621,769
2036	852,000		787,500	1,639,500
2037	871,300		787,500	1,658,800
2038	889,900		787,500	1,677,400
2039	907,800		787,500	1,695,300
2040		$570,000	787,500	1,357,500
2041		600,000	757,575	1,357,575
2042		630,000	726,075	1,356,075
2043		660,000	693,000	1,353,000
2044		695,000	658,350	1,353,350
2045		735,000	621,863	1,356,863
2046		770,000	583,275	1,353,275
2047		815,000	542,850	1,357,850
2048		855,000	500,063	1,355,063
2049		900,000	455,175	1,355,175
2050		945,000	407,925	1,352,925
2051		995,000	358,313	1,353,313
2052		1,050,000	306,075	1,356,075
2053		1,105,000	250,950	1,355,950
2054		1,160,000	192,938	1,352,938
2055		1,225,000	132,038	1,357,038
2056		1,290,000	67,725	1,357,725
	$14,990,644	$15,000,000	$18,082,315	$48,072,959

Average Annual Requirements: (2027-2056) $1,672,823
Maximum Annual Requirement: (2029) $2,075,425

* Interest is estimated at 5.25% 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, the Bonds and any future tax-supported bonds which may be issued from time to time as authorized. The Board covenants in the Bond Order to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. The District levied a debt service tax of $0.24 per $100 of Assessed Valuation for 2026 and in prior years as is illustrated below under the caption "Tax Rate Distribution."

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On August 14, 1993, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any tax supported bonds which may be issued in the future. The District levied a maintenance tax of $0.275 per $100 of Assessed Valuation for 2026 and in prior years as is illustrated below under the caption "Tax Rate Distribution."

Historical Values and Tax Collection History

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

Tax Year	Assessed Valuation	Tax Rate[a]	Adjusted Levy	% Collections Current & Prior Years[b]	Year Ended 09/30
2015	$311,984,452	$0.570	$1,776,412	100.00%	2016
2016	336,984,452	0.570	1,920,811	99.91	2017
2017	358,444,038	0.570	2,043,131	99.88	2018
2018	371,416,623	0.560	2,079,933	99.94	2019
2019	406,027,324	0.560	2,273,753	98.89	2020
2020	430,518,083	0.560	2,410,901	99.81	2021
2021	456,318,861	0.530	2,418,490	96.80	2022
2022	524,711,631	0.510	2,676,029	99.48	2023
2023	585,717,863	0.495	2,899,304	99.44	2024
2024	618,095,724	0.485	2,997,764	99.32	2025
2025	638,792,034	0.485	3,098,141	98.11(c)	2026
2026	640,174,412(d)	0.515(e)	3,296,898	(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 September 30, 2026.

(c) As of September 30, 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 properties is $35,325,194, which total is included in the amount of $640,174,413. 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 $5,800,017, which total is also included in the amount of $640,174,413. 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 has levied a total tax of $0.515 per $100 of Assessed Valuation for 2026, consisting of debt service and maintenance taxes of $0.24 and $0.275 per $100 of Assessed Valuation, respectively.

Tax Rate Distribution

	2026	2025	2024	2023	2022
Debt Service	$0.240	$0.210	$0.210	$0.210	$0.25
Maintenance and Operation	0.275	0.275	0.275	0.285	0.26
Total	$0.515	$0.485	$0.485	$0.495	$0.51

Analysis of Tax Base

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

	2026 Assessed Value	%	2025 Assessed Value	%	2024 Assessed Value	%
Type of Property						
Land	$130,858,880	20.44%	$134,638,872	21.08%	$134,643,763	21.78%
Improvements	485,089,328	75.77%	515,809,766	80.75%	495,179,084	80.11%
Personal Property	10,807,878	1.69%	13,544,429	2.12%	12,482,373	2.02%
Uncertified	41,125,211	6.42%	0	0.00%	0	0.00%
Exemptions	-27,706,884	-4.33%	-25,201,033	-3.95%	-24,209,496	-3.92%
Total	$640,174,413*	100.00%	$638,792,034	100.00%	$618,095,724	100.00%

	2023 Assessed Value	%	2022 Assessed Value	%
Type of Property				
Land	$134,638,124	22.99%	$123,200,882	23.48%
Improvements	462,774,271	79.01%	410,833,589	78.30%
Personal Property	11,164,550	1.91%	11,705,277	2.23%
Exemptions	-22,859,082	-3.90%	-21,028,117	-4.01%
Total	$585,717,863	100.00%	$524,711,631	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 properties is $35,325,194, which total is included in the amount of $640,174,413. 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 $5,800,017, which total is also included in the amount of $640,174,413. 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.

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.

Property Owner	Property Description	2026 Property Value	% of 2026 Assessed Valuation
Mission Bend Healthcare Investments LLC	Land and Improvements	$9,641,151	1.51%
Richmond Apartments, L.L.P.	Land and Improvements	8,995,415	1.41%
LFT Houston LLC	Land and Improvements	8,992,553	1.40%
Synott Square LLC	Land and Improvements	8,752,601	1.37%
Vibhishan Investment LLC	Land and Improvements	8,594,721	1.34%
Centerpoint Energy Houston Electric	Personal Property	4,190,540	0.65%
Landi LLC	Land and Improvements	3,778,649	0.59%
ANWIN Limited Partnership	Land and Improvements	3,600,000	0.56%
Arcade Capital LP	Land and Improvements	3,540,000	0.55%
Century Beechnut LLC	Land and Improvements	3,040,444	0.47%
		$63,126,074	9.86%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2025 Assessed Valuation or the 2026 Assessed Valuation. The calculations also assume collection of 95% of taxes levied, no use of other legally available District funds on hand, and the sale of no additional bonds by the District other than the Outstanding Bonds and the Bonds. As outlined above under the caption "Historical Values and Tax Collection History," the District has, as of September 30, 2026, collected an average annual percentage of its property taxes of 99.75% for the period 2015 through 2024, and its 2025 tax levy was 98.11% collected as of such date.

Average Annual Debt Service Requirements (2027-2056)	$1,672,823
Tax Rate of $0.28 on the 2025 Assessed Valuation ($638,792,034) produces	$1,699,187
Tax Rate of $0.28 on the 2026 Assessed Valuation ($640,174,413) produces	$1,702,864
Maximum Annual Debt Service Requirement (2029)	$2,075,425
Tax Rate of $0.35 on the 2025 Assessed Valuation ($638,792,034) produces	$2,123,984
Tax Rate of $0.35 on the 2026 Assessed Valuation ($640,174,413) produces	$2,128,580

The District levied a tax rate of $0.515 per $100 of Assessed Valuation for 2026, consisting of debt service and maintenance taxes of $0.24 and $0.275 per $100 of Assessed Valuation, respectively. As the above table indicates, the 2026 debt service tax rate of $0.24 per $100 of Assessed Valuation will not be sufficient to pay the Average Annual and Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds, assuming taxable values in the District at the level of the 2026 Assessed Valuation, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. However, as is stated above under the caption "Historical Values and Tax Collection History," the District had collected an average of 99.75% of its tax levies for the period 2015 through 2024, as of September 30, 2026, and its 2025 tax levy was 98.11% collected as of such date. Moreover, the District's Debt Service Fund balance was $1,374,106 as of September 9, 2026. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B – INDEPENDENT

AUDITOR'S REPORT AND FINANCIAL STATEMENTS" that is appended to this Official Statement. Therefore, the District anticipates that it will be able to meet the debt service requirements of the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2026 - $0.24 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "INVESTMENT CONSIDERATIONS - Common Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

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 2026 taxes levied upon property located within the District plus the District's 2026 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 debt of the District and of such other jurisdictions (see "DISTRICT DEBT- Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Taxing Jurisdiction	2026 Tax Rate Per $100 of A.V.
The District*	$0.515000
Harris County	0.417500
Harris County Department of Education	0.004798
Harris County Flood Control District	0.052660
Harris County Hospital District	0.019528
Port of Houston Authority	0.005900
Houston City College	0.098802
Alief Independent School District	1.020400
Harris-Fort Bend County Emergency Services District No. 100	0.100000
Total Tax Rate	$2.234588

* The District levied a total tax of $0.515 per $100 of Assessed Valuation for 2026, consisting of debt service and maintenance taxes of $0.24 and $0.275 per $100 of Assessed Valuation, respectively.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate and amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year to year as described more fully under the caption "THE BONDS - Source of Payment." The Board is also authorized to levy and collect annual ad valorem taxes for the administration and maintenance of the District and the System and for the payment of certain contractual obligations if such taxes are authorized by vote of the District's electors at an election. The District's electors have authorized the levy of such a maintenance tax in the maximum amount of $1.00 per $100 of assessed valuation. The District levied a tax rate of $0.515 per $100 of Assessed Valuation for 2026, consisting of debt service and maintenance taxes of $0.24 and $0.275 per $100 of Assessed Valuation, respectively. See "TAX DATA - Maintenance Tax" and - "Historical Values and Tax Collection History."

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property 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. Furthermore, 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 (i) a member of the armed forces or (ii) 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.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by May 1. For the 2026 tax year, the District has not granted a general residential homestead exemption. See "TAX DATA - Exemptions."

Freeport Goods Exemption: 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 September 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 for all prior and subsequent years.

Assessment and Levy

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

The chief appraiser must give written notice on May 15, or as soon thereafter as practicable to each owner if the appraised value of his property is greater than it was in the preceding year, if the appraised value of the property is greater than the value rendered by the property owner, or if the property was not on the appraisal roll in the preceding year. In addition, the chief appraiser must give written notice to each property owner whose property was reappraised in the current year or if ownership of the property changed during the preceding year. The appraisal review board has the ultimate responsibility for determining the value of all taxable property within the District; however, any owner who has timely filed notice with

the appraisal review board may appeal the final determination by the appraisal review board by filing suit in Texas district court. Prior to such appeal and prior to the delinquency date, however, the owner must pay the tax due on the amount of value of the property involved that is not in dispute or the amount of tax paid in the prior year, whichever is greater, or the amount of tax due under the order from which the appeal is taken. In the event of such suit, the value of the property is determined by the court, or a jury if requested by any party. Additionally, the District is entitled to challenge certain matters before the appraisal review board, including the level of appraisals of a certain category of property, the exclusion of property from the appraisal records, or the grant in whole or in part of a partial exemption. The District may not, however, protest a valuation of individual property.

By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board based upon the assessed valuation of property within the District as of the preceding January 1 and the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations.

Tax Abatement

The City of Houston and Harris County may designate all or part of the area within the District as a reinvestment zone, and Harris County, the City of Houston and the District may thereafter enter into tax abatement agreements with owners of real property within the zone with each taxing jurisdiction's agreement affectingits own tax roll. The tax abatement agreements exempt from ad valorem taxation by the applicable taxing jurisdiction (including the District with the District's consent) for a period of up to 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. In certain instances, personal property also may be eligible for tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by other taxing jurisdictions.

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 Texas state 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 compel compliance 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.

The Property Tax Code 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.

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” below. 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.

Collection

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.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence

homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

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

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."

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, as of January 1, 2026, no land within the District was designated for agricultural use, open space, inventory deferment, or timberland.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Harris County, the City of Houston, Texas, or any political subdivision other than the District, are secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District and are further payable from and secured by a pledge of and lien on certain Net Revenues (as defined herein), if any, of the District's waterworks and sewer system (the "System"), to the extent and upon the conditions described herein. The System is not expected to produce sufficient Net Revenues to make significant contributions, if any, to future debt service payments. See "THE BONDS - Source of Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to (i) 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, and (ii) generate Net Revenues from the operation of the District's System. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners, or that any Net Revenues will be generated. See "THE SYSTEM -Waterworks and Sewer System Operating Statement."

Common Factors Affecting Taxable Values and Tax Payments

The land located within the District has been developed for single-family residential, multi-family residential and commercial purposes. A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of (i) single-family residences that have been constructed within the District, and (ii) apartments, townhomes and commercial buildings that have been constructed within the District. The assessed valuation of such properties is related to general economic conditions affecting the demand for residences. The construction of apartments, townhomes and commercial buildings can be significantly affected by factors such as interest rates, construction costs, credit availability, energy availability and cost, and consumer demand. Volatility in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing as well as the value of existing homes (see "Potential Effects of Oil Price Volatility on the Houston Area" below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although single-family development of the District and home construction have occurred in the District as described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT," the District cannot predict the pace or magnitude of any future residential or commercial development or home construction or the construction of future multi-family residential or commercial projects or any other taxable improvements in the District in addition to the aforementioned development and improvements. Moreover, the District makes no representation as to the occupancy levels of any apartments, townhomes and commercial properties that have been or might be constructed within the District.

National Economy: The commercial development 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 single-family development of the District and home construction have occurred in the District as described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT," the District cannot predict the pace or magnitude of any future residential or commercial development or home construction or the construction of future multi-family residential or commercial projects or any other taxable improvements in the District in addition to the aforementioned development and improvements. Moreover, the District makes no representation as to the occupancy levels of any apartments, townhomes and commercial properties that have been or might be constructed within the District. See "TAX DATA - Principal 2026 Property Owners." There is currently no home building program within the District. The District cannot predict what impact, if any, a downturn in the local and 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 residential and commercial development activity and the construction of homes, multi-family residential and commercial projects, particularly short-term interest rates at which developers are

able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale and at which multi-family residential and commercial developers are able to finance new multi-family and commercial projects. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale and of multi-family and commercial developers to initiate the construction of multi-family residential or commercial projects. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or home construction or the construction of new multi-family residential or commercial projects within the District. In addition, since the District is located approximately 17 miles southwest of the central downtown business district of the City of Houston, the success of development within the District and growth or maintenance of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans or the construction of new multi-family residential or commercial projects in the District and restrain the growth of the District's property tax base.

Maximum Impact on District Tax Rates

Assuming no further construction of taxable improvements within the District other than those which have heretofore been constructed, and no additional development in the District other than the development which has occurred to date, the value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement of the Outstanding Bonds and the Bonds will be $2,075,425 (2029) and the Average Annual Debt Service Requirements will be $1,672,823 (2027 through 2056 inclusive). The 2025 Assessed Valuation of property within the District is $638,792,034. Assuming no increase to or decrease from the 2025 Assessed Valuation, the issuance of no additional bonds by the District, and no use of other legally available District funds, tax rates of $0.35 and $0.28 per $100 of Assessed Valuation at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The 2026 Assessed Valuation of property within the District is $640,174,413. Assuming no increase to or decrease from the 2026 Assessed Valuation, the issuance of no additional bonds by the District, and no use of other legally available District funds, tax rates of $0.35 and $0.28 per $100 of Assessed Valuation at a 95% 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 tax rate of $0.515 per $100 of Assessed Valuation for 2026, consisting of debt service and maintenance taxes of $0.24 and $0.275 per $100 of Assessed Valuation, respectively. As the above calculations indicate, the 2026 debt service tax rate of $0.24 per $100 of Assessed Valuation will not be sufficient to pay the Average Annual and Maximum Annual Debt Service Requirements on the Outstanding Bonds and the Bonds, assuming taxable values in the District at the level of the 2026 Assessed Valuation, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. However, as is illustrated under the caption "TAX DATA - Historical Values and Tax Collection History," the District had collected an average of 99.75% of its tax levies for the period 2015 through 2024, as of September 30, 2026, and its 2025 tax levy was 98.11% collected as of such date. Moreover, the District's Debt Service Fund balance was $1,374,106 as of September 9, 2026. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B – INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS" that is appended to this Official Statement. Therefore, the District anticipates that it will be able to meet the debt service requirements of the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2026 - $0.24 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "THE BONDS - Registered Owners' Remedies," "TAXING PROCEDURES," and "TAX DATA - Estimated Overlapping Taxes."

Tax Collection Limitations

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

Certain Tax Exemptions Provided for Affordable Housing

There is three multifamily apartment complexes and townhomes located within the District. 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 District has not been given notice that any apartment complex 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.

Production of Net Revenues

The Net Revenues, if any, to be derived from the operation of the System are entirely dependent upon sales of water and sewer services to current and future residents and users of the System and related operating expenses. The District does not expect that the operation of the System will produce net operating revenue sufficient to make a substantial contribution, if any, to the District's debt service requirements. See "THE SYSTEM - Waterworks and Sewer System Operating Statement."

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 Orders may not be reduced to a judgement for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

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

The District may not be placed into bankruptcy involuntarily.

Future Debt

The District has reserved in the Bond Order the right to issue the remaining $19,245,000 in bonds for refunding purposes, the remaining $20,080,000 for waterworks, sanitary sewer, and drainage facilities, and such additional bonds as may hereafter be approved by both the Board of Directors and voters of the District. The District also has reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. In addition to authorization by the voters in the District, the issuance of such bonds for waterworks, sanitary sewer and drainage facilities is also subject to TCEQ authorization. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. The District financed the cost of acquiring and constructing the water supply and distribution, wastewater collection and treatment, and storm drainage/detention facilities comprising the System with portions of the proceeds of the sale of the Prior Bonds. The District will finance the acquisition or construction of additions to the System and other facilities with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "USE AND DISTRIBUTION OF BOND PROCEEDS." The District anticipates issuing additional bonds for such purposes as future development in the District necessitates such issuance. Further, under certain circumstances the District may participate in the future construction of elevated water storage facilities. See "THE BONDS - "Legal Ability to Issue Additional Debt" and "THE SYSTEM."

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. 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."

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."

Environmental Regulations

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

- Requiring permits for construction and operation of water wells, wastewater treatment and other facilities;
- Restricting the manner in which wastes are treated and released into the air, water and soils;
- Restricting or regulating the use of wetlands or other properties; or
- Requiring remedial action to prevent or mitigate pollution.

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under two separate federal ozone standards: the eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

The HGB Area is currently designated as a "severe" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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

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

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

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) (the "CGP"), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on August 15, 2024. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

In 2023, the Supreme Court of the United States issued its decision in Sackett v. EPA, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the Sackett decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection. Subsequently, the EPA and USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

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

Tax Payment Installments after Disaster

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

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

Extreme Weather Events

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

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

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

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

Potential Effects of Oil Price Volatility on the Houston Area

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

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.

Approval of the Bonds

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

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.

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinions of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District. The District will also furnish the approving legal opinions of 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. The legal opinions of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District, and are further payable from and secured by a pledge of and lien on the Net Revenues, if any, of the System. Bond Counsel's opinions will also address the matters described below under the caption "TAX MATTERS." Bond Counsel's fees for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds. Bond Counsel acts as counsel for the District on matters other than the issuance of bonds.

In its capacity as Bond Counsel, Wallace & Philbin, L.L.P., has reviewed the information appearing in this Official Statement under "THE BONDS (except the for the information under the subheading "Book-Entry-Only System")," "TAXING PROCEDURES," "THE DISTRICT - Authority" and - "Management of the District - Counsel," "LEGAL MATTERS - Legal Opinions," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION (except the for the information under the subheading "Compliance With Prior Undertakings")" solely to determine whether such information fairly summarizes the procedures, law and documents referred to therein and conforms to the requirements of applicable laws and ordinances of the City of Houston, Texas, with regard to the sale of the Bonds. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has Bond Counsel conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or

completeness of the information contained in this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinions of any kind with regard to, the accuracy or completeness of any of the other factual information contained herein.

No Arbitrage

The District will certify on the date the Bonds are delivered and paid for that based upon all facts and estimates now known or reasonably expected to be in existence, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under Section 148 of the Internal Revenue Code of 1986 (the "Code") and the regulations prescribed from time to time thereunder. Furthermore, all officers, employees and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District have been authorized to certify to the facts, circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District will covenant in the Bond Order that it will make such use of the proceeds of the Bonds, regulate investments of proceeds of the Bonds and take such other and further actions and follow such procedures, including without limitation, calculation of the yield on the Bonds, as may be required so that the Bonds will not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

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. As is stated in this Official Statement under the caption "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings," if the Underwriter elects to purchase municipal bond 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.

No-Litigation Certificate

The District will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or threatened, of which the District has notice, either in state or federal courts, contesting or attacking the Bonds; to restrain or enjoin the issuance, execution or delivery of the Bonds; which would affect the provisions made for the payment of or security for the Bonds; which would in any manner question the authority or proceedings for the issuance, execution, or delivery of the Bonds; or which would affect the validity of the Bonds.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Wallace & Philbin, L.L.P., Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") (1) interest on the Bonds will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes; and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included in the alternative minimum taxable income of individuals under section 57(a)(5) of the Code or, except as described below, corporations. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) the District's federal tax certificate, and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matter. 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.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgement 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 is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. 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 the purchase, ownership or disposition of the Bonds.

A ruling was not sought from the Internal Revenue Service by the Issuer with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

The initial public offering price to be paid for the Bonds, as stated on the cover of the Official Statement, may be less than the principal amount thereof (the "Original Issue Discount Bonds"). As such, the difference between (i) the amount payable at the 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.

Under Existing Law, such an 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 for which such Original Issue Discount Bond continues to be owned by such owner. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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 the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Original Issue Discount 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 the treatment 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.

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 statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, 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, or taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL 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.

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.

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the Internal Revenue Service. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates, and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

NOT Qualified Tax-Exempt Obligations

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

SOURCES OF INFORMATION

General

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

The financial statements of the District as of December 31, 2025, and for the year then ended, included in this offering document, have been audited by Forvis Mazars LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX B."

Experts

The information contained in this Official Statement relating to engineering, to the description of the System generally and, in particular, the engineering information included in the section captioned "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 an expert in the field of civil engineering.

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

Updating of Official Statement

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

Certification as to Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Underwriter a certificate, executed by the President and Secretary of the Board, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the information, descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data contained in this Official Statement, of or pertaining to entities

other than the District and their activities are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; however, the District has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District.

Official Statement "Deemed Final"

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), 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.

The Official Statement, 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 Rule 15c2-12.

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 specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through EMMA.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," and in "APPENDIX B." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2026.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2 12. The 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 December 31. Accordingly, it must provide updated information by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial

Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond 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 material 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 only if (1) the amendment is made in connection with a change in circumstances that arise from a change in legal requirements, change in law, or change in the identity, nature, or status of the District; (2) the agreement, as amended, would have complied with SEC Rule 15c2-12 at the date of sale of the Bonds, taking into account any amendments or interpretations of the SEC Rule 15c2-12 as well as any change in circumstances; and (3) the District receives an opinion of nationally recognized bond counsel to the effect that the amendment does not materially impair the interests of the holders and beneficial owners of the Bonds. If any such amendment is made, the District will include in its next annual update an explanation in narrative form of the reasons for the change and its impact on the type of operating data or financial information being provided.

Compliance With Prior Undertakings

During the last five years, the District has complied in all material respects with its continuing disclosure agreements made in connection with the Prior Bonds in accordance with SEC Rule 15c2-12.

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

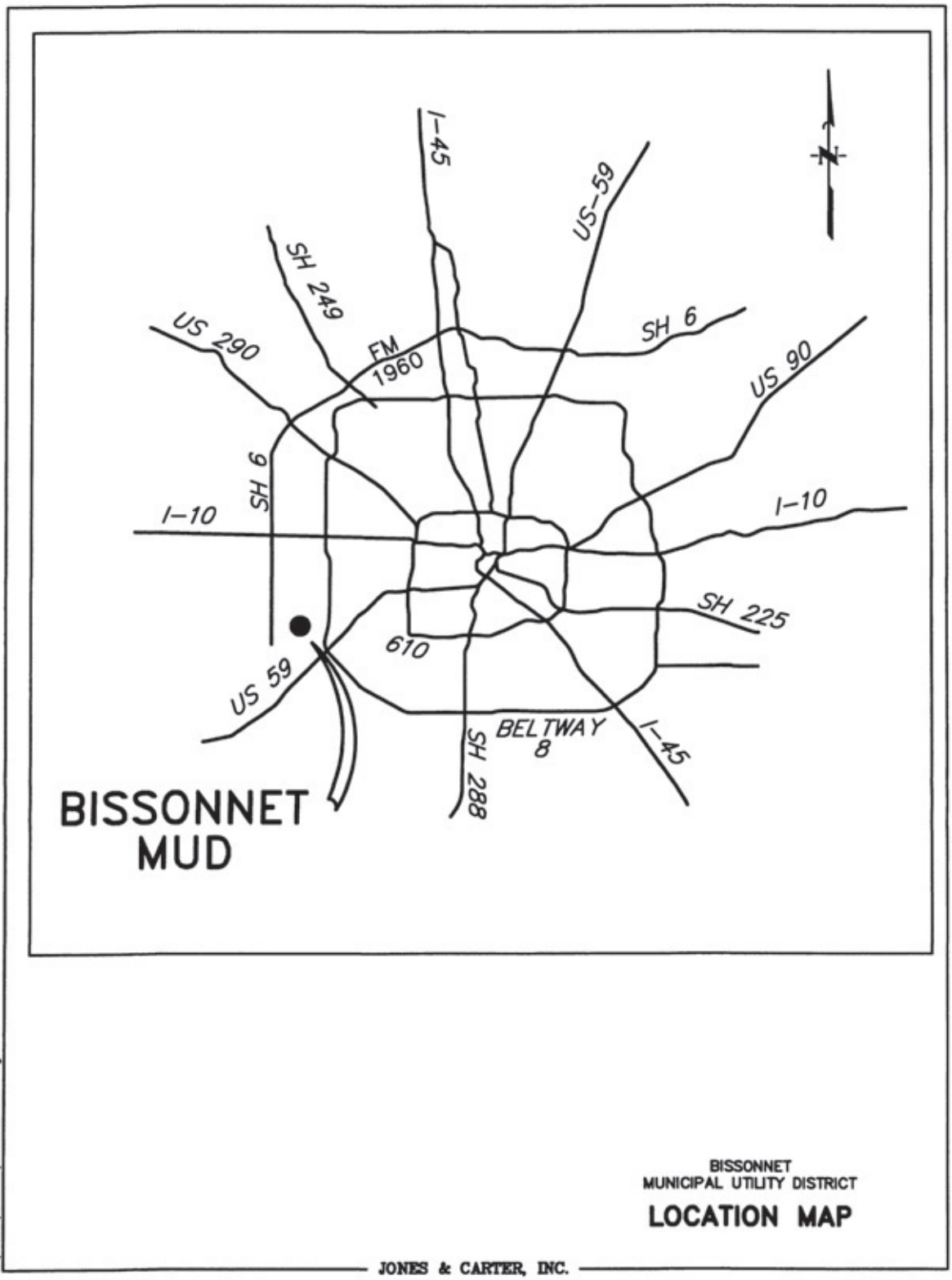
President, Board of Directors
Bissonnet Municipal Utility District

ATTEST:

Secretary, Board of Directors
Bissonnet Municipal Utility District

APPENDIX A

LOCATION MAP



APPENDIX B

BISSONNET MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2025

Bissonnet Municipal Utility District

Harris County, Texas

Independent Auditor's Report, Financial Statements, and Supplementary Information

December 31, 2025

Bissonnet Municipal Utility District
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December 31, 2025

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Independent Auditor's Report

Board of Directors
Bissonnet Municipal Utility District
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Bissonnet Municipal Utility District (District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of December 31, 2025, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

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

Supplementary Information

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

Forvis Mazars, LLP

Houston, Texas
June 9, 2026

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2025	2024
Current and other assets	$ 11,229,035	$ 9,848,871
Capital assets	11,742,327	11,841,584
Total assets	22,971,362	21,690,455
Deferred outflows of resources	169,250	208,327
Total assets and deferred outflows of resources	$ 23,140,612	$ 21,898,782
Long-term liabilities	$ 12,833,633	$ 13,697,473
Other liabilities	1,078,888	860,524
Total liabilities	13,912,521	14,557,997
Deferred inflows of resources	3,111,744	2,993,043

Summary of Net Position (Continued)

	2025	2024
Net position		
Net investment in capital assets	$ 467,370	$ 149,028
Restricted	1,746,723	1,643,639
Unrestricted	3,902,254	2,555,075
Total net position	$ 6,116,347	$ 4,347,742

The total net position of the District increased by $1,768,605, or about 41%. The majority of the increase in net position is related to investment income as well as tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2025	2024
Revenues		
Property taxes	$ 2,985,140	$ 2,907,757
Charges for services	2,954,958	2,908,134
Other revenues	485,677	495,219
Total revenues	6,425,775	6,311,110
Expenses		
Services	3,793,659	3,627,144
Depreciation	482,483	439,307
Debt service	381,028	420,252
Total expenses	4,657,170	4,486,703
Change in net position	1,768,605	1,824,407
Net position, beginning of year	4,347,742	2,523,335
Net position, end of year	$ 6,116,347	$ 4,347,742

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2025 were $6,884,359, an increase of $875,171 from the prior year.

The general fund's fund balance increased by $1,199,049 primarily due to property tax and service revenues and investment income exceeding service operations and capital outlay expenditures.

The debt service fund's fund balance increased by $112,262 due to property tax revenues generated exceeding bond principal and interest requirements.

The capital projects fund's fund balance decreased by $436,140 due to capital outlay and other expenditures exceeding investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to investment income and purchased services expenditures being greater than anticipated and regional water fee revenues and expenditures, professional fees, repairs and maintenance, capital outlay, and other expenditures being less than anticipated. In addition, insurance proceeds received were not budgeted for. The fund balance as of December 31, 2025 was expected to be $3,200,638, and the actual end-of-year fund balance was $3,711,163.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2025	2024
Land and improvements	$ 2,129,867	$ 2,129,867
Construction in progress	22,055	276,648
Water facilities	2,311,489	2,099,501
Wastewater facilities	7,278,916	7,335,568
Total capital assets	$ 11,742,327	$ 11,841,584

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

Wastewater treatment plant motor control center replacement	$ 27,728
Well pump replacement at Well No. 2	322,917
Replaced upper and lower shaft and other well equipment	19,328
Replaced influent sampler	17,006
New 30 HP Teco-Westinghouse vertical motor	9,643
Installation of rebuilt pump and motor	13,987
Total additions to capital assets	$ 410,609

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2025 are summarized as follows:

Long-term debt payable, beginning of year	$ 13,697,473
Decreases in long-term debt	(863,840)
Long-term debt payable, end of year	$ 12,833,633

At December 31, 2025, the District had $35,080,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing, and improving the water, sanitary sewer, and drainage systems within the District.

The District's bonds carry an underlying rating of "A" from Standard & Poor's (S&P). The Series 2017 bonds carry a "AA" rating from S&P by virtue of bond insurance issued by Assured Guaranty Inc. The Series 2015 refunding bonds and the Series 2020 bonds carry a "AA" rating from S&P by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Bissonnet Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 583,786	$ 887,653	$ 264	$ 1,471,703	$ -	$ 1,471,703
Certificates of deposit	2,585,000	940,000	-	3,525,000	-	3,525,000
Short-term investments	989,260	302,034	1,987,657	3,278,951	-	3,278,951
Receivables						
Property taxes	1,363,366	1,050,233	-	2,413,599	-	2,413,599
Service accounts	209,125	-	-	209,125	-	209,125
Accrued interest	55,848	22,422	-	78,270	-	78,270
Accrued penalty and interest	-	-	-	-	39,507	39,507
Due from regional water authority	-	-	-	-	144,423	144,423
Interfund receivable	479,415	-	-	479,415	(479,415)	-
Prepaid expenditures	14,518	-	-	14,518	-	14,518
Advances for operation of joint facilities	53,939	-	-	53,939	-	53,939
Capital assets (net of accumulated depreciation)						
Land	-	-	-	-	2,129,867	2,129,867
Construction in progress	-	-	-	-	22,055	22,055
Infrastructure	-	-	-	-	9,590,405	9,590,405
Total Assets	6,334,257	3,202,342	1,987,921	11,524,520	11,446,842	22,971,362
Deferred Outflows of Resources						
Deferred amount on debt refundings	-	-	-	-	169,250	169,250
Total Assets and Deferred Outflows of Resources	$ 6,334,257	$ 3,202,342	$ 1,987,921	$ 11,524,520	$ 11,616,092	$ 23,140,612

Bissonnet Municipal Utility District
Statement of Net Position and Governmental Funds Balance Sheet
December 31, 2025 (Continued)

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 447,128	$ 18,156	$ 127,389	$ 592,673	$ -	$ 592,673
Accrued interest payable	-	-	-	-	121,308	121,308
Customer deposits	363,640	-	-	363,640	-	363,640
Due to others	1,267	-	-	1,267	-	1,267
Interfund payable	-	479,415	-	479,415	(479,415)	-
Long-term liabilities						
Due within one year	-	-	-	-	870,000	870,000
Due after one year	-	-	-	-	11,963,633	11,963,633
Total Liabilities	812,035	497,571	127,389	1,436,995	12,475,526	13,912,521
Deferred Inflows of Resources						
Deferred property tax revenues	1,811,059	1,392,107	-	3,203,166	(91,422)	3,111,744
Fund Balances/Net Position						
Fund balances						
Nonspendable, prepaid expenditures	14,518	-	-	14,518	(14,518)	-
Restricted						
Unlimited tax bonds	-	1,312,664	-	1,312,664	(1,312,664)	-
Water, sewer, and drainage	-	-	1,860,532	1,860,532	(1,860,532)	-
Assigned, operating advances	53,939	-	-	53,939	(53,939)	-
Unassigned	3,642,706	-	-	3,642,706	(3,642,706)	-
Total fund balances	3,711,163	1,312,664	1,860,532	6,884,359	(6,884,359)	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 6,334,257	$ 3,202,342	$ 1,987,921	$ 11,524,520		
Net position						
Net investment in capital assets					467,370	467,370
Restricted for debt service					1,275,617	1,275,617
Restricted for capital projects					471,106	471,106
Unrestricted					3,902,254	3,902,254
Total net position					$ 6,116,347	$ 6,116,347

Bissonnet Municipal Utility District
Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances
Year Ended December 31, 2025

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,689,455	$ 1,289,943	$ -	$ 2,979,398	$ 5,742	$ 2,985,140
Water service	966,945	-	-	966,945	-	966,945
Sewer service	1,060,917	-	-	1,060,917	-	1,060,917
Regional water fee	927,096	-	-	927,096	-	927,096
Penalty and interest	74,462	45,137	-	119,599	6,829	126,428
Tap connection and inspection fees	22,440	-	-	22,440	-	22,440
Investment income	162,469	80,088	93,917	336,474	-	336,474
Other income	233	102	-	335	-	335
Total Revenues	4,904,017	1,415,270	93,917	6,413,204	12,571	6,425,775
Expenditures/Expenses						
Service operations						
Purchased services	361,155	-	-	361,155	-	361,155
Regional water fee	880,493	-	-	880,493	-	880,493
Professional fees	167,257	12,922	-	180,179	9,037	189,216
Contracted services	995,042	64,199	-	1,059,241	881	1,060,122
Utilities	127,617	-	-	127,617	-	127,617
Repairs and maintenance	867,429	-	-	867,429	(57,836)	809,593
Other expenditures	233,408	9,162	122,893	365,463	-	365,463
Capital outlay	130,403	-	407,164	537,567	(537,567)	-
Depreciation	-	-	-	-	482,483	482,483
Debt service						
Principal retirement	-	820,000	-	820,000	(820,000)	-
Interest and fees	-	396,725	-	396,725	(15,697)	381,028
Total Expenditures/Expenses	3,762,804	1,303,008	530,057	5,595,869	(938,699)	4,657,170
Excess (Deficiency) of Revenues Over Expenditures	1,141,213	112,262	(436,140)	817,335	951,270	
Other Financing Sources						
Insurance proceeds	57,836	-	-	57,836	(57,836)	
Total Other Financing Sources	57,836	-	-	57,836	(57,836)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,199,049	112,262	(436,140)	875,171	(875,171)	
Change in Net Position					1,768,605	1,768,605
Fund Balances/Net Position						
Beginning of year	2,512,114	1,200,402	2,296,672	6,009,188	-	4,347,742
End of year	$ 3,711,163	$ 1,312,664	$ 1,860,532	$ 6,884,359	$ -	$ 6,116,347

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

Bissonnet Municipal Utility District (District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (Commission), effective January 7, 1974, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own, and operate waterworks, wastewater, and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides solid waste disposal service.

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

Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-Wide Financial Statements

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

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

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures, and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures, and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues

reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services, and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2024 on the 2024 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2025, the tax levied in October 2025 is

recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2026. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

Water production and distribution facilities	10–45 years
Wastewater collection and treatment facilities	10–45 years

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

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

Long-Term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-Wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$	11,742,327
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.		91,422
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.		39,507
Amounts due from regional water authority are not receivable in the current period and are not reported in the funds.		144,423
Deferred amount on debt refundings for governmental activities is not considered financial resources and is not reported in the funds.		169,250
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(121,308)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(12,833,633)
Adjustment to fund balances to arrive at net position.	$	(768,012)

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

Change in fund balances.	$	875,171
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense and noncapitalized costs in the current period.		45,166
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.		820,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.		12,571

Some expenses previously reported in the statement of activities are reported as expenditures in the governmental funds.	$ 15,697
Change in net position of governmental activities.	$ 1,768,605

Note 2. Deposits, Investments, and Investment Income

Deposits

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

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

At December 31, 2025, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations. The District's investments in Texas CLASS are reported at net asset value.

At December 31, 2025, the District had the following investments and maturities:

		Maturities in Years			
Type	Fair Value	Less Than 1	1–5	6–10	More Than 10
Texas CLASS	$ 3,278,951	$ 3,278,951	$ -	$ -	$ -

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years, and interest rate indexed collateralized

mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2025, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at December 31, 2025 as follows:

Carrying value	
Deposits	$ 4,996,703
Investments	3,278,951
Total	$ 8,275,654

Included in the following statement of net position captions:

Cash	$ 1,471,703
Certificates of deposit	3,525,000
Short-term investments	3,278,951
Total	$ 8,275,654

Investment Income

Investment income of $336,474 for the year ended December 31, 2025 consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of December 31, 2025:

- Pooled investments of $3,278,951 are valued at fair value per share of the pool's underlying portfolio.

Note 3. Capital Assets

A summary of changes in capital assets for the year ended December 31, 2025 is presented as follows:

Governmental Activities	Balances, Beginning of Year	Additions	Reclassifi-cations/Retire-ments	Balances, End of Year
Capital assets, non-depreciable				
Land and improvements	$ 2,129,867	$ -	$ -	$ 2,129,867
Construction in progress	276,648	-	(254,593)	22,055
Total capital assets, non-depreciable	2,406,515	-	(254,593)	2,151,922

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Reclassifi-cations/Retire-ments	Balances, End of Year
Capital assets, depreciable				
Water production and distribution facilities	$ 6,688,304	$ 382,881	$ -	$ 7,071,185
Wastewater collection and treatment facilities	12,752,178	27,728	227,210	13,007,116
Total capital assets, depreciable	19,440,482	410,609	227,210	20,078,301
Less accumulated depreciation				
Water production and distribution facilities	(4,588,803)	(170,893)	-	(4,759,696)
Wastewater collection and treatment facilities	(5,416,610)	(311,590)	-	(5,728,200)
Total accumulated depreciation	(10,005,413)	(482,483)	-	(10,487,896)
Total governmental activities, net	$ 11,841,584	$ (71,874)	$ (27,383)	$ 11,742,327

Note 4. Long-Term Liabilities

Changes in long-term liabilities for the year ended December 31, 2025 were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable				
General obligation bonds	$ 13,555,000	$ 820,000	$ 12,735,000	$ 870,000
Less discounts on bonds	141,333	9,395	131,938	-
Add premiums on bonds	283,806	53,235	230,571	-
Total governmental activities long-term liabilities	$ 13,697,473	$ 863,840	$ 12,833,633	$ 870,000

General Obligation Bonds

	Refunding Series 2015	Series 2017
Amounts outstanding, December 31, 2025	$3,810,000	$4,095,000
Interest rates	2.00% to 4.00%	2.75% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2026/2029	September 1, 2030/2033
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2022	September 1, 2024

	Series 2020
Amount outstanding, December 31, 2025	$4,830,000
Interest rate	1.625% to 2.000%
Maturity dates, serially beginning/ending	September 1, 2034/2039
Interest payment dates	March 1/September 1
Callable date*	September 1, 2025

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2025:

Year	Principal	Interest	Total
2026	$ 870,000	$ 363,925	$ 1,233,925
2027	925,000	329,125	1,254,125
2028	980,000	292,125	1,272,125
2029	1,035,000	252,925	1,287,925
2030	950,000	211,525	1,161,525
2031–2035	4,625,000	635,019	5,260,019
2036–2039	3,350,000	171,000	3,521,000
Total	$ 12,735,000	$ 2,255,644	$ 14,990,644

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

Bonds voted	$ 72,750,000
Bonds sold	37,670,000
Refunding bonds voted	23,500,000
Refunding bonds authorization used	4,255,000

Note 5. Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2025, the District levied an ad valorem debt service tax at the rate of $0.2100 per $100 of assessed valuation, which resulted in a tax levy of $1,347,353 on the taxable valuation of $641,596,892 for the 2025 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are $1,233,925.

Note 6. Maintenance Taxes

At an election held May 7, 2022, voters authorized a maintenance tax not to exceed $1.00 per $100 of assessed valuation on all property within the District subject to taxation in lieu of the $0.20 per $100 of assessed valuation authorized by voters at an election held in 1977. During the year ended December 31, 2025, the District levied an ad valorem maintenance tax at the rate of $0.2750 per $100 of assessed valuation, which resulted in a tax levy of $1,764,391 on the taxable valuation of $641,596,892 for the 2025 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7. Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of December 31, 2025, the Authority was billing the District $3.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future adjustments.

Note 8. Contracts With Other Districts

On October 2, 1981, the District entered into a contract with Beechnut Municipal Utility District (Beechnut) and Harris County Municipal Utility District No. 177 (District No. 177) for the construction and operation of joint sewage treatment facilities. The term of the contract was 40 years. Beechnut operates the facilities and holds title for the benefit of the districts. In 2004, District No. 177 was dissolved and the District annexed the majority of the land in District No. 177. The contract was amended on March 1, 2022 to extend the term of the contract by one year, which was further extended while the districts negotiated the terms of the contract.

The districts entered into a Waste Disposal Agreement (Agreement) on June 1, 2023, which superseded the prior joint sewage treatment facilities contract. The term of the Agreement is 40 years. Under the Agreement, capital improvement or extraordinary repair projects that were initiated under the prior contract and were not completed or billed on the Agreement's commencement date will be paid for pursuant to the prior contract's terms, with the District to pay 72.2% and Beechnut to pay 27.8%. Capital improvement project costs initiated after the effective date of the Agreement will be based on each district's proportionate share of the rated capacity. The monthly operation and maintenance expenses will be allocated between each district as follows: (i) each district shall pay its proportionate share of fixed operating costs and extraordinary repairs based on its share of connections (active and inactive) during the preceding month and (ii) each district shall pay its proportionate share of the variable operating costs based on metered water usage in each district's service area obtained from each district's operator.

The districts' proportionate shares of the rated capacity in the facilities are as follows:

	Sewage Treatment Plant	
The District	57.74	%
Beechnut	42.26	
Total	100.00	%

In the current year, the District incurred expenditures of $262,334 for bulk wastewater service purchases and capital outlay expenditures related to this agreement. The District is to maintain a reserve with Beechnut in an amount equal to two months of estimated operating charges. As of December 31, 2025, the District's operating reserve was $53,939.

On June 15, 1982, the District entered into a contract with Beechnut and District No. 177 for the construction and operation of joint water treatment facilities. Beechnut was designated the operator of the facilities and has title to the water plant. The term of the contract was 40 years. The contract was amended March 1, 2022 to extend the term of the contract by one year and again on March 1, 2023 to continue the contract on a month to month basis while the districts negotiated the terms of the contract.

Effective June 1, 2023, the joint water facilities contract was further amended to reduce the amount of the District's payments and to provide for termination of the current contract after one year. Under the terms of the amended contract, the District's share of monthly costs for the applicable monthly billing period were equal to the greater of (i) its pro rata share of water usage from the plant during such billing period or (ii) 10%. The contract was terminated following the billing of and payment for the May 2024 monthly costs of the plant, which took place in June 2024.

In the current year, the District incurred expenditures of $119,551 for water service received through an interconnect with Beechnut pursuant to an Amended and Restated Emergency Water Supply Contract dated August 12, 2020.

Note 9. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts in the past three fiscal years.

Required Supplementary Information

Bissonnet Municipal Utility District
Budgetary Comparison Schedule – General Fund
Year Ended December 31, 2025

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 1,672,600	$ 1,689,455	$ 16,855
Water service	948,800	966,945	18,145
Sewer service	1,066,000	1,060,917	(5,083)
Regional water fee	980,500	927,096	(53,404)
Penalty and interest	78,000	74,462	(3,538)
Tap connection and inspection fees	28,140	22,440	(5,700)
Investment income	115,000	162,469	47,469
Other income	-	233	233
Total Revenues	4,889,040	4,904,017	14,977
Expenditures			
Service operations			
Purchased services	250,429	361,155	(110,726)
Regional water fee	978,900	880,493	98,407
Professional fees	202,300	167,257	35,043
Contracted services	1,014,500	995,042	19,458
Utilities	140,600	127,617	12,983
Repairs and maintenance	932,663	867,429	65,234
Other expenditures	296,480	233,408	63,072
Capital outlay	384,644	130,403	254,241
Total Expenditures	4,200,516	3,762,804	437,712
Excess of Revenues Over Expenditures	688,524	1,141,213	452,689
Other Financing Sources			
Insurance proceeds	-	57,836	57,836
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	688,524	1,199,049	510,525
Fund Balance, Beginning of Year	2,512,114	2,512,114	-
Fund Balance, End of Year	$ 3,200,638	$ 3,711,163	$ 510,525

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during 2025.

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

Supplementary Information

Bissonnet Municipal Utility District
Other Schedules Included Within This Report
December 31, 2025

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

[X] Notes Required by the Water District Accounting Manual
See “Notes to Financial Statements,” Pages 11–21

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-Term Bonded Debt

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

[X] Board Members, Key Personnel, and Consultants

Bissonnet Municipal Utility District
Schedule of Services and Rates
Year Ended December 31, 2025

1. Services provided by the District

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

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

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels
Water:	$ 22.00	5,000	N	$ 2.00	5,001 to 10,000
				$ 2.50	10,001 to 15,000
				$ 3.00	15,001 to No Limit
Wastewater:	$ 34.50	1,000	Y		
Regional water fee:	$ 4.54	1,000	N	$ 4.54	1,001 to No Limit

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

Total charges per 10,000 gallons usage (including fees): Water $ 77.40 Wastewater $ 34.50

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	2	2	x1.0	2
≤ 3/4"	2,263	2,230	x1.0	2,230
1"	30	28	x2.5	70
1 1/2"	5	5	x5.0	25
2"	53	51	x8.0	408
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	5	5	x50.0	250
8"	-	-	x80.0	-
10"	1	1	x115.0	115
Total water	2,359	2,322		3,100
Total wastewater	2,312	2,277	x1.0	2,277

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

Gallons pumped into the system:	254,573
Gallons billed to customers:	205,230
Water accountability ratio (gallons billed/gallons pumped):	80.62%

*"ESFC" means equivalent single-family connections

Bissonnet Municipal Utility District
Schedule of General Fund Expenditures
Year Ended December 31, 2025

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 25,900	
Legal	74,824	
Engineering	66,533	
Financial advisor	-	167,257
Purchased Services for Resale		
Bulk water and wastewater service purchases		361,155
Regional Water Fee		880,493
Contracted Services		
Bookkeeping	65,576	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	86,930	
Other contracted services	270,014	422,520
Utilities		127,617
Repairs and Maintenance		867,429
Administrative Expenditures		
Directors' fees	28,230	
Office supplies	15,922	
Insurance	63,049	
Other administrative expenditures	126,207	233,408
Capital Outlay		
Capitalized assets	130,403	
Expenditures not capitalized	-	130,403
Debt Service		
Debt issuance costs		-
Tap Connection Expenditures		-
Solid Waste Disposal		572,522
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total Expenditures		$ 3,762,804

Bissonnet Municipal Utility District
Schedule of Temporary Investments
December 31, 2025

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 608106	4.18%	06/16/26	$ 235,000	$ 5,329
No. 91300012358118	4.25%	07/11/26	235,000	4,734
No. 4364235	4.25%	06/20/26	235,000	5,308
No. 07878398989	4.05%	04/02/26	235,000	6,206
No. 4208286	4.00%	05/19/26	235,000	5,820
No. 2000000553	4.09%	03/10/26	235,000	7,795
No. 440068179	4.00%	03/09/26	235,000	2,910
No. 108583	4.00%	01/27/26	235,000	8,679
No. 3102688	3.85%	12/18/26	235,000	372
No. 6000062239	3.70%	10/13/26	235,000	1,882
No. 6550125650	4.15%	04/20/26	235,000	6,813
Texas CLASS	3.93%	Demand	989,260	-
			3,574,260	55,848
Debt Service Fund				
Certificates of Deposit				
No. 91300012327415	4.50%	01/14/26	235,000	7,417
No. 07878400479	4.23%	02/10/26	235,000	7,871
No. 6000061272	4.15%	08/21/26	235,000	3,527
No. 6550138302	4.15%	08/18/26	235,000	3,607
Texas CLASS	3.93%	Demand	302,034	-
			1,242,034	22,422
Capital Projects Fund				
Texas CLASS	3.93%	Demand	1,987,657	-
Totals			$ 6,803,951	$ 78,270

Bissonnet Municipal Utility District
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 887,193	$ 687,406
Additions and corrections to prior years' taxes	(3,923)	(3,979)
Adjusted Receivable, Beginning of Year	883,270	683,427
2025 Original Tax Levy	1,659,613	1,267,341
Additions and corrections	104,778	80,012
Adjusted tax levy	1,764,391	1,347,353
Total to Be Accounted For	2,647,661	2,030,780
Tax collections: Current year	(447,693)	(341,874)
Prior years	(836,602)	(638,673)
Receivable, End of Year	$ 1,363,366	$ 1,050,233
Receivable, by Years		
2025	$ 1,316,698	$ 1,005,479
2024	18,483	14,114
2023	12,282	9,050
2022	7,973	7,666
2021	2,809	4,635
2020	1,611	2,900
2019	1,383	2,489
2018	701	1,262
2017	1,065	1,971
2016	219	404
2015	142	263
Receivable, End of Year	$ 1,363,366	$ 1,050,233

Bissonnet Municipal Utility District
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2025 **(Continued)**

	2025	2024	2023	2022
Property Valuations				
Land	$ 134,543,409	$ 133,486,030	$ 133,975,865	$ 122,851,443
Improvements	518,253,748	495,068,078	466,227,851	413,126,377
Personal property	13,481,212	12,222,775	10,805,858	11,156,983
Exemptions	(24,681,477)	(23,654,587)	(22,100,244)	(20,133,822)
Total Property Valuations	$ 641,596,892	$ 617,122,296	$ 588,909,330	$ 527,000,981
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.2100	$ 0.2100	$ 0.2100	$ 0.2500
Maintenance tax rates*	0.2750	0.2750	0.2850	0.2600
Total Tax Rates per $100 Valuation	$ 0.4850	$ 0.4850	$ 0.4950	$ 0.5100
Tax Levy	$ 3,111,744	$ 2,993,043	$ 2,915,101	$ 2,687,705
Percent of Taxes Collected to Taxes Levied**	18%	99%	99%	99%

*Maximum tax rate approved by voters: $1.00 on May 7, 2022
**Calculated as taxes collected for a tax year divided by taxes levied for that tax year

Bissonnet Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025

Due During Fiscal Years Ending December 31	Refunding Series 2015		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ 870,000	$ 152,400	$ 1,022,400
2027	925,000	117,600	1,042,600
2028	980,000	80,600	1,060,600
2029	1,035,000	41,400	1,076,400
Totals	$ 3,810,000	$ 392,000	$ 4,202,000

Bissonnet Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2017		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ -	$ 120,475	$ 120,475
2027	-	120,475	120,475
2028	-	120,475	120,475
2029	-	120,475	120,475
2030	950,000	120,475	1,070,475
2031	1,000,000	94,350	1,094,350
2032	1,050,000	64,350	1,114,350
2033	1,095,000	32,850	1,127,850
Totals	$ 4,095,000	$ 793,925	$ 4,888,925

Bissonnet Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Series 2020		
	Principal Due September 1	Interest Due March 1, September 1	Total
2026	$ -	$ 91,050	$ 91,050
2027	-	91,050	91,050
2028	-	91,050	91,050
2029	-	91,050	91,050
2030	-	91,050	91,050
2031	-	91,050	91,050
2032	-	91,050	91,050
2033	-	91,050	91,050
2034	725,000	91,050	816,050
2035	755,000	79,269	834,269
2036	785,000	67,000	852,000
2037	820,000	51,300	871,300
2038	855,000	34,900	889,900
2039	890,000	17,800	907,800
Totals	$ 4,830,000	$ 1,069,719	$ 5,899,719

Bissonnet Municipal Utility District
Schedule of Long-Term Debt Service Requirements by Years
December 31, 2025 **(Continued)**

Due During Fiscal Years Ending December 31	Annual Requirements For All Series		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 870,000	$ 363,925	$ 1,233,925
2027	925,000	329,125	1,254,125
2028	980,000	292,125	1,272,125
2029	1,035,000	252,925	1,287,925
2030	950,000	211,525	1,161,525
2031	1,000,000	185,400	1,185,400
2032	1,050,000	155,400	1,205,400
2033	1,095,000	123,900	1,218,900
2034	725,000	91,050	816,050
2035	755,000	79,269	834,269
2036	785,000	67,000	852,000
2037	820,000	51,300	871,300
2038	855,000	34,900	889,900
2039	890,000	17,800	907,800
Totals	$ 12,735,000	$ 2,255,644	$ 14,990,644

Bissonnet Municipal Utility District
Changes in Long-Term Bonded Debt
Year Ended December 31, 2025

	Bond Issues			
	Refunding Series 2015	**Series 2017**	**Series 2020**	**Totals**
Interest rates	2.00% to 4.00%	2.75% to 3.00%	1.625% to 2.000%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates	September 1, 2026/2029	September 1, 2030/2033	September 1, 2034/2039	
Bonds outstanding, beginning of current year	$ 4,630,000	$ 4,095,000	$ 4,830,000	$ 13,555,000
Retirements, principal	820,000	-	-	820,000
Bonds outstanding, end of current year	$ 3,810,000	$ 4,095,000	$ 4,830,000	$ 12,735,000
Interest paid during current year	$ 185,200	$ 120,475	$ 91,050	$ 396,725

Paying agent's name and address

Series 2015 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2017 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas
Series 2020 – The Bank of New York Mellon Trust Company, N.A., Houston, Texas

Bond authority	**Tax Bonds**	**Other Bonds**	**Refunding Bonds**
Amount authorized by voters	$ 72,750,000	$ -	$ 23,500,000
Amount of authorization used	$ 37,670,000	$ -	$ 4,255,000
Remaining to be issued	$ 35,080,000	$ -	$ 19,245,000

Debt service fund cash and temporary investment balances as of December 31, 2025:	$ 2,129,687
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,070,760

Bissonnet Municipal Utility District
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended December 31,

	Amounts				
	2025	**2024**	**2023**	**2022**	**2021**
General Fund					
Revenues					
Property taxes	$ 1,689,455	$ 1,658,534	$ 1,357,045	$ 914,392	$ 860,306
Water service	966,945	938,474	970,772	918,477	751,199
Sewer service	1,060,917	1,033,629	988,561	940,725	878,094
Regional water fee	927,096	936,031	976,128	855,189	779,627
Penalty and interest	74,462	78,356	70,526	58,469	43,247
Tap connection and inspection fees	22,440	24,483	87,307	34,352	20,250
Investment income	162,469	128,750	88,648	26,206	8,579
Other income	233	162	563	14	-
Total Revenues	4,904,017	4,798,419	4,539,550	3,747,824	3,341,302
Expenditures					
Service operations					
Purchased services	361,155	281,985	416,839	601,396	655,600
Regional water fee	880,493	924,699	994,578	898,549	765,341
Professional fees	167,257	189,109	173,006	143,390	150,541
Contracted services	995,042	1,019,036	970,606	931,992	860,402
Utilities	127,617	136,354	133,865	135,548	138,834
Repairs and maintenance	867,429	738,323	889,012	840,508	747,574
Other expenditures	233,408	235,748	208,978	221,819	195,512
Tap connections	-	7,895	61,698	-	450
Capital outlay	130,403	222,330	492,869	155,917	369,115
Total Expenditures	3,762,804	3,755,479	4,341,451	3,929,119	3,883,369
Excess (Deficiency) of Revenues Over Expenditures	1,141,213	1,042,940	198,099	(181,295)	(542,067)
Other Financing Sources					
Interfund transfers in	-	13,532	-	-	37,073
Insurance proceeds	57,836	69,106	-	-	50,842
Total Other Financing Sources	57,836	82,638	-	-	87,915
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,199,049	1,125,578	198,099	(181,295)	(454,152)
Fund Balance, Beginning of Year	2,512,114	1,386,536	1,188,437	1,369,732	1,823,884
Fund Balance, End of Year	$ 3,711,163	$ 2,512,114	$ 1,386,536	$ 1,188,437	$ 1,369,732
Total Active Retail Water Connections	2,322	2,316	2,325	2,325	2,315
Total Active Retail Wastewater Connections	2,277	2,238	2,283	2,287	2,274

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
34.5 %	34.6 %	29.9 %	24.4 %	25.8 %
19.7	19.6	21.4	24.5	22.5
21.6	21.5	21.8	25.1	26.3
18.9	19.5	21.5	22.8	23.3
1.5	1.6	1.5	1.6	1.3
0.5	0.5	1.9	0.9	0.6
3.3	2.7	2.0	0.7	0.2
0.0	0.0	0.0	0.0	-
100.0	100.0	100.0	100.0	100.0
7.4	5.9	9.2	16.0	19.6
17.9	19.3	21.9	24.0	22.9
3.4	3.9	3.8	3.8	4.5
20.3	21.2	21.4	24.9	25.7
2.6	2.8	2.9	3.6	4.2
17.7	15.4	19.6	22.4	22.4
4.8	4.9	4.6	5.9	5.9
-	0.2	1.3	-	0.0
2.6	4.6	10.9	4.2	11.0
76.7	78.2	95.6	104.8	116.2
23.3 %	21.8 %	4.4 %	(4.8) %	(16.2) %

Bissonnet Municipal Utility District
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended December 31,

	Amounts				
	2025	2024	2023	2022	2021
Debt Service Fund					
Revenues					
Property taxes	$ 1,289,943	$ 1,225,020	$ 1,309,193	$ 1,509,946	$ 1,548,838
Penalty and interest	45,137	34,791	33,142	30,873	33,181
Investment income	80,088	99,682	105,372	29,905	6,456
Other income	102	68	-	11	17
Total Revenues	1,415,270	1,359,561	1,447,707	1,570,735	1,588,492
Expenditures					
Current					
Professional fees	12,922	10,298	9,285	9,323	9,142
Contracted services	64,199	63,782	59,706	57,263	56,908
Other expenditures	9,162	8,763	8,626	8,096	7,604
Debt service					
Principal retirement	820,000	1,055,000	1,010,000	940,000	895,000
Interest and fees	396,725	438,925	469,225	505,875	520,998
Total Expenditures	1,303,008	1,576,768	1,556,842	1,520,557	1,489,652
Excess (Deficiency) of Revenues Over Expenditures	112,262	(217,207)	(109,135)	50,178	98,840
Fund Balance, Beginning of Year	1,200,402	1,417,609	1,526,744	1,476,566	1,377,726
Fund Balance, End of Year	$ 1,312,664	$ 1,200,402	$ 1,417,609	$ 1,526,744	$ 1,476,566

Percent of Fund Total Revenues				
2025	2024	2023	2022	2021
91.1 %	90.1 %	90.4 %	96.1 %	97.5 %
3.2	2.6	2.3	2.0	2.1
5.7	7.3	7.3	1.9	0.4
0.0	0.0	-	0.0	0.0
100.0	100.0	100.0	100.0	100.0
0.9	0.8	0.6	0.6	0.6
4.6	4.7	4.1	3.7	3.6
0.7	0.6	0.6	0.5	0.5
57.9	77.6	69.8	59.8	56.3
28.0	32.3	32.4	32.2	32.8
92.1	116.0	107.5	96.8	93.8
7.9 %	(16.0) %	(7.5) %	3.2 %	6.2 %

Bissonnet Municipal Utility District
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025

Complete District mailing address:	Bissonnet Municipal Utility District c/o Wallace & Philbin, L.L.P. 6363 Woodway, Suite 800 Houston, TX 77057-1762	
District business telephone number:	713.739.1060	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		July 2, 2024
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-End
Robert Court	Elected 05/24–05/28	$ 7,200	$ 336	President
Jorge Silva	Elected 05/22–05/26	6,630	297	Vice President
Susan Guanlao	Elected 05/22–05/26	7,200	349	Secretary
Matt Dietz	Elected 05/24–05/28	7,200	252	Deputy Secretary
Paula Atchison	Elected 05/24–02/25	-	-	Resigned

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

Bissonnet Municipal Utility District
Board Members, Key Personnel, and Consultants
Year Ended December 31, 2025 **(Continued)**

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Best Trash, LLC	04/01/14	$ 572,522	Solid Waste Collector
Forvis Mazars, LLP	12/07/84	25,900	Auditor
Harris Central Appraisal District	Legislative Action	23,459	Appraiser
Linebarger, Goggan, Blair & Sampson, LLP	03/01/21	129,222	Delinquent Tax Attorney
Municipal Accounts & Consulting, L.P.	06/06/84	71,296	Bookkeeper
Municipal District Services, L.L.C.	02/13/08	1,288,466	Operator
Quiddity Engineering, LLC	09/13/00	206,716	Engineer
Rathmann & Associates, L.P.	05/14/03	-	Financial Advisor
Systems Project Management, L.L.C.	06/01/13	33,600	General Manager
Tax Tech, Incorporated	01/09/08	47,227	Tax Assessor/ Collector
Wallace & Philbin, L.L.P.	02/09/21	76,169	General Counsel
Investment Officers			
Mark Burton and Ghia Lewis	01/01/06	N/A	Bookkeepers
Robert Court	06/12/13	N/A	Director


RATHMANN
&
ASSOCIATES
Financial Advisor to the District