OFFICIAL STATEMENT DATED NOVEMBER 16, 2026

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES, AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF 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 District did NOT designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations" herein.

NEW ISSUE—BOOK-ENTRY ONLY **RATINGS: Underlying "BBB+" (stable outlook) S&P / AG Insured (stable outlook) S&P**
CUSIP No. 41422M **See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein**

$7,840,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX ROAD BONDS
SERIES 2026A

Dated: December 1, 2026 **Due: April 1 (as shown below)**

Interest on the $7,840,000 Unlimited Tax Road Bonds, Series 2026A (the "Bonds") will accrue from December 1, 2026, and will be payable on April 1 and October 1 of each year, commencing April 1, 2027. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") 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 owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS – Paying Agent/Registrar."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY INC.

ASSURED GUARANTY

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS

Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)	Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)
$145,000	2029	7.500%	3.720%	$305,000	2042 (b)	5.000%	5.020%
$155,000	2030	7.500%	3.820%	$325,000	2043 (b)	5.000%	5.070%
$160,000	2031	7.500%	3.920%	$340,000	2044 (b)	5.000%	5.110%
$170,000	2032 (b)	7.500%	4.020%	$365,000	2045 (b)	5.000%	5.140%
$180,000	2033 (b)	6.250%	4.120%	$385,000	2046 (b)	5.000%	5.170%
$195,000	2034 (b)	5.000%	4.220%	$405,000	2047 (b)	5.000%	5.210%
$205,000	2035 (b)	5.000%	4.320%	$430,000	2048 (b)	5.000%	5.240%
$215,000	2036 (b)	5.000%	4.420%	$455,000	2049 (b)	5.000%	5.270%
$230,000	2037 (b)	5.000%	4.520%	$485,000	2050 (b)	5.000%	5.290%
$245,000	2038 (b)	5.000%	4.620%	$510,000	2051 (b)	5.000%	5.310%
$255,000	2039 (b)	5.000%	4.720%	$545,000	2052 (b)	5.125%	5.330%
$270,000	2040 (b)	5.000%	4.820%	$575,000	2053 (b)	5.125%	5.340%
$290,000	2041 (b)	5.000%	4.920%				

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed.

(b) The Bonds maturing on or after April 1, 2032, are subject to redemption in whole, or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2031, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 460 (the "District") to: (1) reimburse certain of the Developers (hereinafter defined) for advancing funds to construct certain road facilities serving the District and associated land acquisition, engineering, and testing costs; (2) fund six months of capitalized interest on the Bonds; (3) fund developer interest related to the advancement of funds for certain construction costs; and (4) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds. See "USE OF BOND PROCEEDS."

The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston is pledged to the payment of the principal of or interest on the Bonds. The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about December 22, 2026.

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT 1
SALE AND DISTRIBUTION OF THE BONDS 1
CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12 2
MUNICIPAL BOND RATING 3
BOND INSURANCE 3
OFFICIAL STATEMENT SUMMARY 6
SELECTED FINANCIAL INFORMATION 9
DEBT SERVICE REQUIREMENTS 10
INTRODUCTION 11
RISK FACTORS 11
USE OF BOND PROCEEDS 19
UTILITY FUNCTIONS AND SERVICES ALLOCATION AGREEMENT WITH THE CITY OF HOUSTON 20
THE SYSTEM 20
THE DISTRICT 22
THE DISTRICT'S DEVELOPERS 26
MANAGEMENT OF THE DISTRICT 28
DISTRICT DEBT 30
DISTRICT TAX DATA 31
TAXING PROCEDURES 33
CONSOLIDATION AND DISSOLUTION 37
THE BONDS 38
BOOK-ENTRY-ONLY SYSTEM 40
TAX MATTERS 42
LEGAL MATTERS 43
REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS 44
OFFICIAL STATEMENT 44
MISCELLANEOUS 45
AUDITED FINANCIAL STATEMENTS OF THE DISTRICT ..... A
SPECIMEN MUNICIPAL BOND INSURANCE POLICY ..... B

USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesperson 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 is not to be used in connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change 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.

All of the summaries of the statutes, resolutions, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056, upon payment of duplication costs.

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 their Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Underwriter (hereinafter defined). See "OFFICIAL STATEMENT – Updating of Official Statement."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

Assured Guaranty Inc. ("AG") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE" and "APPENDIX B - Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by Robert W. Baird & Co., Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.00% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 5.256943%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Prices and Marketability

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY

OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

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

CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12

In the order authorizing the issuance of the Bonds (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 material events, to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "DISTRICT DEBT," "DISTRICT TAX DATA," and "APPENDIX A" (Audited Financial Statements of the District) of this Official Statement. 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 will provide the updated information to the MSRB.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by Rule 15c2-12. The updated information will include audited financial statements if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, the District will 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 current fiscal year end is June 30. Accordingly, it must provide updated information by December 31 in each year unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District; (13) consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, or 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, 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, any of which reflect financial difficulties. The term "financial obligation" in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b); provided that "financial obligation" shall not include municipal securities (as defined

in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with 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 make any provisions for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from MSRB

The District has agreed to provide the foregoing updated information only to the MSRB. The District is required to file its continuing disclosure information using EMMA, which is the format currently prescribed by the MSRB. The MSRB makes this information available to the public without charge through the EMMA internet portal at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of 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 and 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 to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, if, but only if, the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid, but, in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

During the last five years, the District has complied in all material aspects with its continuing disclosure agreements in accordance with Rule 15c2-12.

MUNICIPAL BOND RATING

In connection with the sale of the Bonds, the District made application to S&P Global Ratings (“S&P”) which assigned a rating of “BBB+” (stable outlook) on the Bonds based upon the District’s underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and the District makes no representation as to the appropriateness of such rating. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

S&P Global Ratings (“S&P”) is expected to assign its municipal bond insured rating of “AA” (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE.”

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG”) will issue its Municipal Bond Insurance Policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On August 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At September 30, 2026:

- The policyholders' surplus of AG was approximately $3,102 million.
- The contingency reserve of AG was approximately $1,599 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,415 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026);

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 2026); and

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2026 (filed by AGL with the SEC on November 6, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

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 complete information.

THE BONDS

Description: The $7,840,000 Unlimited Tax Road Bonds, Series 2026A (the “Bonds”), are dated December 1, 2026. The Bonds represent the thirteenth overall series of bonds to be issued by Harris County Municipal Utility District No. 460 (the “District”). The Bonds mature on April 1 in the years as shown in the table on the cover page of this Official Statement. The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended; an order authorizing the issuance of the Bonds (the "Bond Order") to be adopted by the Board of Directors of the District; Chapter 8124, Special District Local Laws Code, as amended; and an election held within the District on May 13, 2006. See "THE DISTRICT."

Redemption Provisions: The Bonds maturing on or after April 1, 2032, are subject to redemption at the option of the District, prior to maturity, in whole or from time to time in part, on April 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Optional Redemption."

Source of Payment: The Bonds are payable from a continuing direct annual ad valorem tax levied upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any other political subdivision or agency. See "THE BONDS – Source of and Security for Payment."

Book-Entry-Only System: The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Payment Record: The District has previously issued six (6) series of unlimited tax bonds, four (4) series of unlimited tax road bonds, and two (2) series of unlimited tax refunding bonds, of which $55,160,000 principal amount will be outstanding as of the delivery of the Bonds (the “Outstanding Bonds”). The District has never defaulted on the payment of principal of or interest on the Outstanding Bonds. See “DISTRICT DEBT.”

Use of Proceeds: The proceeds of the Bonds will be used by the District to: (1) reimburse certain of the Developers (hereinafter defined) for advancing funds to construct certain road facilities serving the District and associated land acquisition, engineering, and testing costs; (2) fund six months of capitalized interest on the Bonds; (3) fund developer interest related to the advancement of funds for certain construction costs; and (4) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds. See “USE OF BOND PROCEEDS.”

Risk Factors: The Bonds are subject to certain investment considerations, as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and “LEGAL MATTERS.”

NOT Qualified Tax Exempt Obligations: The District did NOT designate the Bonds as “qualified tax-exempt obligations”. See “TAX MATTERS – NOT Qualified Tax-Exempt Obligations.”

Municipal Bond Rating: In connection with the sale of the Bonds, the District made application to S&P which assigned the underlying rating of “BBB+” (stable outlook) on the Bonds based upon the District’s underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and the District makes no representation as to the appropriateness of such rating. See “MUNICIPAL BOND RATING.”

Bond Insurance: S&P is expected to assign its municipal bond insured rating of “AA” (stable outlook) to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. See “MUNICIPAL BOND RATING,” “BOND INSURANCE” and “APPENDIX B – Specimen Municipal Bond Insurance Policy.”

Bond Counsel: Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See “LEGAL MATTERS” and “TAX MATTERS.”

Paying Agent/Registrar: The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS – Paying Agent/Registrar."

THE DISTRICT

Description: The District is a municipal utility district created by an act of the 79th Texas Legislature effective September 1, 2005, codified at Texas Special District Local Laws Code, Chapter 8124. The District is subject to the jurisdiction of the Texas Commission on Environmental Quality (the "TCEQ"). The District was created pursuant to the authority of Chapters 49 and 54, Texas Water Code, as amended, and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution. The District, as it was originally created, included approximately 129 acres. Since its creation, the District has annexed certain tracts of land and presently includes approximately 789 acres. The District is located entirely within Harris County, Texas, and within the corporate limits of the City of Houston, Texas (the "City"). The District is located in southern Harris County and lies approximately eight (8) miles south of the central business district of the City. The District is comprised of various noncontiguous tracts of land and is generally bounded by Sam Houston Parkway on the south, Cullen Boulevard on the west, Telephone Road on the east, and the South Acres neighborhood on the north. See "THE DISTRICT – Description and Location" and "– Location Map."

Development of the District: The District is being developed for single-family residential purposes in various subdivisions within the District's noncontiguous tracts. As of October 1, 2026, the District, in the aggregate, included approximately 2,834 completed homes, 63 homes under construction, and 364 vacant developed single-family residential lots. See "THE DISTRICT – Status of Residential Development."

Summary of Land Uses: As of October 1, 2026, land development in the District included approximately 437 acres that are served with utilities and have single-family improvements constructed on site, 32 acres that are in the process of being developed with utilities or improved with single-family residential lots, 137 additional developable acres, and 183 undevelopable acres, which include drainage easements, detention ponds, road rights-of-way, a lift station site, park facilities, and open spaces. See "THE DISTRICT – Land Uses and Status of Land Development."

The System: Pursuant to a Utility Functions and Services Allocation Agreement (the "Utility Agreement") between the District and the City, water supply and wastewater treatment services for the District's residents are provided directly from the City. The District does not own or operate the water supply or wastewater treatment facilities serving the land within the District. The Utility Agreement provides for, and includes, the terms and conditions whereby the land within the District will be served by the City's water supply and wastewater treatment system. Pursuant to the Utility Agreement, the District is to make water and wastewater reservation requests for capacity by sections according to plats approved by the Houston Planning Commission. Prior to development, the City reserves capacity before development proceeds; therefore, the City's water supply and wastewater treatment capacity is sufficient to serve the 2,720 ESFCs to the developments within the District.

The District's noncontiguous tracts are located within various watersheds, including Sims Bayou and Clear Creek. The District's storm drainage collection system consists of curb and gutter streets with inlets and underground reinforced concrete storm sewers and detention basins. The District's storm drainage collection systems will serve the entire District drainage area and will convey flows to existing drainage channels. See "THE SYSTEM" and "UTILITY FUNCTIONS AND SERVICES ALLOCATION AGREEMENT WITH THE CITY OF HOUSTON."

Utility Agreement: The District entered into the Utility Agreement with the City on May 7, 2008, and such agreement does not cover the detention facilities serving the District. The District is responsible for maintenance of such detention facilities. The Utility Agreement will remain in effect until the earlier of 50 years or the dissolution of the District by the City. The Utility Agreement includes terms and conditions regarding the District's creation and how the land within in the District will be served by the City's water supply and wastewater treatment system.

The Utility Agreement: (i) describes how the system servicing the District will be constructed; (ii) provides that upon completion and acquisition of the system by the District, that the District will convey the system to the City for operation and maintenance; and (iii) provides that all revenues derived from water and sewer utilities serving the District are revenues of and belong to the City. If additional water and sewer facilities are constructed to serve the District in the undeveloped areas of the District, then such facilities will be transferred to the City in accordance with the Utility Agreement. The Utility Agreement also requires the City to rebate to the District amounts established by the Utility Agreement to avoid double taxation to District residents for water, sewer, and drainage facilities that serve the land within the District, and to compensate the District for certain capital costs that the District has incurred to extend such water and sewer facilities.

The Utility Agreement also provides for the terms of the dissolution of the District by the City and the assumption of the District's obligations (including any bonds outstanding) by the City upon dissolution. See "UTILITY FUNCTIONS AND SERVICES ALLOCATIONS AGREEMENT WITH THE CITY OF HOUSTON."

The Developers: The active developers in the District presently include the following entities: Pulte Homes of Texas, L.P. ("Pulte"); LGI Homes – Texas, LLC ("LGI"); KB Home Lone Star, Inc. ("KB"); Meritage Homes of Texas, LLC ("Meritage"); Sandrock Station LLC; Almeda Residential, LLC, a Texas limited liability company; Pineapple Square, LLC, a Texas limited liability company; Pineapple Park, LLC, a Texas limited liability company; and Garver Heights LLC, a Texas limited partnership, wholly owned by Cole Klein Builders. The active developers are collectively referred to herein as the "Developers."

Previous developers in the District have included the following entities: Lexington 26, L.P., d.b.a. Colina Homes ("Colina"); Peluda, L.P. ("Peluda"); Almeda-Genoa Houston Development, LLC; GARC Enterprises, Ltd. ("GARC"); Allison Circle, Ltd.; Almeda Crossing FL-1, L.P., a special purpose entity created and wholly owned by United Development Funding L.P. ("UDF"); Camillo Properties, Ltd. ("Camillo"); and El Tesoro Development, Ltd. See "THE DISTRICT'S DEVELOPERS" for a more complete description of the Developers and previous developers in the District.

SELECTED FINANCIAL INFORMATION
(Unaudited)

6/1/2026 Estimated Taxable Value	$736,101,701	(a)
2026 Certified Taxable Value	$664,161,251	(b)
Direct Debt:		
Outstanding Bonds (as of October 1, 2026)	$55,160,000	
The Bonds	$7,840,000	
Total Direct Debt	$63,000,000	
See “DISTRICT DEBT”		
Estimated Overlapping Debt	$17,515,173	(c)
Direct and Estimated Overlapping Debt	$80,515,173	
Percentage of Direct Debt to:		
6/1/2026 Estimated Taxable Value	8.56%	
2026 Certified Taxable Value	9.49%	
See “DISTRICT DEBT”		
Percentage of Direct and Estimated Overlapping Debt to:		
6/1/2026 Estimated Taxable Value	10.94%	
2026 Certified Taxable Value	12.12%	
See “DISTRICT DEBT”		
2026 Tax Rate Per $100 of Assessed Value:		
Utility Debt Service Tax	$0.31	
Road Debt Service Tax	$0.17	
Maintenance and Operations Tax	$0.26	
Total 2026 Tax Rate	$0.74	
Cash and Temporary Investment Balances as of October 14, 2026:		
General Fund	$4,714,044	(d)
Debt Service Fund	$2,061,749	(e)
Road Debt Service Fund	$813,207	(e) (f)

(a) Reflects data supplied by the Harris Central Appraisal District (“HCAD” or the “Appraisal District”). The Estimated Taxable Value as of June 1, 2026, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any value resulting from homebuilding and construction in the District since January 1, 2026, will not be included on the District’s tax roll until the 2027 certified tax roll is prepared during the second half of 2027. The District is authorized by law to only levy taxes against certified values. See “DISTRICT TAX DATA” and “TAXING PROCEDURES.”

(b) Reflects the January 1, 2026 Certified Taxable Value according to data supplied to the District by HCAD. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

(c) See “DISTRICT DEBT – Estimated Overlapping Debt.”

(d) Unaudited figure per the District’s records. See “THE SYSTEM – General Fund Operating History.”

(e) Unaudited figures per the District’s records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Road Debt Service Fund or the Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are not available to make debt service payments on any funds in the Debt Service Fund, or the Bonds, and are not available to make debt service payments on the District’s outstanding water, sewer, and drainage bonds. See “DISTRICT TAX DATA – Adequacy of Tax Revenue” and “THE BONDS – Funds.”

(f) The cash and investment balance in the Debt Service Fund does not include six (6) months of capitalized interest to be funded with proceeds of the Bonds; such amount will be deposited into such fund on the date of delivery of the Bonds. See “USE OF BOND PROCEEDS.”

DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and the debt service requirements for the Bonds.

Year	Outstanding Debt Service Requirements	Plus: Debt Service on the Bonds Principal	Interest	Total Debt Service Requirements
2027	$3,387,037	-	$342,833	$3,729,870
2028	$3,498,168	-	$411,400	$3,909,568
2029	$3,522,968	$145,000	$405,963	$4,073,931
2030	$3,495,024	$155,000	$394,713	$4,044,737
2031	$3,484,909	$160,000	$382,900	$4,027,809
2032	$3,522,013	$170,000	$370,525	$4,062,538
2033	$3,522,114	$180,000	$358,525	$4,060,639
2034	$3,526,156	$195,000	$348,025	$4,069,181
2035	$3,557,830	$205,000	$338,025	$4,100,855
2036	$3,581,049	$215,000	$327,525	$4,123,574
2037	$3,590,859	$230,000	$316,400	$4,137,259
2038	$3,557,861	$245,000	$304,525	$4,107,386
2039	$3,458,903	$255,000	$292,025	$4,005,928
2040	$3,478,143	$270,000	$278,900	$4,027,043
2041	$3,527,771	$290,000	$264,900	$4,082,671
2042	$3,493,212	$305,000	$250,025	$4,048,237
2043	$3,519,908	$325,000	$234,275	$4,079,183
2044	$3,167,500	$340,000	$217,650	$3,725,150
2045	$3,171,913	$365,000	$200,025	$3,736,938
2046	$2,977,322	$385,000	$181,275	$3,543,597
2047	$2,978,222	$405,000	$161,525	$3,544,747
2048	$2,630,028	$430,000	$140,650	$3,200,678
2049	$2,147,975	$455,000	$118,525	$2,721,500
2050	$2,157,444	$485,000	$95,025	$2,737,469
2051	$754,978	$510,000	$70,150	$1,335,128
2052	$431,906	$545,000	$43,434	$1,020,341
2053	-	$575,000	$14,734	$589,734
TOTALS	**$80,141,210**	**$7,840,000**	**$6,864,477**	**$94,845,687**

Maximum Annual Debt Service Requirements (2037) $4,137,259

Requires a $0.60 debt service tax rate on the June 1, 2026 Estimated Taxable Value at 95% collections $4,195,780

Requires a $0.66 debt service tax rate on the 2026 Certified Taxable Value at 95% collections $4,164,291

See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

OFFICIAL STATEMENT

relating to

$7,840,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
(A political subdivision of the State of Texas located within Harris County, Texas)

UNLIMITED TAX ROAD BONDS
SERIES 2026A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $7,840,000 Harris County Municipal Utility District No. 460 Unlimited Tax Road Bonds, Series 2026A (the "Bonds").

The Bonds are issued pursuant to Article III, Section 52 of the Texas Constitution and general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended; an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of Harris County Municipal Utility District No. 460 (the "District"); Chapter 8124, Special District Local Laws Code, as amended; and an election held within the District on May 13, 2006.

This Official Statement includes descriptions of the Bonds, the Bond Order, certain information about the District, the District's financial condition, and the developers in the District. 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 Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston (the "City"), or any other political subdivision, are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to justify the continued payment of taxes by property owners or that there will be a market for such property.

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter (defined herein) regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

Tax Collections

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be impaired by: (a) repetitive, annual, expensive collection procedures; (b) a federal bankruptcy court's stay of tax collection procedures; or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such 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. See "TAXING PROCEDURES – District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the registered owners of the Bonds (the "Registered Owners") have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions

to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. 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. Even if such sovereign immunity were waived and a judgment against the District for money damages were obtained, the judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by Texas statutes or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) 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, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if 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.

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

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

A district cannot be placed into bankruptcy involuntarily.

Approval of the Bonds

As required by law, the Attorney General of the State of Texas must approve the legality of the Bonds prior to delivery. The Attorney General of the State of Texas does not pass upon or guarantee the safety of the Bonds as an investment. Furthermore, the Attorney General of the State of Texas does not pass upon the adequacy or the accuracy of the information contained in this Official Statement.

Economic Factors

The Houston metropolitan area has, in the past, experienced slower or negative job growth, increased unemployment, business failures, and slow absorption of office space during periods of relatively low oil and natural gas prices. Certain of these factors are showing signs of recurring in the Harris County area economy at this time. These factors could affect the demand for new residential home construction and commercial development and, hence, the growth and maintenance of property values. The continued maintenance of taxable values in the District is directly related to the housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions including the relative price of oil and natural gas. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, reducing demand by homebuilders for lots within the District.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates, at which developers and builders are able to obtain financing for development or building costs. Interest rate levels may affect the developers' or builders' ability to complete development or building plans. Long-term interest rates can affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The maintenance of values in El Tesoro, Section 1, comprised of 81 homes, substantially all of which are currently held for rental, Almeda Trace, Sections 1 – 2, a rental community comprised of 113 homes, and Allison Circle, a rental community comprised of 52 duplex

units on 26 lots, may be particularly affected by the availability of apartment or other rental properties and the overall health of the Houston economy.

An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon home-building plans altogether.

The housing industry in the Houston area is competitive and the District can give no assurance that current building programs will be completed. The competitive position of the Developer in the sale of its developed lots or, respectively, that of present and prospective builders in the construction of single-family residential houses is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Alternative sites are available for the construction of single-family residential improvements within the market area in which the District is located. Such sites could pose competition to the continued homebuilding development on comparable sites within the District.

Potential Effects of Oil Price Declines on the Houston Area

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

Competition

The demand for and construction of taxable improvements in the District could be affected by competition from other developments near the District. Many of the other developments are generally accessible by the same commuter routes and served by the same employment centers and school districts causing the developments to compete with one another for the same pool of buyers at similar price points and amenity levels. The competitive position of the Developers in the sale of land and the sale or leasing of residences is affected by most of the factors discussed in this section. Such a competitive position is directly related to the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

Dependence on Future Development and Potential Impact on District Tax Rates

The District's 2026 tax rate of $0.74 per $100 of assessed valuation, when combined with the City's 2025 tax rate of $0.519190 per $100 of assessed valuation, is slightly higher than the tax rate that is common among many other similar utility districts providing water, sanitary sewer, and storm drainage services in Harris County. An increase in the District's tax rate substantially above such a level could have an adverse impact on future development in the District and on the District's ability to collect such tax.

Assuming no further construction of residential, or commercial projects within the District other than those that have been constructed, the value of such land and improvements within the District could be a major determinant of the ability of the District to collect and the willingness of property owners to pay ad valorem taxes levied by the District. After issuance of the Bonds, the District's Maximum Annual Debt Service Requirement will be $4,137,259 (2037). The June 1, 2026 Estimated Taxable Valuation of property within the District is $736,101,701. Assuming no increase or decrease in the June 1, 2026 Estimated Taxable Valuation and no use of other District funds, a combined debt service tax rate and road debt service tax rate of $0.60 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The 2026 Certified Taxable Valuation of property within the District is $664,161,251. Assuming no increase or decrease in the 2026 Certified Taxable Valuation and no use of other District funds, a combined debt service tax rate and road debt service tax rate of $0.66 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "DISTRICT TAX DATA – Adequacy of Tax Revenue."

Landowners/Developer Under No Obligation to the District

The Developers have informed the District of their current plans to continue to develop land in the District for residential purposes. However, neither the Developers nor any other landowner within the District has any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District. Currently, there is no restriction on any landowner's right (including the Developers') to sell its land. Failure to construct taxable improvements on developed lots (currently existing or anticipated to be created by the Developers) or own commercial tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District as it has in the past. The District is also dependent upon certain principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – Principal Taxpayers."

Future Debt

The District's voters have authorized the issuance of a total of $77,000,000 of unlimited tax bonds for the purposes of providing water, sewer, and drainage facilities and $115,500,000 of unlimited tax bonds for the purpose of refunding water, sewer, and drainage bonds previously issued; $48,000,000 of unlimited tax bonds for the purposes of providing road facilities and $72,000,000 of unlimited tax bonds for the purpose of refunding road bonds previously issued; and $7,000,000 of unlimited tax bonds for the purposes of providing

park and recreational facilities and additions thereto. The District could authorize additional amounts in the future. Following the issuance of the Bonds, $37,605,000 of unlimited tax bonds for water, sewer and drainage facilities and $115,350,000 of unlimited tax bonds for refunding water, sewer, and drainage bonds; $19,715,000 of unlimited tax bonds for road facilities and $71,870,000 of unlimited tax bonds for refunding road bonds; and $7,000,000 of unlimited tax bonds for park and recreational facilities will remain authorized, but unissued. The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Any future new money bonds, other than road bonds, to be issued by the District must also be approved by the TCEQ. Such additional new money bonds or refunding bonds would be issued on a parity with the Bonds.

Generally, the Board of Directors has indicated that new money bonds will be issued in amounts and in timeframes depending upon: (i) the rate of growth of taxable improvements in the District, and (ii) the District's ability to maintain the total tax rate at approximately $0.74 per $100 of assessed valuation.

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. The District's voters authorized $7,000,000 of park bonds at an election held on May 13, 2006.

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

Financing Road Facilities

The District is authorized to develop road facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue road bonds payable from taxes, approval of the bonds by the Attorney General of Texas would be required. The outstanding principal amount of any road bonds issued by the District may not exceed an amount equal to twenty-five percent of the value of taxable real property in the District. The District conducted a road bond election that authorized $48,000,000 of unlimited tax bonds for the purposes of providing road facilities and $72,000,000 of unlimited tax bonds for the purpose of refunding road bonds previously issued at an election held on May 13, 2006. As noted above, the District will have $19,715,000 of unlimited tax bonds for road facilities and $71,870,000 of unlimited tax bonds for refunding road bonds previously issued that remain authorized, but unissued following the issuance of the Bonds.

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Order on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of the original issuance. See "TAX MATTERS."

Environmental and Air Quality Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the TCEQ may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties—has been designated a nonattainment area under 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) ("CGP"), with an effective date of March 5, 2023, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. The CGP has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must obtain a permit from

the United States Army Corps of Engineers ("USACE") if operations of the District require that wetlands be filled, dredged, or otherwise altered.

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

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

Changes in Tax Legislation

Certain tax legislation, if enacted, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, and 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.

Bond Insurance Risk Factors

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by an issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the policy insurer (the "Bond Insurer") at such time and in such amounts as would have been due absent such prepayment by the District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies and the Bond Insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond Insurer is unable to make payment of principal and interest 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 the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will 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 the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "BOND INSURANCE" herein.

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

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

Severe Weather

The District is located approximately 60 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even

carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

The greater Houston area has experienced multiple storms exceeding a 0.2% probability of occurrence (i.e., "500-year flood" events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

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). Flood casualties are usually excepted from coverage unless specific flood insurance is purchased. The District cannot provide assurance that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damages to 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 would be adversely affected.

Specific Flood Type Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flooding – 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.

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

Coastal (or Storm Surge) Flooding - Coastal, or storm surge, flooding occurs when sea levels or water levels in estuarial rivers, bayous and channels rise to abnormal levels in coastal areas, over and above the regular astronomical tide, caused by forces generated from a severe storm's wind, waves, and low atmospheric pressure. Storm surge is extremely dangerous, because it is capable of flooding large swaths of coastal property and causing catastrophic destruction. This type of flooding may be exacerbated when storm surge coincides with a normal high tide.

Hurricane Beryl

Hurricane Beryl made landfall along the Texas Gulf Coast on July 8, 2024, and brought high levels of wind and rainfall to the Houston metropolitan area, including the District. According to the District's Engineer, there were no interruptions of water and sewer service as a result of Hurricane Beryl. According to District's Engineer, the District's system did not sustain any material damage from Hurricane Beryl. The District did not receive reports that any homes or improvements within the District experienced structural flooding or other significant damage as a result of Hurricane Beryl.

Temporary Tax Exemption for Property Damaged by Disaster

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

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

Tax Exemption Provided to Lessees of Public Facility Corporations

As described in "TAXING PROCEDURES – Tax Exemption Provided to Lessees of Public Facility Corporations" herein, a multifamily residential development owned or leased by a Public Facility Corporation ("PFC") is exempt from ad valorem taxation by the State and any other political subdivision of the State, including a municipal utility district such as the District. Chapter 303 of the Texas Local Government Code (the "PFC Act"), does not require any notice to, or consent by, any taxing jurisdictions that may be impacted by such exemption prior to the exemption being implemented. This tax-exempt lease structure has been utilized by the Houston Housing Authority for the creation of affordable multifamily apartments in the greater Houston area, both through the development of new apartment projects and the acquisition of existing (and previously taxable) apartment projects. 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 District makes no representations or predictions regarding whether future public facilities will be created or established within the District's boundaries by the Houston Housing Authority or by any other Sponsor (as defined herein) pursuant to the PFC Act.

Harris County and City of Houston Floodplain Regulations

As a direct result of Hurricane Harvey, Harris County and the City adopted new rules and amended existing regulations relating to minimizing the potential impact of new development on drainage and mitigating flooding risks. The new and amended Harris County regulations took effect on January 1, 2018, and the new and amended City regulations took effect on September 1, 2018.

The Harris County floodplain regulations govern construction projects in unincorporated Harris County and include regulations governing the elevation of structures in the 100-year and 500-year floodplains. Additionally, the Harris County regulations govern the minimum finished floor elevations as well as specific foundation construction requirements and windstorm construction requirements for properties located both above and below the 100-year flood elevation.

The City floodplain regulations govern construction projects in the corporate jurisdiction of the City and include regulations governing the elevation of structures in the 100-year and 500-year floodplains and the elevation of residential additions greater than one-third the footprint of the existing structure and non-residential additions. Additionally, the City regulations require an improved structure whose new market value exceeds 50% of the market value of the structure prior to the start of improvements meet the new and amended regulations of the City.

The new and amended Harris County and City regulations may have a negative impact on new development in and around the District as well as on the rehabilitation of existing homes impacted by flooding or other natural disasters.

NOAA Atlas 14 Rainfall Study

Harris County and City regulations may have a negative impact on new development in those subdivisions in the District that are within Harris County or in the City's corporate limits and extraterritorial jurisdiction. The National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation Frequency Atlas of the United States ("Atlas 14"). The atlas is updated periodically and in 2026 or 2027 a new atlas ("Atlas 15") is expected to be released. These precipitation frequency studies are used to redraw floodplain boundaries using the most current rainfall data. In conjunction with FEMA, Harris County Flood Control District has released a new flood plain map for Harris County based on updated data and advanced modeling tools. This map is now subject to public comment and appeal. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

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.

Increase In Costs of Building Materials and Labor Shortages

As a result of low supply and high demand, shipping constraints, and ongoing trade disputes (including tariffs and retaliatory tariffs), there have been substantial increases in the cost of lumber and other materials, causing many homebuilders and general contractors to experience budget overruns. Further, the federal administration's unpredictable tariff policy (including the threatened impositions of tariffs) may impact the ability of the developer or homebuilder[s] in the District to estimate costs. The federal administration's immigration policies may additionally impact the State's workforce, particularly in construction. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages that impact the developer's ability to construct utility and road facilities and a homebuilder's ability to construct homes within the District. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the developer or any home builder.

USE OF BOND PROCEEDS

The proceeds of the Bonds will be used by the District to: (1) reimburse certain of the Developers (hereinafter defined) for advancing funds to construct certain road facilities serving the District and associated land acquisition, engineering, and testing costs; (2) fund six months of capitalized interest on the Bonds; (3) fund developer interest related to the advancement of funds for certain construction costs; and (4) pay administrative costs and issuance expenses associated with the sale and delivery of the Bonds. To the extent surplus funds are available from the sale of the Bonds, such funds may be expended for any lawful purpose for which surplus funds may be used, with approval of the Board of Directors.

LJA Engineering, Inc. (the "Engineer") has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS	**Total Amount**	
Developer Contribution Items		
Park Vista at El Tesoro Section 1 Paving	$287,865	
Park Vista at El Tesoro Section 2 Paving	$13,931	
Emerald Meadows – Webercrest Paving	$687,855	
Emerald Meadows – Section 2 Paving	$1,160,359	
Almeda Residential Paving	$142,141	
Garver Heights Section 1 Paving	$1,146,170	
Garver Heights Section 2 Paving	$791,009	
Pineapple Square and Park	$210,048	
Engineering, Geotechnical, CPS and Materials	$652,850	
Land Acquisitions	$1,075,364	
Total Developer Contribution Items	**$6,167,592**	
TOTAL CONSTRUCTION COSTS	**$6,167,592**	(a)
NON-CONSTRUCTION COSTS		
Legal Fees	$181,800	
Fiscal Agent Fees	$156,800	
Interest Costs:		
Capitalized Interest (6 months)	$205,700	
Developer Interest	$797,610	
Bond Discount	$235,200	
Bond Issuance Expenses	$36,758	
Bond Engineering Report Costs	$31,000	
Attorney General Fee	$7,840	
Contingency	$19,700	(b)
TOTAL NON-CONSTRUCTION COSTS	**$1,672,408**	
TOTAL BOND ISSUE REQUIREMENT	**$7,840,000**	

(a) The TCEQ has not established rules regarding district reimbursement of road costs to developers. The District has engaged its independent auditor to perform certain agreed upon procedures on the Developers' documentation of the payments of eligible road improvement costs.

(b) Represents the difference between the estimated and actual amount of capitalized interest. Such funds will be used by the District only after approval by the Board of Directors.

UTILITY FUNCTIONS AND SERVICES ALLOCATION AGREEMENT WITH THE CITY OF HOUSTON

The District operates pursuant to a Utility Functions and Services Allocation Agreement dated May 7, 2008 (the "Utility Agreement") between the City and the District. Pursuant to the Utility Agreement: (1) the City consented to the creation of the District within the corporate limits of the City; (2) the District assumes responsibility for acquiring and constructing for the benefit of, and for the ultimate conveyance to the City: (a) the water distribution, (b) wastewater collection, and (c) drainage facilities to serve development occurring within the boundaries of the District (the "Facilities"); and (3) the City agreed to accept the Facilities for operation and maintenance in consideration for the District's financing, acquisition and construction of the Facilities. The City agrees to charge residents of the District the same water and wastewater rates that the City charges in other parts of the City. The District will retain ownership of detention facilities unless a conveyance to the City of such facilities is agreed to separately.

The Utility Agreement provides that the Facilities shall be designed and constructed in accordance with the City's requirements and criteria. The City agrees to provide the District with its ultimate requirements for water supply capacity and wastewater treatment capacity without capital charges of any kind.

Under the Utility Agreement, the District is authorized to issue bonds to finance the construction and acquisition of the Facilities. Before the District is authorized to issue bonds, the District must provide the City with a copy of the TCEQ order authorizing issuance of the bonds. Such order must provide that, under the TCEQ's rules governing the issuance of bonds, it is feasible to sell the bonds. The Utility Agreement expressly provides that such condition is not a limitation on the District's authority to levy an unlimited tax and that the District's bonds are secured by a pledge of the proceeds of an ad valorem tax without limit as to rate or amount.

The Utility Agreement also requires the City to rebate to the District amounts established by the Utility Agreement to avoid double taxation to District residents for water, sewer, and drainage facilities that serve the land within the District, and to compensate the District for certain capital costs that the District has incurred to extend such water and sewer facilities.

The Utility Agreement also provides that the City, as provided by the laws of the State of Texas and the City's ordinance consenting to the creation of the District, has the right to abolish and dissolve the District and to acquire the District's assets and assume the District's obligations (including any bonds outstanding). The Utility Agreement will remain in effect until the earlier of 50 years or the dissolution of the District by the City.

THE SYSTEM

Regulation

According to the Engineer, the District's water distribution, wastewater collection, and drainage facilities (the "System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ and the City. According to the Engineer, the design and construction of all such facilities has been approved and inspected by the City.

Operation of the District's water supply and wastewater treatment facilities is provided by the City, and is subject to regulation by, among others, the EPA and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water System

Pursuant to the Utility Agreement, water supply for customers in the District is provided by the City. The District's source of water is surface water and groundwater owned and operated by the City. Treated potable water is delivered to the District through a network of water distribution lines owned and maintained by the City. Pursuant to the Utility Agreement, the District is to make water reservation requests for capacity by sections according to plats approved by the Houston Planning Commission. Prior to development, the City reserves capacity before development proceeds; therefore, the City's water supply capacity is sufficient to serve the 2,720 ESFCs to the developments within the District.

Wastewater System

Pursuant to the Utility Agreement, the City has agreed to provide capacity for the ultimate wastewater discharge of the District. Wastewater treatment for customers in the District is currently provided by the City's Chocolate Bayou Wastewater Treatment Plant. The City has previously issued wastewater capacity commitments to provide 2,720 ESFCs to the developments within the District.

Drainage and Detention System

The underground storm drainage collection system serving all of the developed sections of the District is complete. See "THE DISTRICT – Status of Residential Development." The District's storm drainage collection system consists of curb and gutter streets with inlets and underground reinforced concrete storm sewers and detention basins. The District's storm drainage collection systems will serve the entire District drainage area and will convey flows to existing drainage channels. Additionally, the District's drainage system currently includes collection systems, detention facilities, and drainage channels that carry water to Sims Bayou or detention facilities and drainage channels that outfall directly into Clear Creek.

The El Tesoro subdivision is located in the Sims Bayou watershed and the natural course of drainage flows to the north by way of overland sheet flow and roadside ditches to Sims Bayou. The South Meadow Place and Southridge Crossing subdivisions are located in the Clear Creek watershed and the natural course of drainage flows to the south by way of overland sheet flow, roadside ditches, and storm sewers to a detention basin located in the Southridge Crossing subdivision before discharging to a culvert that outfalls into Clear Creek. The Almeda Trace, Almeda Crossing, and Maple Village subdivisions are located in the Sims Bayou watershed, each subdivision contains its own detention, and the natural course of drainage flows to the east by way of overland sheet flow, roadside ditches, and storm sewers to a Sims Bayou tributary ditch. The Forbes Crossing subdivision is located in the Clear Creek watershed, contains its own detention and the natural course of drainage flows to the west by way of overland sheet flow, roadside ditches, and storm sewers to Clear Creek. The Martindale Dreams, Kingdom Come Place, Section 1, Emerald Meadows, Allison Circle and Sandrock Station subdivisions are located in the Sims Bayou watershed. The subdivisions contain detention ponds that drain to the City's existing storm drainage system via open roadside ditches and storm sewers.

100-Year Floodplain

According to the Engineer, approximately 81 acres of land within the Southridge Crossing subdivision was located within the official 100-year floodplain as indicated by the Federal Emergency Management Agency Flood Insurance Rate Maps for Harris County, Texas Panel No. 1035 of 1150 dated June 15, 2007. Letters of Map Revisions have previously been approved to remove Southridge Crossing, Sections 3 – 7 from the 100-year floodplain. There are still areas of land within the District that fall within the 100-year floodplain, including portions of the South Meadow Place detention basin, but there is no development activity on such land at this time. According to the Engineer, none of the presently developed land within the District is located in the 100-year floodplain.

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's water and sewer system operations is provided for information purposes only.

	Fiscal Year Ended June 30 (a)				
GENERAL FUND	**2025**	**2024**	**2023**	**2022**	**2021**
REVENUES					
Property Taxes	$1,356,387	$1,573,998	$1,326,518	$1,058,870	$775,148
Investment and Misc. Revenues	$191,032	$205,621	$79,984	$21,185	$548
TOTAL REVENUES	**$1,547,419**	**$1,779,619**	**$1,406,502**	**$1,080,055**	**$775,696**
EXPENDITURES					
Professional Fees	$225,511	$134,319	$126,231	$131,155	$154,829
Contracted Services	$213,642	$196,953	$163,437	$97,481	$95,026
Utilities	$2,450	$1,124	$1,545	$103	$738
Repairs and Maintenance	$396,834	$193,542	$163,055	$87,356	$94,840
Other	$27,444	$19,290	$17,362	$17,534	$14,315
Capital Outlay	-	-	-	-	-
Bond Issuance Costs	-	-	-	-	$63,725
TOTAL EXPENDITURES	**$865,881**	**$545,228**	**$471,630**	**$333,629**	**$423,473**
EXCESS (DEFICIENCY)	**$681,538**	**$1,234,391**	**$934,872**	**$746,426**	**$352,223**
Other Financing Sources					
Transfers In (Out)	-	-	-	$114,531	-
NET CHANGE IN FUND BALANCE	**$681,538**	**$1,234,391**	**$934,872**	**$860,957**	**$352,223**
BEGINNING FUND BALANCE	**$4,067,117**	**$2,832,726**	**$1,897,854**	**$1,036,897**	**$684,674**
ENDING FUND BALANCE (b)	**$4,748,655**	**$4,067,117**	**$2,832,726**	**$1,897,854**	**$1,036,897**

(a) Data is taken from District's audited financial statements. See "APPENDIX A."

(b) As of October 14, 2026, the District's General Fund had an unaudited cash and investment balance of $4,714,044. For the fiscal year ending June 30, 2027, the District's General Fund is currently budgeting revenues of $2,518,560, expenditures of $2,330,309, inclusive of budgeted capital outlay.

THE DISTRICT

Authority

The District is a municipal utility district created by an act of the 79th Legislature, Regular Session Senate Bill 1884, effective September 1, 2005 (codified at Chapter 8124, Texas Special District Local Laws Code), in accordance with Article XVI, Section 59 of the Texas Constitution, confirmed at an election held on May 13, 2006, and operates pursuant to Chapters 49 and 54, Texas Water Code, as amended, and Article III, Section 52 of the Texas Constitution. The rights, powers, privileges, authority, and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to purchase, construct, operate, and maintain all works, improvements, and facilities necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. Additionally, the District has certain road powers and, under certain limited circumstances, the District is also authorized to construct, develop, and maintain park and recreational facilities.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent of the City, within whose corporate limits the District lies, the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of the District's construction plans and specifications.

Description and Location

The District, as it was originally created, included approximately 129 acres. Since its creation, the District has annexed certain tracts of land and presently includes approximately 789 acres. The District is located entirely within Harris County, Texas, and within the corporate limits of the City. The District is located in southern Harris County and lies approximately eight (8) miles south of the central business district of the City. The District is comprised of various noncontiguous tracts of land and is generally bounded by Sam Houston Parkway on the south, Cullen Boulevard on the west, Telephone Road on the east, and the South Acres neighborhood on the north.

Land Uses and Status of Land Development

A summary of the approximate land use in the District as of October 1, 2026, appears in the table below:

Type of Land Use	Approximate Acres
Developed and Improved Acres (a)	437
Acres Under Development (b)	32
Remaining Developable Acres (c)	137
Undevelopable Acres (d)	183
Total Approximate Acres	**789**

(a) Represents land that is served with utilities and has single-family improvements constructed on site.

(b) Represents land that is in the process of being developed with utilities or improved with single-family residential lots.

(c) Represents land available for future development; such acreage includes land that may be used for road rights-of-way, detention ponds, drainage easements, open spaces, or other undevelopable acres. The District makes no representation that the development of such acreage will ever be undertaken.

(d) Includes drainage easements, detention ponds, road rights-of-way, a lift station site, park facilities, and open spaces.

Status of Residential Development

The approximate status of single-family residential development in the District as of October 1, 2026, is summarized in the table below:

Subdivision/Section	Total Lots	Homes		Vacant Lots
		Completed	Under Construction	
Southridge Crossing, Sections 1 – 7 (a)	534	534	0	0
Almeda Crossing (b)	58	58	0	0
Almeda Trace, Sections 1 – 2 (c)	113	113	0	0
El Tesoro, Sections 1 – 3 (d)	298	298	0	0
Forbes Crossing, Sections 1 – 5 (e)	570	570	0	0
South Meadow Place, Sections 1 – 4 (f)	382	382	0	0
Park Vista at El Tesoro, Section 1 (g)	108	108	0	0
Park Vista at El Tesoro, Section 2 (g)	107	107	0	0
Park Vista at El Tesoro, Section 3 (g)	197	1	6	190
Maple Village (h)	85	85	0	0
Martindale Dreams (i)	65	65	0	0
Kingdom Come Place, Section 1 (j)	60	60	0	0
Emerald Meadows, Section 1 (k)	83	83	0	0
Emerald Meadows, Section 2 (k)	113	34	23	56
Allison Circle (l)	26	26	0	0
Sandrock Station (m)	111	111	0	0
Garver Heights (n)	200	95	31	74
Almeda Square (o)	70	70	0	0
Pineapple Square (p)	60	31	1	28
Pineapple Park (q)	21	3	2	16
TOTALS	**3,261**	**2,834**	**63**	**364**

(a) The lots in Sections 1 and 2 were developed by GARC and the lots in Sections 3 and 4 were developed by Pulte. Homes in Sections 1 – 4 were built by various homebuilders, including Carlisle Homes, Hampton Homes, Banway Homes, GreenEco Builders, and Pulte and were marketed in the $145,000 - $220,000 price range. The lots in Sections 5 – 7 were developed by Pulte. Pulte was the sole homebuilder in Sections 5 – 7 and homes were marketed in the $160,000 - $245,000 price range.

(b) The lots in Almeda Crossing were developed by a special purpose entity established by UDF. Homes were constructed by Colina and were marketed in the $155,000 - $195,000 price range.

(c) The lots and homes in Almeda Trace, Sections 1 – 2 were developed and constructed by Camillo Properties. The development is a rental home community. See “RISK FACTORS – Economic Factors.”

(d) The homes in El Tesoro, Section 1 (81 lots) were constructed by Camillo and Woodcreek and substantially all of the homes are currently being rented subject to annual rental agreements. See “RISK FACTORS – Economic Factors.” The 217 lots in El Tesoro, Sections 2 – 3 were developed by Peluda. Homes in El Tesoro, Sections 2 – 3 were constructed by LGI Homes and were marketed and sold in the $175,000 - $225,000 price range.

(e) The lots in Forbes Crossing, Sections 1 – 5 were developed by Pulte and Pulte was the sole homebuilder. Homes were marketed with an average sales price of approximately $300,000.

(f) The lots in South Meadow Place, Sections 1 – 4 were developed by Colina and Colina was the sole homebuilder. Homes were marketed with an average sales price of $253,396.

(g) The lots in Park Vista at El Tesoro, Section 1-3 were developed by LGI and LGI is the sole homebuilder. Homes are being marketed with an average sales price of approximately $270,000. LGI plans to begin developing Sections 4 and 5 in the summer of 2027.

(h) The lots in Maple Village were developed by Almeda-Genoa Houston Development, LLC. Homes were constructed by Colina and were marketed with an average sales price of approximately $220,000.

(i) The lots in the Martindale Dreams subdivision were developed by KB and KB was the sole homebuilder. Homes were marketed with an average sales price of $258,179. KB marketed homes under the community name of Summer Trace.

(j) The lots in Kingdom Come Place, Section 1 were developed by Meritage and Meritage was the sole homebuilder. Homes were marketed with an average sales price $275,226. The plat for this section has been recorded as Kingdom Come Place, Section 1 Partial Replat No. 1 and Extension. Meritage marketed homes under the community name of Webercrest Village.

(k) The lots in Emerald Meadows, Section 1 and 2 were developed by Meritage and Meritage is the sole homebuilder. Homes are being marketed with an average sales price of approximately $250,000 - $275,000.

(l) The lots in Allison Circle were developed by Allison Circle, Ltd. Homes were constructed by HGC General Contractors, which constructed 52 duplex units on the 26 lots. Allison Circle, Ltd. intends to retain ownership of such duplex units as rental properties. See “RISK FACTORS – Economic Factors.”

(m) The lots in Sandrock Station were developed by Sandrock Station LLC. According to Sandrock Station LLC, homes are being constructed by K Hovnanian Homes and First America Homes and are being marketed in the $300,000 - $350,000 price range.

(n) The lots in Garver Heights were developed by Cole Klein Builders. According to Cole Klein Builders, homes are being constructed by DR Horton and are being marketed in the $280,000 - $300,000 price range.

(o) The lots in Almeda Square were developed by Almeda Residential LLC. According to Almeda Residential LLC, homes are being constructed by DR Horton and are being marketed in the $280,000 - $320,000 price range.

(p) The lots in Pineapple Square were developed by Pineapple Square, LLC. According to Pineapple Square, LLC, homes are being constructed by DR Horton and are being marketed in the $250,000 - $280,000 price range.

(q) The lots in Pineapple Park were developed by Pineapple Park, LLC. According to Pineapple Square, LLC, homes are being constructed by DR Horton and are being marketed in the $250,000 - $280,000 price range.

Location Map



THE DISTRICT'S DEVELOPERS

Role of a Developer

In general, the activities of developers in a municipal utility district such as the District include purchasing the land within a district, designing the utilities and streets in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater and drainage facilities pursuant to the rules of TCEQ, as well as gas, telephone and electric service), and selling improved lots and commercial reserves to builders, other developers or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater and drainage facilities in the utility district exclusive of water and sewage treatment plants, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district.

The Developers in the District

The active developers in the District presently include the following entities: Pulte Homes of Texas, L.P. ("Pulte"); LGI Homes – Texas, LLC ("LGI"); KB Home Lone Star, Inc. ("KB"); Meritage Homes of Texas, LLC ("Meritage"); Sandrock Station LLC; Almeda Residential, LLC, a Texas limited liability company; Pineapple Square, LLC, a Texas limited liability company; Pineapple Park, LLC, a Texas limited liability company; and Garver Heights LLC, wholly owned by Cole Klein Builders. The active developers are collectively referred to herein as the "Developers."

Previous developers in the District have included the following entities: Lexington 26, L.P., d.b.a. Colina Homes ("Colina"); Peluda, L.P. ("Peluda"); Almeda-Genoa Houston Development, LLC; GARC Enterprises, Ltd. ("GARC"); Allison Circle, Ltd.; Almeda Crossing FL-1, L.P., a special purpose entity created and wholly owned by United Development Funding L.P. ("UDF"); Camillo Properties, Ltd. ("Camillo"); and El Tesoro Development, Ltd.

Active Developers

Pulte is a Texas limited partnership whose sole general partner is PulteGroup, Inc., a Michigan corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "PHM". Pulte has developed 570 lots on approximately 113 acres known as Forbes Crossing, Sections 1 – 5. Pulte is the sole homebuilder in the Forbes Crossing subdivision. According to Pulte, homes in the Forbes Crossing subdivision are currently being marketed with an average sales price of approximately $300,000.

Pulte is part of PulteGroup, Inc. ("PHM"), a family of companies that has been building homes for over 70 years. As of October 2025, PHM is a publicly traded homebuilder on the New York Stock Exchange. Any financial information provided about Pulte or PHM or any description of financial arrangements is provided for context only and does not imply any commitment, responsibility or liability of Pulte or PHM for any obligations of the District. Pulte and PHM are not responsible for the payment of the Bonds or any other obligations of the District, have no legal commitment to the District or the owners of the Bonds to continue to develop land within the District, may sell or otherwise dispose of their property or any other assets at any time. The financial condition of Pulte and PHM and any financial information provided may change at any time without notice and will not be updated.

Except for the payment of ad valorem taxes on any property owned by Pulte within the District, Pulte is not responsible for or liable for, and has not made any commitment for, payment of the Bonds or other obligations of the District. PulteGroup, Inc. is not a Developer, is not obligated to the District or the bond holder in any manner and is not guaranteeing payment of any obligations to the District or the bond holders. Any reference to or inclusion of financial information, statements or description of financial arrangements does not imply otherwise.

Financial Information Regarding Pulte: PHM files annual, quarterly, and current reports, proxy statements, and other information with the SEC. PHM's SEC filings are available to the public over the internet at the SEC's website at http://www.sec.gov. You may also read and copy any document that has been filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room. In addition, PHM makes available on its website http://www.pultegroupinc.com its annual reports on form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC. Unless otherwise specified, information contained on PHM's, website, available by hyperlink from PHM's website or on the SEC's website, is not incorporated into this Official Statement. The District has not obtained any representations from PHM concerning its publicly available filings or undertaken any review thereof and assumes no responsibility for the information contained therein.

On July 27, 2020, LGI purchased the balance of Peluda's land holdings in the District, which represented approximately 167 acres to be developed by LGI as the Park Vista at El Tesoro subdivision. LGI is a special purpose entity created solely for the purpose of developing land in projects located in the Texas market. LGI is a Texas limited liability company whose sole general partner is LGI Homes – Group, LLC. LGI Homes – Group, LLC is a Texas limited liability company whose sole general partner is LGI Homes, Inc., a Delaware corporation, the stock of which is publicly traded on the NASDAQ Global Select Market under the ticker symbol "LGIH". LGI has completed the development of Park Vista at El Tesoro, Section 1 (108 single-family residential lots), Section 2 (107 single-family residential lots), and Section 3 (197 single-family residential lots). and is currently implementing its homebuilding program in such section. Based on current land plans, the Park Vista at El Tesoro subdivision includes additional undeveloped acreage, which is planned for an additional single-family residential lot to be known as Park Vista at El Tesoro, Sections 4 and 5.

KB, an indirect wholly-owned subsidiary of KB Home, a Delaware corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "KBH", has completed the development of approximately 13 acres of land in the District into 65 single-family residential lots known as the Martindale Dreams subdivision. KB was the sole homebuilder in the Martindale Dreams subdivision. Homes were marketed with an average sales price of $258,179 and were marketed under the community name of Summer Trace.

Meritage, a Texas limited liability company and a subsidiary of Meritage Homes Corporation, a Maryland corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol "MTH", has completed the development of approximately 10 acres of land in the District into 60 single-family residential lots known as Kingdom Come Place, Section 1. Meritage was the sole homebuilder in Kingdom Come Place, Section 1 and marketed homes with an average sales price of $275,226. The plat for this section has been recorded as Kingdom Come Place, Section 1 Partial Replat No. 1 and Extension. Meritage marketed homes under the community name of Webercrest Village. Additionally, Meritage has completed the development of 83 single-family residential lots in the subdivision known as Emerald Meadows, Section 1 and has completed the development of 121 single-family residential lots in the subdivision known as Emerald Meadows, Section 2, and is currently implementing its homebuilding program in both sections. Meritage intends to be the sole homebuilder in Emerald Meadows, Sections 1 – 2.

Sandrock Station LLC, a Texas limited liability company, is a special purpose entity established for the purpose of developing approximately 21 acres of land in the District known as the Sandrock Station subdivision. Sandrock Station LLC has developed its land holdings into 111 single-family residential lots. According to Sandrock Station LLC, homes in the Sandrock Station subdivision are being constructed by K Hovnanian Homes and First America Homes and are being marketed in the $300,000 - $350,000 price range.

Almeda Residential LLC, a Texas limited liability company ("Almeda Residential") is a special purpose entity established for the purpose of developing approximately 11.6 acres of land in the District known as the Almeda Square subdivision. Almeda Residential has developed its land holdings into 70 single-family residential lots. According to Almeda Residential, homes in the Almeda Square subdivision are being constructed by DR Horton and are being marketed in the $280,000 - $320,000 price range.

Pineapple Square LLC, a Texas limited liability company is a special purpose entity established for the purpose of developing approximately 11.5 acres of land in the District known as the Pineapple Park subdivision. Pineapple Square LLC has developed its land holdings into 60 single-family residential lots. According to Pineapple Square LLC, homes in the Pineapple Park subdivision are being constructed by DR Horton and are being marketed in the $250,000 - $280,000 price range.

Pineapple Park LLC, a Texas limited liability company is a special purpose entity established for the purpose of developing approximately 11.5 acres of land in the District known as the Pineapple Park subdivision. Pineapple Square LLC has developed its land holdings into 21 single-family residential lots. According to Pineapple Square LLC, homes in the Pineapple Park subdivision are being constructed by DR Horton and are being marketed in the $250,000 - $280,000 price range.

Garver Heights LLC, a Texas limited partnership, wholly owned by Cole Klein Builders, is a special purpose entity established for the purpose of developing approximately 43.52 acres of land in the District known as the Garver Heights subdivision. Garver Heights has developed its land holdings into 200 single-family residential lots. According to Cole Klein Builders, homes in the Garver Heights subdivision are being constructed by DR Horton and are being marketed in the $200,000 - $300,000 price range.

Previous Developers

Lexington 26, L.P., d.b.a. Colina Homes ("Colina"), is a special purpose entity established for the purpose of developing approximately 61 acres in the District known as the South Meadow Place subdivision. Colina contracted with Starplex Land Resources, LLC, to act as the fee developer for the development of the lots in the South Meadow Place subdivision. Colina has developed 382 lots on approximately 61 acres known as South Meadow Place, Sections 1 – 4. Colina was the sole homebuilder in the South Meadow Place subdivision. Homes in South Meadow Place, Sections 1 – 4 were marketed with an average sales price of $253,396.

Peluda, a special purpose entity established for the purpose of developing approximately 197 acres of land in the District into the El Tesoro subdivision (except for El Tesoro, Section 1), has developed 217 lots on approximately 30 acres known as El Tesoro, Sections 2 – 3. Homes in El Tesoro, Sections 2 – 3 were constructed by LGI and were marketed and sold in the $175,000 - $225,000 price range. On July 27, 2020, Peluda sold approximately 167 acres of its land holdings in the District to LGI, which LGI expects to develop as the Park Vista at El Tesoro subdivision.

Almeda-Genoa Houston Development, LLC is a special purpose entity established for the purpose of developing approximately 14 acres of land in the District into the Maple Village subdivision. Almeda-Genoa Houston Development, LLC has developed its land

holdings into 85 single-family residential lots. Colina was the sole homebuilder in the Maple Village subdivision and marketed homes with an average sales price of approximately $220,000.

GARC was one of the original developers in approximately 129 acres of land located in the District. GARC developed approximately 51 acres known as Southridge Crossing, Sections 1 – 2, containing 210 single-family residential lots. In 2014, GARC sold its remaining vacant developed lots and acreage to Pulte. Since that time, Pulte has completed the development of and homebuilding in Southridge Crossing, Sections 1 – 7, which includes 534 single-family residential homes.

Allison Circle, Ltd., a Texas limited partnership, is a special purpose entity established for the purpose of developing approximately six (6) acres of land in the District known as the Allison Circle subdivision. Allison Circle, Ltd. has developed its land holdings into 26 single-family residential lots. Allison Circle, Ltd. contracted with HGC General Contractors to construct 52 duplex units on the 26 lots. Allison Circle, Ltd. intends to retain ownership of such duplex units as rental properties. See "RISK FACTORS – Economic Factors."

Almeda Crossing FL-1, L.P. ("Almeda") is a special purpose entity established by UDF for the purpose of developing approximately 8 acres into 58 lots known as Almeda Crossing. All of the 58 lots have been built-out. Homes in this section were constructed by Colina Homes and marketed in the $155,000 - $195,000 price range.

Camillo was the developer of the Almeda Trace subdivision. The Almeda Trace subdivision consists of two sections totaling approximately 16 acres and is subdivided into 113 lots. The land development work in both sections was completed during 2016 and all of the homes were constructed and ready for occupancy by July, 2017. The homes in Almeda Trace were constructed by Camillo. All of such homes are rented to tenants who have annual rental agreements. See "RISK FACTORS – Economic Factors" and "DISTRICT TAX DATA – Principal Taxpayers."

El Tesoro was one of the original developers of approximately 14.6 acres of land known as El Tesoro, Section 1, which consists of 81 lots. Of the 81 lots in El Tesoro, Section 1, 75 lots were sold to Camillo and the remaining 6 lots were sold to Woodcreek Builders ("Woodcreek"). All of the 81 lots have been built-out. Substantially all of such homes are rented to tenants who have annual rental agreements. See "RISK FACTORS – Economic Factors."

Developer Financing

LGI has obtained financing for a portion of the development of the District through the National Finance Authority, a body politic and corporate created and existing under the laws of the State of New Hampshire (the "NFA"). The NFA issued $68,402,014.00 Special Revenue Capital Appreciation Bonds (LGI Homes Project, Denton, Galveston, Harris, Montgomery, and Williamson Counties, Texas), Series 2026 (the "NFA Bonds"), which are secured in part by the sale and assignment of the Developer's right to receive proceeds from the sale of future unlimited tax bonds, including the Bonds, issued by the District pursuant to the Facilities Reimbursement Agreement between the District and Developer effective as of July 8, 2020, as amended by that certain Amendment to Facilities Reimbursement Agreement, dated April 8, 2026. The District delivered a Consent to Sale and Assignment Agreement Acknowledgment and Consent, consenting to the Developer's assignment of a portion of its future receivables from District bond proceeds, a Letter of Representations, and a Certificate of the District to the NFA with respect to the issuance of the NFA Bonds. According to the Developer, it is currently in compliance with all material representations and certifications made with respect to the NFA Bonds and has made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law.

MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board") which has control over and management supervision of all of the affairs of the District. Each of the directors owns a parcel of land in the District. A directors' election is held within the District in May in even-numbered years. Directors are elected to serve four-year staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below.

Name	Title	Expires May
Donald Wayne Middleton	President	2030
Cherrise Traylor	Vice President	2030
Megan Harper	Secretary	2030
John A. Gonzales	Assistant Secretary	2028
Evan Hughes	Assistant Secretary	2028

The District does not employ a general manager or any other full-time employees. The District has contracted for utility system operating, bookkeeping, tax assessing and collecting services, and annual auditing of its books as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Utility Tax Service, LLC, who is employed under an annual contract to perform the District's tax collection functions.

Bookkeeper – The District has contracted with L&S District Services, LLC for bookkeeping services.

Auditor – The District's annual financial statements as of and for the year ended June 30, 2025, have been audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's June 30, 2025, audited financial statements.

Utility System Operator – The operator for the Facilities serving the District is the City of Houston.

Engineer – The consulting engineer for the District is LJA Engineering, Inc. (the "Engineer").

Financial Advisor – The GMS Group, L.L.C., serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of the bonds, if and when such bonds are delivered.

Bond Counsel – Sanford Kuhl Hagan Kugle Parker Kahn LLP serves as Bond Counsel to the District and as counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Disclosure Counsel – Norton Rose Fulbright US LLP, Houston, Texas, has been engaged by the District to serve as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT DEBT

6/1/2026 Estimated Taxable Value	$736,101,701	(a)
2026 Certified Taxable Value	$664,161,251	(b)
Direct Debt:		
Outstanding Bonds (as of October 1, 2026)	$55,160,000	
The Bonds	$7,840,000	
Total Direct Debt	$63,000,000	
See “DISTRICT DEBT”		
Estimated Overlapping Debt	$17,515,173	(c)
Direct and Estimated Overlapping Debt	$80,515,173	
Percentage of Direct Debt to:		
6/1/2026 Estimated Taxable Value	8.56%	
2026 Certified Taxable Value	9.49%	
See “DISTRICT DEBT”		
Percentage of Direct and Estimated Overlapping Debt to:		
6/1/2026 Estimated Taxable Value	10.94%	
2026 Certified Taxable Value	12.12%	
See “DISTRICT DEBT”		
2026 Tax Rate Per $100 of Assessed Value:		
Debt Service Tax	$0.31	
Road Debt Service Tax	$0.17	
Maintenance and Operations Tax	$0.26	
Total 2026 Tax Rate	$0.74	
Cash and Temporary Investment Balances as of October 14, 2026:		
General Fund	$4,714,044	(d)
Debt Service Fund	$2,061,749	(e)
Road Debt Service Fund	$813,207	(e) (f)

(a) Reflects data supplied by the Harris Central Appraisal District (“HCAD” or the “Appraisal District”). The Estimated Taxable Value as of June 1, 2026, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any value resulting from homebuilding and construction in the District since January 1, 2026, will not be included on the District’s tax roll until the 2027 certified tax roll is prepared during the second half of 2027. The District is authorized by law to only levy taxes against certified values. See “DISTRICT TAX DATA” and “TAXING PROCEDURES.”

(b) Reflects the January 1, 2026 Certified Taxable Value according to data supplied to the District by HCAD. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

(c) See “DISTRICT DEBT – Estimated Overlapping Debt.”

(d) Unaudited figure per the District’s records. See “THE SYSTEM – General Fund Operating History.”

(e) Unaudited figures per the District’s records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Road Debt Service Fund or the Debt Service Fund. The cash and investment balances in the Road Debt Service Fund are not available to make debt service payments on any funds in the Debt Service Fund, or the Bonds, and are not available to make debt service payments on the District’s outstanding water, sewer, and drainage bonds. See "DISTRICT TAX DATA – Adequacy of Tax Revenue” and “THE BONDS – Funds.”

(f) The cash and investment balance in the Debt Service Fund does not include six (6) months of capitalized interest to be funded with proceeds of the Bonds; such amount will be deposited into such fund on the date of delivery of the Bonds. See “USE OF BOND PROCEEDS.”

Estimated Overlapping Debt

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

	Outstanding Debt	Overlapping Debt	
Taxing Jurisdiction	**As of 9/30/2026**	**Overlapping %**	**Amount**
Harris County	$2,952,415,112	0.10%	$2,820,424
Harris County Department of Education	$28,960,000	0.10%	$27,649
Harris County Flood Control District	$1,001,580,000	0.10%	$977,333
Harris County Hospital District	$1,644,825,000	0.10%	$1,604,774
Houston City College	$371,540,000	0.24%	$876,228
Houston Independent School District	$1,239,595,000	0.28%	$3,488,729
City of Houston	$3,735,320,000	0.20%	$7,343,273
Port of Houston Authority	$386,074,397	0.10%	$376,763
Total Estimated Overlapping Debt			**$17,515,173**
The District (a)			$63,000,000
Total Direct and Estimated Overlapping Debt			**$80,515,173**

(a) Includes the Bonds and Outstanding Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax information collection experienced in the District for the years 2021 through 2026. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

Tax Year	Taxable Valuation (a)	Tax Rate (b)	Tax Levy	Cumulative Tax Collections (c)	Tax Year Ended September 30
2026	$664,161,251	$0.74	$4,914,793	(d)	2027
2025	$659,344,762	$0.74	$4,879,151	97.62%	2026
2024	$612,298,116	$0.74	$4,531,006	99.56%	2025
2023	$548,155,191	$0.74	$4,056,348	99.59%	2024
2022	$414,580,004	$0.74	$3,090,092	99.64%	2023
2021	$299,211,064	$0.74	$2,214,162	99.71%	2022

(a) See "– Analysis of Tax Base" herein.

(b) See "– Tax Rate Distribution" herein.

(c) Represents cumulative collections as of September 30, 2026.

(d) In the process of collections; such taxes became delinquent if not paid before February 1, 2027. See "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. 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 bonds that may be issued in the future. The District's voters have authorized a maintenance tax of up to $1.50 per $100.00 of assessed valuation at elections held on May 13, 2006. The District levied a maintenance and operations tax for the 2026 tax year at a rate of $0.26 per $100 of assessed valuation. See "– Tax Rate Distribution" herein.

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all of any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2022 through 2026.

	2026	2025	2024	2023	2022
Debt Service	$0.31	$0.34	$0.33	$0.30	$0.26
Road Debt Service	$0.17	$0.15	$0.19	$0.15	$0.16
Maintenance/Operation	$0.26	$0.25	$0.22	$0.29	$0.32
Total	**$0.74**	**$0.74**	**$0.74**	**$0.74**	**$0.74**

Additional Penalties

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

Principal Taxpayers

The list of principal taxpayers for 2026 and the other information provided by this table were provided by HCAD to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of HCAD.

Property Owner	Property Description	Property Value	% of Total
Camillo Houses CV 1 LLC (a) (b)	Land & Improvements	$13,652,041	2.06%
Allison Circle LLC (a) (b)	Land & Improvements	$8,599,189	1.29%
LGI Homes Texas LLC (a)	Land & Improvements	$6,689,816	1.01%
SRP Sub LLC	Land & Improvements	$3,549,923	0.53%
CenterPoint Energy Hou Ele	Personal Property	$3,168,340	0.48%
DR Horton Texas LTD	Land & Improvements	$2,716,502	0.41%
Garver Heights LLC (a)	Land & Improvements	$2,501,171	0.38%
Camillo B Houses No 1 LLC	Land & Improvements	$2,202,905	0.33%
GMP Holdings LLC	Land & Improvements	$2,079,979	0.31%
MNF III W1 LLC	Land & Improvements	$1,941,898	0.29%
	TOTALS	**$47,101,764**	**7.09%**

(a) See “THE DISTRICT’S DEVELOPERS.”

(b) See “RISK FACTORS – Economic Factors.”

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the exemptions for 2022 through 2026 and includes the June 1, 2026 Estimated Taxable Value.

Year	Land	Improvements	Personal Property	Gross Valuations	Exemptions	Taxable Valuations	
6/1/2026						$736,101,701	(a)
2026	$118,427,955	$561,906,299	$7,282,919	$687,617,173	$23,455,922	$664,161,251	(b)
2025	$126,922,935	$544,532,927	$6,865,308	$678,321,170	$20,956,479	$657,364,691	
2024	$108,507,346	$517,332,233	$4,707,895	$630,547,474	$18,273,522	$612,273,952	
2023	$101,936,470	$455,640,394	$3,370,463	$560,947,327	$12,734,663	$548,212,664	
2022	$84,320,763	$338,250,591	$3,033,340	$425,604,694	$8,024,690	$417,580,004	

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of June 1, 2026, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. The District is authorized by law to only levy taxes against certified values. See “TAXING PROCEDURES.”

(b) Reflects the January 1, 2026 Certified Taxable Value according to data supplied to the District by HCAD. See "DISTRICT TAX DATA" and “TAXING PROCEDURES.”

Estimated Overlapping Taxes

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Entities	2025 Tax Rates
Houston Independent School District	$0.878300
Harris County (a)	$0.628928
Houston Community College	$0.098802
City of Houston	$0.519190
Overlapping Taxes	**$2.125220**
The District (2026)	$0.740000
Total Direct & Overlapping Taxes	**$2.865220**

(a) Includes taxes levied by Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, and Harris County Department of Education.

Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District's Operating Fund to the Debt Service Fund or the Road Debt Service Fund, no increase or decrease in assessed valuation over the values listed below, and utilizes a tax rate adequate to service the District's total debt service requirements after the issuance of the Bonds.

Maximum Annual Debt Service Requirements (2037) .....$4,137,259 (a)

Requires a $0.60 debt service tax rate on the June 1, 2026 Estimated Taxable Value at 95% collections produces..... $4,195,780 (a)

Requires a $0.66 debt service tax rate on the 2026 Certified Taxable Value at 95% collections produces..... $4,164,291 (a)

(a) A certain amount of the maximum annual debt service requirement will be paid for with the District's Road Debt Service tax rate and a certain portion will be paid for with the District's Debt Service tax rate.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes that the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Order to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS – Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by the voters in the District. See "DISTRICT TAX DATA – Maintenance Tax." The District is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of park and recreational facilities; the Board has never levied a park and recreational facilities tax and currently has no plans to levy such tax.

Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods,

family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $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 the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions. The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

Freeport Goods and Goods-in-Transit Exemptions. A "Freeport Exemption" applies to goods, wares, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property that are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Exemption Provided to Lessees of Public Facility Corporations

Chapter 303 of the Texas Local Government Code (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 ad valorem and sales taxes levied by such taxing authorities. A leasehold or other possessory interest in the public facility granted by the PFC entitles the user of the public facility to the same exemptions from taxation. Developers who participate in these deals must set aside at least 20% of their units for public housing. Alternatively, they can designate at least half of their units for people making less than 80% of the area median income.

Tax Abatement

Harris County or the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City (after annexation of the affected portion of the District), Harris County, Houston Independent School District, or the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax

abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. Certain classes of disabled veterans may receive a deferral or abatement of taxes without penalty during the time he or she owns or occupies the property as their residential homestead.

Valuation of Property for Taxation

Generally, property in the District must be appraised by HCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Tax Code are to be based on 100% of market value, as such is defined in the Tax Code. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use of the property.

The Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business are 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 the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief appraiser is required by the Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland. The Developer in the District has waived its right to agricultural use, open space, or timber land exemptions.

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

The 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 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 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.

Reappraisal of Property After Disaster

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

District and Taxpayer Remedies

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

The Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a 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, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. 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 is made by the Board of Directors on an annual basis. The Board of Directors designated the District as a Developing District for purposes of setting the 2026 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local 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 TAX DATA – Estimated Overlapping Taxes"). 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; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property and land designated for agricultural use and six months for all other property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six months for commercial property, within two years for residence homesteads and land designated for agricultural use, and six months for all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records), or by bankruptcy proceedings that restrict the collection of taxpayer debts. See "RISK FACTORS – Tax Collections."

Delinquent Tax Payments for Disaster Areas

Taxpayers for homesteads and small businesses damaged as a direct result of a disaster may pay property taxes on the property in four equal quarterly installments by notice to the District before the delinquency date without penalty or interest. Installments must be completed within six months of the delinquency date, which normally is February 1 but could be delayed because of delayed valuations. Quarterly payments by a substantial number of owners could adversely affect a District's collection of taxes for debt services in the year following a disaster.

A district may adopt an exemption for a portion of the value of property damaged by a declared national disaster based on the percentage of damage to the property. See "RISK FACTORS – Temporary Tax Exemption for Property Damaged by Disaster."

In addition, under the Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

The Effect of FIRREA on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

CONSOLIDATION AND DISSOLUTION

Consolidation

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

Dissolution

Under Texas law, the territory within the District may be dissolved by the City without the consent of the District or its residents, subject to compliance with Chapter 43 of the Texas Local Government Code, as amended. If dissolution by the City does occur, the District would be abolished. When the District is dissolved, the City must assume the assets, functions and obligations of the District, including the obligation to pay interest and principal on the Bonds. No representation is made concerning the likelihood of dissolution or the ability of the City to make debt service payments on the Bonds should dissolution occur.

THE BONDS

General

The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Order. Capitalized terms in such summary are used as defined in the Bond Order. Such summary is not a complete description of the entire Bond Order and is qualified in its entirety by reference to the Bond Order, copies of which are available from the District's Bond Counsel upon request.

The Bonds are dated and will bear interest from December 1, 2026, at the per annum rates shown on the cover page hereof. The Bonds represent the thirteenth series of bonds to be issued by the District. The Bonds will be fully registered, serial bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds will be payable April 1, 2027, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, 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 Beneficial Owners of the Bonds (hereinafter defined). See “BOOK-ENTRY-ONLY SYSTEM.”

In the event that the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the address of the Registered Owners as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Optional Redemption

The District reserves the right to redeem, prior to maturity, the Bonds maturing on or after April 1, 2032, in whole or from time to time in part, on April 1, 2031, or on any date thereafter, at a price of par plus accrued interest to the date of redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the particular Bonds to be redeemed shall be selected by the Registrar by lot or other random selection method. Notice of each exercise of the right of redemption will be given at least 30 days prior to the date fixed for redemption by mailing written notice by first class mail to each of the Registered Owners of the Bonds to be redeemed. When Bonds have been called for redemption, they will become due and payable on the redemption date.

Source of and Security for Payment

The Bonds are secured by and payable from the levy of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Order, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees, and Appraisal District fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Harris County, the City, or any entity other than the District.

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 tax 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 and all interest to accrue on the Bonds to maturity or redemption, or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in: (a) direct 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) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision or 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 that would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

Funds

The Bond Order confirms the District's Road Debt Service Fund, which is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds, and any additional bonds attributable to roads, payable from taxes which may be issued in the future by the District. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Registrar.

The District also maintains a Debt Service Fund that is not pledged to the Bonds. Funds in the Debt Service Fund are available only for principal and interest payments on debt attributable to water, sewer, and drainage, and such funds are not available to pay principal and interest on the Bonds.

Paying Agent/Registrar

Pursuant to the Bond Order, the initial paying agent and initial registrar with respect to the Bonds is The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Paying Agent/Registrar" or "Registrar"). The District will maintain at least one Registrar, at whose office the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, and for the purpose of maintaining the Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Order to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Houston, Texas. See "BOOK-ENTRY-ONLY SYSTEM" below for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the 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 calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax, governmental charge, or other expenses payable in connection therewith.

Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the District and the Registrar of security or indemnity as may be required by either of them to hold them harmless. Upon the issuance of a new bond the District will require payment of taxes, governmental charges, and other expenses (including the fees and expenses of the Registrar), bond printing and legal fees in connection with any such replacement.

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 un-matured interest coupons attached to them."

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds. No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $77,000,000 of unlimited tax bonds for the purposes of providing water, sewer, and drainage facilities and $115,500,000 of unlimited tax bonds for the purpose of refunding water, sewer, and drainage bonds previously issued; $48,000,000 of unlimited tax bonds for the purposes of providing road facilities and $72,000,000 of unlimited tax bonds for the purpose of refunding road bonds previously issued; and $7,000,000 of unlimited tax bonds for the purposes of providing park and recreational facilities and additions thereto. The District could authorize additional amounts in the future.

Following the issuance of the Bonds, $37,605,000 of unlimited tax bonds for water, sewer and drainage facilities and $115,350,000 of unlimited tax bonds for refunding water, sewer, and drainage bonds; $19,715,000 of unlimited tax bonds for road facilities and $71,870,000 of unlimited tax bonds for refunding road bonds; and $7,000,000 of unlimited tax bonds for park and recreational facilities will remain authorized, but unissued. The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Any future new money bonds, other than road bonds, to be issued by the District must also be approved by the TCEQ. Such additional new money bonds or refunding bonds would be issued on a parity with the Bonds.

Depending upon the District's future issuance of tax-supported debt and the development of the District's tax base, increases in the District's annual ad valorem tax rate may be required to provide for the payment of principal of and interest on the District's current bonded indebtedness and any future tax-supported debt issued by the District. The Bond Order imposes no limitation on the amount of additional parity bonds that may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ).

Amendments to the Bond Order

The District may, without the consent of or notice to any Registered Owners, amend the Bond Order in any manner not detrimental to the interest of the Registered Owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the Registered Owners of a majority of the aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order, provided that, without the consent of the Registered Owners of all of the Bonds affected, no such amendment, addition or rescission may: (a) extend the time or times of payment of the principal of and interest (or accrual of interest) on the Bonds, or reduce the principal amount thereof or the rate of interest thereon or in any other way modify the terms of payment of the principal of or interest on the Bonds; (b) give preference of any Bond over any other Bond; or (c) extend any waiver of default to subsequent defaults. In addition, the State, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, maturity value and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee's 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, the Financial Advisor, and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriter 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 (hereinafter defined), (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States 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, New York, 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 or maturity value, as the case may be, 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. 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", together with the Direct Participants, the "Participants"). DTC has a Standard & Poor's 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 ("Beneficial Owner") of the Bonds 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 securities 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 Certificate 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 fewer than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

The District may decide to discontinue use of the system of Book-Entry-Only System transfers through DTC (or a successor securities depository). In that event, securities will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the District believes to be reliable; the District, the District's Financial Advisor, and the Underwriter do not take any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

TAX MATTERS

The delivery of Bonds is subject to an opinion of Bond Counsel to the effect that, assuming continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds pursuant to Section 103 of the Code, and existing regulations, published rulings and court decision procedures, interest on the bonds (i) will be excludable from the income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes and (ii) 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 (as defined in Section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations. The statutes, regulations, published rulings, and court decisions on which such opinion is based are subject to change.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Bonds is excludable from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code, or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service (the "Service") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof, or the enforcement thereof by the Service. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the Service. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of Service positions with which the District legitimately disagrees, may not be practicable. Any action of the Service, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

Proposed Tax Legislation

Proposed, and if enacted, tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or state income taxation, or otherwise prevent the Beneficial Owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes an "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is entitled to be excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of

the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

NOT Qualified Tax-Exempt Obligations

The District did NOT designate the Bonds as "qualified tax-exempt obligations".

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds. Such transcript will include the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of the Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District payable from the proceeds of an annual ad valorem tax, levied without limit as to rate or amount, upon all taxable property in the District. The District will also furnish the approving legal opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The legal opinion of Bond Counsel will further address the matters described above under "TAX MATTERS." Such opinion will express no opinion with respect to the sufficiency of, security for, or marketability of the Bonds.

Legal Review

In its capacity as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "CONSOLIDATION AND DISSOLUTION," "THE BONDS," "TAX MATTERS," and "LEGAL MATTERS – Legal Opinions" (to the extent such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the legal matters and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of any of the other information contained herein. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Sanford Kuhl Hagan Kugle Parker Kahn LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

No Material Adverse Change

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

No-Litigation Certificate

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that no litigation has been filed and there is not pending, and, to the actual knowledge of the District, there is not threatened, any litigation affecting the validity of the Bonds, the levy and/or collection of taxes for the payment thereof, the organization or boundaries of the District, or the title of the then present officers of the Board.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds has not been registered or qualified under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein, and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

OFFICIAL STATEMENT

Sources of Information

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

Financial Advisor

The GMS Group, L.L.C. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement, Official Notice of Sale, and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, The GMS Group, L.L.C. has compiled and edited this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

Engineer – The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled “THE SYSTEM,” “USE OF BOND PROCEEDS,” and certain engineering matters included in “THE DISTRICT – Description and Location,” “– Land Uses and Status of Land Development,” and “– Status of Residential Development” (except for house count and sales price data which has been provided by the Developers) have been provided by LJA Engineering, Inc. and have been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector – The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned “DISTRICT TAX DATA” has been provided by HCAD and by Utility Tax Service, LLC, in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor – The District's annual financial statements as of June 30, 2025, have been prepared by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's June 30, 2025, audited financial statements.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District audit report is required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audit reports are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, Texas, 77056.

Certification as to Official Statement

The Board of Directors of the District, acting in its official capacity and in reliance upon the consultants listed above, and certain certificates of representation to be provided to the Board, hereby certifies, as of the date hereof, that to the best of its knowledge and belief, the information, statements and descriptions pertaining to the District and its affairs herein contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading. The information, descriptions, and statements concerning entities other than the District, including particularly other

governmental entities, have been obtained from sources believed to be reliable, but the District has made no independent investigation of such matters and makes no representation as to the accuracy or completeness thereof.

Updating of Official Statement

If, subsequent to the date of the Official Statement, 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 its 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.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 460 as of the date shown on the cover page.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-12
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	13
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	14-15
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17-31
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	33
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	35-37
GENERAL FUND EXPENDITURES	38
INVESTMENTS	39
TAXES LEVIED AND RECEIVABLE	40-41
LONG-TERM DEBT SERVICE REQUIREMENTS	42-51
CHANGE IN LONG-TERM BOND DEBT	52-53
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	54-57
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	58-59

McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 460
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 460 (the "District") as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Note 11 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* resulting in restatement of the District's government-wide financial statements as of and for the fiscal year ended June 30, 2024. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Responsibilities of Management for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot Ellis PLLC

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

November 12, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2025

Management's discussion and analysis of Harris County Municipal Utility District No. 460's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2025. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for resources not accounted for in another fund, maintenance tax revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the costs of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for the acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by $2,279,207 as of June 30, 2025.

A portion of the District's net position reflects its net investment in capital assets (land, water, sewer, and drainage facilities, detention facilities, and roads less any debt used to acquire those assets that is still outstanding).

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024*	Change Positive (Negative)
Current and Other Assets	$ 9,801,409	$ 9,681,207	$ 120,202
Capital Assets (Net of Accumulated Depreciation)	58,329,278	57,753,822	575,456
Total Assets	$ 68,130,687	$ 67,435,029	$ 695,658
Deferred Outflows of Resources	$ 110,397	$ 118,197	$ (7,800)
Due to Developer	$ 20,359,127	$ 19,271,902	$ (1,087,225)
Bonds Payable	49,667,750	50,881,314	1,213,564
Other Liabilities	493,414	494,718	1,304
Total Liabilities	$ 70,520,291	$ 70,647,934	$ 127,643
Net Position:			
Net Investment in Capital Assets	$ (10,339,606)	$ (10,045,810)	$ (293,796)
Restricted	3,218,336	2,802,096	416,240
Unrestricted	4,842,063	4,149,006	693,057
Total Net Position	$ (2,279,207)	$ (3,094,708)	$ 815,501

The following table provides a summary of the District's operations for the year ended June 30, 2025, and June 30, 2024. The District's net position increased by $815,501.

	Summary of Changes in the Statement of Activities		
	2025	2024*	Change Positive (Negative)
Revenues:			
Property Taxes	$ 4,590,494	$ 4,030,259	$ 560,235
Other Revenues	518,061	492,672	25,389
Total Revenues	$ 5,108,555	$ 4,522,931	$ 585,624
Expenses for Services	4,293,054	4,656,399	363,345
Change in Net Position	$ 815,501	$ (133,468)	$ 948,969
Net Position, Beginning of Year	(3,094,708)	(2,961,240)	(133,468)
Net Position, End of Year	$ (2,279,207)	$ (3,094,708)	$ 815,501

*As Adjusted, see Note 11

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2025, was $9,508,450, an increase of $85,668 from prior year.

The District's General Fund fund balance increased by $681,538, primarily due to current year revenue exceeding operating expenditures.

The Debt Service Fund fund balance increased by $391,921, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by $987,791, primarily due to capital expenditures exceeding investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. The budget was amended during the fiscal year for a decrease in anticipated property tax revenues and an increase in anticipated repairs and maintenance expenditures. Actual revenues were $222,689 more than budgeted revenues. Actual expenditures were $69,479 less than budgeted expenditures. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of June 30, 2025, total $58,329,278 and include land and detention facilities which the District will be responsible for maintaining along with the assets conveyed to the City and County noted below. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2025	2024*	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 3,677,692	$ 3,677,692	$
Capital Assets, Net of Accumulated Depreciation:			
Water, Sewer & Drainage	27,259,575	25,966,945	1,292,630
Roads	18,440,454	18,925,409	(484,955)
Detention Facilities	8,951,557	9,183,776	(232,219)
Total Net Capital Assets	$ 58,329,278	$ 57,753,822	$ 575,456

*As Adjusted, see Note 11

The District is located within the city limits of the City of Houston (the "City"). In accordance with a Utility Functions and Service Allocation Agreement with the City, all water and wastewater facilities and certain storm water facilities are conveyed to the City once constructed and placed in service. The City operates the facilities as is responsible for the maintenance.

CAPITAL ASSETS (continued)

Additionally, road and paving facilities are constructed and conveyed to Harris County which is responsible for maintenance. The District is entitled to significant residual interest in the facilities conveyed to the City of Houston and Harris County and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

LONG-TERM DEBT ACTIVITY

As of June 30, 2025, the District had total bond debt payable of $50,155,000. The changes in the debt position of the District during the fiscal year ended June 30, 2025, are summarized as follows:

Bond Debt Payable, July 1, 2024	$ 51,390,000
Less: Bond Principal Paid	1,235,000
Bond Debt Payable, June 30, 2025	$ 50,155,000

The District's Series 2018 bonds and Series 2018A Refunding bonds are non-rated for underlying rating purposes. The Series 2019, Series 2020 Road, Series 2021, Series 2021A Road Refunding, Series 2022 Road, Series 2023, and Series 2024 Road bonds have an underlying rating of BBB+. The Series 2018, Series 2018A Refunding, Series 2019, Series 2021A Road Refunding and Series 2022 Road bonds have an insured rating of "AA" by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2020 Road, Series 2021, Series 2023 and Series 2024 Road bonds have an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty.

CURRENTLY KNOWN FACTS, DECISIONS, OR CONDITIONS

The adopted budget for fiscal year ending June 30, 2026, projects an increase of $250,505 to the General Fund fund balance. Revenue is expected to be $2,508,725 and expenditures are expected to be $2,258,220.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 460, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Blvd., Suite 2650, Houston, Texas 77056.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 35,613	$ 99,815
Investments	4,749,479	3,381,998
Receivables:		
Property Taxes	54,682	100,364
Penalty and Interest on Delinquent Taxes		
Accrued Interest		6,795
Due from Other Funds	36,102	
Prepaid Costs		
Due from Other Governmental Unit		43,898
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 4,875,876	$ 3,632,870
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refundings	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,875,876	$ 3,632,870

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 1,266,008	$ 1,401,436	$	$ 1,401,436
	8,131,477		8,131,477
	155,046		155,046
		24,031	24,031
	6,795		6,795
	36,102	(36,102)	
		38,726	38,726
	43,898		43,898
		3,677,692	3,677,692
		54,651,586	54,651,586
$ 1,266,008	$ 9,774,754	$ 58,355,933	$ 68,130,687
$ -0-	$ -0-	$ 110,397	$ 110,397
$ 1,266,008	$ 9,774,754	$ 58,466,330	$ 68,241,084

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2025

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 72,539	$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		17,690
Due to Taxpayers		2,617
Long-Term Liabilities:		
Bonds Payable Within One Year		
Bonds Payable After One Year		
TOTAL LIABILITIES	$ 72,539	$ 20,307
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 54,682	$ 100,364
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		3,512,199
Unassigned	4,748,655	
TOTAL FUND BALANCES	$ 4,748,655	$ 3,512,199
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,875,876	$ 3,632,870
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 72,539	$	$ 72,539
		418,258	418,258
		20,359,127	20,359,127
18,412	36,102	(36,102)	
	2,617		2,617
		1,385,000	1,385,000
		48,282,750	48,282,750
$ 18,412	$ 111,258	$ 70,409,033	$ 70,520,291
$ -0-	$ 155,046	$ (155,046)	$ -0-
$ 1,247,596	$ 1,247,596	$ (1,247,596)	$
	3,512,199	(3,512,199)	
	4,748,655	(4,748,655)	
$ 1,247,596	$ 9,508,450	$ (9,508,450)	$ - 0 -
$ 1,266,008	$ 9,774,754		
		$ (10,339,606)	$ (10,339,606)
		3,218,336	3,218,336
		4,842,063	4,842,063
		$ (2,279,207)	$ (2,279,207)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Fund Balances - Governmental Funds		$ 9,508,450
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Insurance paid in advance as part of a bond sale is recorded as an expenditure in the governmental funds. However, in the government wide statements this is recorded as a prepaid cost and systematically charged to interest expense over the life of the new debt.		38,726
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		110,397
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		58,329,278
Deferred inflows related to property tax revenues and uncollected penalty and interest on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.		179,077
reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (20,359,127)	
Accrued Interest Payable	(418,258)	
Bonds Payable	(49,667,750)	(70,445,135)
Total Net Position - Governmental Activities		$ (2,279,207)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,356,387	$ 3,174,704
Penalty and Interest		35,687
Investment Revenues	191,032	145,342
Miscellaneous Revenue		2,880
Tax Rebate		64,141
TOTAL REVENUES	$ 1,547,419	$ 3,422,754
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 225,511	$ 7,359
Contracted Services	213,642	77,931
Utilities	2,450	
Repairs and Maintenance	396,834	
Depreciation		
Other	27,444	18,432
Developer Reimbursement		
Debt Service:		
Bond Principal		1,235,000
Bond Interest		1,692,111
TOTAL EXPENDITURES/EXPENSES	$ 865,881	$ 3,030,833
NET CHANGE IN FUND BALANCES	$ 681,538	$ 391,921
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2024, AS REPORTED	4,067,117	3,120,278
CHANGE DUE TO NEW ACCOUNTING GUIDANCE		
JULY 1, 2024, AS RESTATED	$ 4,067,117	$ 3,120,278
FUND BALANCES/NET POSITION - JUNE 30, 2025	$ 4,748,655	$ 3,512,199

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 4,531,091	$ 59,403	$ 4,590,494
	35,687	4,836	40,523
74,143	410,517		410,517
	2,880		2,880
	64,141		64,141
$ 74,143	$ 5,044,316	$ 64,239	$ 5,108,555
$	$ 232,870	$	$ 232,870
	291,573		291,573
	2,450		2,450
128,030	524,864		524,864
		1,426,021	1,426,021
19,652	65,528		65,528
914,252	914,252	(914,252)	
	1,235,000	(1,235,000)	
	1,692,111	57,637	1,749,748
$ 1,061,934	$ 4,958,648	$ (665,594)	$ 4,293,054
$ (987,791)	$ 85,668	$ (85,668)	$
		815,501	815,501
2,235,387	9,422,782	(12,626,679)	(3,203,897)
		109,189	109,189
$ 2,235,387	$ 9,422,782	$ (12,517,490)	$ (3,094,708)
$ 1,247,596	$ 9,508,450	$ (11,787,657)	$ (2,279,207)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds	$	85,668
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		59,403
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		4,836
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and the depreciation expense is recorded in the Statement of Activities.		(1,426,021)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		914,252
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		1,235,000
Governmental funds report interest and insurance expenditures on long-term debt as expenditures in the year paid, deferred charges as deferred outflows of resources and bond discounts and premiums as other financing uses and sources. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end and insurance, deferred charges, bond discounts and bond premiums are amortized over the life of the debt against interest expense.		(57,637)
Change in Net Position - Governmental Activities	$	815,501

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 460 of Harris County, Texas (the "District") was created by Act of May 24, 2005, 79th Legislature, Regular Session, Senate Bill 1884 (codified as Texas Special District Local Laws Code Ann. Section 8124). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, to construct roads, to provide solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on March 13, 2006, and the first bonds were issued on September 20, 2011.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds

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

General Fund – To account for resources not required to be accounted for in another fund, maintenance tax revenues, operating costs and general expenditures.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of June 30, 2025, the Debt Service Fund owed the General Fund $17,690 for maintenance tax collections and the Capital Projects Fund owed the General Fund $18,412 for bond costs related to the issuance of the Series 2024 Road bonds.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $10,000 and a useful life greater than two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

The District is located within the city limits of the City of Houston (the "City"). In accordance with a Utility Functions and Service Allocation Agreement with the City, all water and wastewater facilities and certain storm water facilities are conveyed to the City once constructed and placed in service. The City operates the facilities as is responsible for the maintenance. Additionally, road and paving facilities are constructed and conveyed to Harris County which is responsible for maintenance. The District is entitled to significant residual interest in the facilities conveyed to the City of Houston and Harris County and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and amended budget amounts compared to the actual amounts of revenues and expenditures for the current year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

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

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

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable fund balances.

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

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

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

Unassigned: all other spendable amounts in the General Fund.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2018	Series 2018A Refunding	Series 2019	Series 2020 Road
Amount Outstanding – June 30, 2025	$ 2,975,000	$ 1,580,000	$ 2,825,000	$ 5,595,000
Interest Rates	3.00% - 4.25%	3.000% - 3.375%	3.00% - 4.00%	2.00% - 2.50%
Maturity Dates – Serially Beginning/Ending	April 1, 2026/2043	April 1, 2026/2038	April 1, 2026/2045	April 1, 2026/2047
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1/ April 1	October 1/ April 1
Callable Dates	April 1, 2023*	April 1, 2024*	April 1, 2023*	April 1, 2025*

* The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2018 term bonds due April 1, 2032, April 1, 2036, and April 1, 2043; Series 2018A term bonds due April 1, 2030, April 1, 2033, April 1, 2035 and April 1, 2038; and Series 2019 term bonds due April 1, 2039, April 1, 2041, April 1, 2043, and April 1, 2045; Series 2020 term bonds due April 1, 2041, April 1, 2043, April 1, 2045, and April 1, 2047 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on April 1 in the years and amounts as reflected in the debt service schedules.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2021	Series 2021A Road Refunding	Series 2022 Road
Amount Outstanding – June 30, 2025	$ 8,010,000	$ 1,715,000	$ 7,050,000
Interest Rates	2.00% - 2.25%	2.00% - 3.00%	2.500% - 3.125%
Maturity Dates – Serially Beginning/Ending	April 1, 2026/2048	April 1, 2026/2043	April 1, 2026/2050
Interest Payment Dates	October 1/ April 1	October 1/ April 1	October 1/ April 1
Callable Dates	April 1, 2026**	April 1, 2026**	April 1, 2027**

	Series 2023	Series 2024 Road
Amount Outstanding – June 30, 2025	$ 15,305,000	$ 5,100,000
Interest Rates	4.00% - 6.50%	4.00% - 6.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2026/2050	April 1, 2026/2051
Interest Payment Dates	October 1/ April 1	October 1/ April 1
Callable Dates	April 1, 2028**	April 1, 2029**

** The Bonds are subject to redemption at the option of the District prior to their maturity in whole or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2021 term bonds due April 1, 2043 and April 1,2048; Series 2021A term bonds due April 1, 2031, April 1, 2034, April 1, 2036, April 1, 2038, April 1, 2040, and April 1, 2043; Series 2022 term bonds due April 1, 2035, April 1, 2037, April 1, 2046, April 1, 2050; Series 2023 term bonds due April 1, 2037, April 1, 2046, April 1, 2048, April 1, 2050; Series 2024 term bonds due April 1, 2036, April 1, 2039 and April 1, 2051 are subject to mandatory redemption by lot or other customary method at a price of par plus accrued interest on April 1 in the years and amounts as reflected in the debt service schedules.

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2025:

	July 1, 2024	Additions	Retirements	June 30, 2025
Bonds Payable	$ 51,390,000	$	$ 1,235,000	$ 50,155,000
Unamortized Discounts	(590,280)		(25,028)	(565,252)
Unamortized Premiums	81,594		3,592	78,002
Bonds Payable, Net	$ 50,881,314	$ -0-	$ 1,213,564	$ 49,667,750

Amount Due Within One Year	$ 1,385,000
Amount Due After One Year	48,282,750
Bonds Payable, Net	$ 49,667,750

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	$ 1,385,000	$ 1,673,030	$ 3,058,030
2027	1,515,000	1,619,555	3,134,555
2028	1,550,000	1,565,379	3,115,379
2029	1,630,000	1,509,581	3,139,581
2030	1,665,000	1,451,082	3,116,082
2031-2035	9,320,000	6,404,242	15,724,242
2036-2040	10,935,000	4,841,461	15,776,461
2041-2045	11,985,000	2,985,159	14,970,159
2046-2050	9,850,000	1,071,462	10,921,462
2051	320,000	13,600	333,600
	$ 50,155,000	$ 23,134,551	$ 73,289,551

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The District has authorized but unissued bonds in the amount of $43,995,000 for water, sewer and drainage purposes, $27,555,000 for road purposes and $7,000,000 for recreational purposes.

During the year ended June 30, 2025, the District levied an ad valorem debt service tax rate of $0.52 ($0.33 for utility bonds and $0.19 for road bonds) per $100 of assessed valuation, which resulted in a tax levy of $3,188,112 on the adjusted taxable valuation of $613,098,352 for the 2024 tax year. The bond order requires the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

The bond orders state that the District should take all necessary steps to comply with the requirement that rebatable arbitrage earnings, if any, on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the internal Revenue Code, be rebated to the federal government.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $1,891,436 and the bank balance was $1,888,343. The District was not exposed to custodial credit risk at year-end.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position as of June 30, 2025, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 35,613	$	$ 35,613
DEBT SERVICE FUND	99,815	490,000	589,815
CAPITAL PROJECTS FUND	1,266,008		1,266,008
TOTAL DEPOSITS	$ 1,401,436	$ 490,000	$ 1,891,436

Investments

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

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

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

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

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of June 30, 2025, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 4,749,479	$ 4,749,479
DEBT SERVICE FUND		
TexPool	2,891,998	2,891,998
Certificates of Deposit	490,000	490,000
TOTAL INVESTMENTS	$ 8,131,477	$ 8,131,477

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2025, the District's investment in TexPool was rated AAAm by Standard and Poor's. The District also manages this risk by investing in certificates of deposit with balances below FDIC coverage or whose balance is collateralized with pledged securities.

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

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025:

	July 1, 2024 *	Increases	Decreases	June 30, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 3,677,692	$ - 0 -	$ - 0 -	$ 3,677,692
Capital Assets Subject to Depreciation				
Water, Sewer & Drainage	$ 29,905,860	$ 2,001,477	$	$ 31,907,337
Roads	21,822,987			21,822,987
Detention Facilities	10,449,844			10,449,844
Total Capital Assets Cost Subject to Depreciation	$ 62,178,691	$ 2,001,477	$ - 0 -	$ 64,180,168
Accumulated Depreciation				
Water, Sewer & Drainage	$ 3,938,915	$ 708,847	$	$ 4,647,762
Roads	2,897,578	484,955		3,382,533
Detention Facilities	$ 1,266,068	$ 232,219	$ - 0 -	$ 1,498,287
Total Accumulated Depreciation	$ 8,102,561	$ 1,426,021	$ - 0 -	$ 9,528,582
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 54,076,130	$ 575,456	$ - 0 -	$ 54,651,586
Total Capital Assets, Net of Accumulated Depreciation	$ 57,753,822	$ 575,456	$ - 0 -	$ 58,329,278

* As restated, see Note 11

In accordance with a Utility Functions and Services Allocation Agreement (see Note 8), the water, wastewater and certain storm water capital assets constructed by the District's Developer, for which the District has recorded a liability in the Statement of Net Position, have been submitted for conveyance to the City of Houston for operations and maintenance. Additionally, road and paving assets constructed by the District's Developer have been conveyed to Harris County for maintenance. The District is entitled to significant residual interest in the facilities conveyed and continues to record these facilities as District assets and records depreciation on these facilities in accordance with GASB Statement No. 94.

NOTE 7. MAINTENANCE TAX

On May 13, 2006, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. During the fiscal year ended June 30, 2025, the District levied an ad valorem maintenance tax rate of $0.22 per $100 of assessed valuation, which resulted in a tax levy of $1,348,816 on the adjusted taxable valuation of $613,098,352 for the 2024 tax year.

NOTE 8. UTILITY FUNCTIONS AND SERVICES ALLOCATION AGREEMENT

On May 7, 2008, the District entered into a Utility Functions and Services Allocation Agreement (the "Agreement") with the City of Houston, Texas (the "City"). The Agreement acknowledges that the District is within the corporate limits of the City. The Agreement provides that the District will acquire, for the benefit of and conveyance to the City, certain water and wastewater and storm drainage facilities needed to serve lands being developed within and near the boundaries of the District in order to enhance the economic feasibility of the District. Exhibits to the Agreement also provide that the City can agree to pay a portion of the construction costs of said utilities through "Developer Participation Contracts" between the City and the Developer and/or through "Interlocal Agreements" with the District.

As facilities are acquired, constructed and conveyed to the City, the City will assume responsibility for operation and maintenance of the conveyed water, wastewater and storm water drainage facilities. The City will bill and collect for water and wastewater services from the customers within the District at the same rates as those the City charges its other customers.

In consideration of the development of the land within the District and City, the related increase in taxable value and as a result of the conveyance of the facilities to the City, the City agreed to make an annual payment to the District of a portion of the City's tax revenues actually collected and received by the City. Currently, the rebate is calculated with the following formula:

$$R \times \begin{array}{l}\text{City property tax rate for debt service on property tax-supported bonds}\end{array} \times \begin{array}{c}\text{assessed valuation of in-city district} \\ \hline 100\end{array} = \begin{array}{c}\text{dollar value offset in in-city district}\end{array}$$

R is the approximate value of the ratio between the City's debt service payments for stormwater facilities and the total City debt service payments for all tax-supported bonds. Initially, R is 0.13. The City shall recompute R every ten years and shall provide the District documentation that supports any change to this ratio.

The payment is to be made on April 1 in the calendar year following the calendar year in which the District completes its initial bond sale and will be payable each April 1 thereafter. The agreement makes provision that for correction or supplemental tax rolls, the District is responsible for notifying the City of the changes, so the rebate calculation can be revised for the changes in taxable values. The City is obligated to provide the District an accounting together with each annual payment.

NOTE 8. UTILITY FUNCTIONS AND SERVICES ALLOCATION AGREEMENT (Continued)

The District and City acknowledge that the City has the legal authority to dissolve the District at any time, should the appropriate circumstances exist. The Agreement will remain in effect until the earlier of 50 years or the dissolution of the District by the City.

NOTE 9. UNREIMBURSED COSTS

The District has executed development financing agreements with Developers within the District. The agreements call for the Developers to make operating advances as well as fund costs associated with water, sewer and drainage facilities until such time as the District can sell bonds. As reflected on the Statement of Net Position, $20,359,127 has been recorded as due to Developers. Of this amount, $20,322,366 has been recorded for completed projects and $36,761 has been recorded for Developer advances to cover operating costs. The following is a summary of the due to developer transactions for the fiscal year ending June 30, 2025:

Due to Developers, July 1, 2024	$	19,271,902
Add: Current Year Additions		2,001,477
Less: Current Year Payments		(914,252)
Due to Developers, June 30, 2025	$	20,359,127

NOTE 10. 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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 11. PRIOR PERIOD ADJUSTMENT

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which the District was required to implement in the current fiscal year, certain assets recorded as intangible assets in prior years are now required to be classified as capital assets of the District. These assets will be depreciated over the estimated useful lives of the assets. The impact of this change in accounting principle resulted in an increase to prior period net position of $109,189.

NOTE 12. USE OF SURPLUS FUNDS

On April 9, 2025, in accordance with Rule 30 T.A.C. 293.83 (b)(3), the District approved the use of surplus bond proceeds in the amount of $128,030 to fund the maintenance of various drainage improvements in the District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	$ 1,546,473	$ 1,174,730	$ 1,356,387	$ 181,657
Investment Revenues	150,000	150,000	191,032	41,032
TOTAL REVENUES	$ 1,696,473	$ 1,324,730	$ 1,547,419	$ 222,689
EXPENDITURES				
Service Operations:				
Professional Fees	$ 217,500	$ 217,500	$ 225,511	$ (8,011)
Contracted Services	201,840	201,840	213,642	(11,802)
Utilities	1,200	1,200	2,450	(1,250)
Repairs and Maintenance	361,350	446,350	396,834	49,516
Other	68,470	68,470	27,444	41,026
TOTAL EXPENDITURES	$ 850,360	$ 935,360	$ 865,881	$ 69,479
NET CHANGE IN FUND BALANCE	$ 846,113	$ 389,370	$ 681,538	$ 292,168
FUND BALANCE - JULY 1, 2024	4,067,117	4,067,117	4,067,117	
FUND BALANCE - JUNE 30, 2025	$ 4,913,230	$ 4,456,487	$ 4,748,655	$ 292,168

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

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

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

Pursuant to the Utility Functions and Services Allocation Agreement, the water, wastewater and certain storm water facilities constructed by the District have been conveyed to the City. The District retains ownership of the storm water detention facilities. The City owns, operated and maintains facilities which the District conveys to it for the benefit of the residents of the District.

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved or effective: N/A.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	N/A				
WASTEWATER:	N/A				
SURCHARGE:	N/A				

Total monthly charges per 10,000 gallons usage: Water: $N/A Wastewater: $N/A Surcharge: $N/A Total: $N/A

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Not Applicable)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"			x 1.0	
1"			x 2.5	
1½"			x 5.0	
2"			x 8.0	
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10" Master			x 115.0	
Total Water Connections	N/A	N/A		N/A
Total Wastewater Connections	N/A	N/A	x 1.0	N/A

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSANDS: (Not Applicable)

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

Does the District have Debt Service standby fees? Yes ____ No X

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

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2025

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No _____

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely X Partly _____ Not at all _____

City or Cities in which District is located:

City of Houston, Texas.

Are Board appointed by an office outside the District?

Yes _____ No X

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025

PROFESSIONAL FEES:		
Auditing	$	16,250
Engineering		104,627
Legal		102,234
Financial Advisor		2,400
TOTAL PROFESSIONAL FEES	$	225,511
CONTRACTED SERVICES:		
Bookkeeping	$	17,359
Security		196,283
TOTAL CONTRACTED SERVICES	$	213,642
UTILITIES:		
Electricity	$	2,450
REPAIRS AND MAINTENANCE	$	396,834
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	10,387
Dues		1,705
Insurance		11,448
Payroll Taxes		795
Travel and Meetings		563
Other		2,546
TOTAL ADMINISTRATIVE EXPENDITURES	$	27,444
TOTAL EXPENDITURES	$	865,881

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
INVESTMENTS
JUNE 30, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texpool	XXXX0001	Varies	Daily	$ 4,749,479	$ -0-
DEBT SERVICE FUND					
Texpool	XXXX0002	Varies	Daily	$ 1,270,610	$
Texpool	XXXX0003	Varies	Daily	1,621,388	
Certificate of Deposit	XXXX1048	4.40%	09/22/25	245,000	3,072
Certificate of Deposit	XXXX4955	4.30%	08/22/25	245,000	3,723
TOTAL DEBT SERVICE FUND				$ 3,381,998	$ 6,795
TOTAL - ALL FUNDS				$ 8,131,477	$ 6,795

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2024	$ 40,372		$ 55,271	
Adjustments to Beginning Balance	21,881	$ 62,253	31,685	$ 86,956
Original 2024 Tax Levy	$ 1,171,971		$ 2,770,113	
Adjustment to 2024 Tax Levy	176,845	1,348,816	417,999	3,188,112
TOTAL TO BE ACCOUNTED FOR		$ 1,411,069		$ 3,275,068
TAX COLLECTIONS:				
Prior Years	$ 34,249		$ 49,651	
Current Year	1,322,138	1,356,387	3,125,053	3,174,704
TAXES RECEIVABLE - JUNE 30, 2025		$ 54,682		$ 100,364
TAXES RECEIVABLE BY YEAR:				
2024		$ 26,678		$ 63,059
2023		9,370		14,540
2022		5,621		7,377
2021		3,134		3,308
2020		3,020		2,710
2019		2,617		1,784
2018 and Prior		4,242		7,586
TOTAL		$ 54,682		$ 100,364

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	$ 108,491,078	$ 97,352,540	$ 80,361,979	$ 68,095,104
Improvements	517,290,000	455,755,902	338,460,967	233,289,535
Personal Property	4,721,702	3,374,507	3,032,860	1,451,606
Exemptions	(17,404,428)	(12,629,256)	(7,332,434)	(4,606,644)
TOTAL PROPERTY VALUATIONS	$ 613,098,352	$ 543,853,693	$ 414,523,372	$ 298,229,601
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.52	$ 0.45	$ 0.42	$ 0.38
Maintenance	0.22	0.29	0.32	0.36
TOTAL TAX RATES PER $100 VALUATION	$ 0.74	$ 0.74	$ 0.74	$ 0.74
ADJUSTED TAX LEVY*	$ 4,536,928	$ 4,024,518	$ 3,067,473	$ 2,206,899
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	98.02 %	99.41 %	99.58 %	99.71 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on May 13, 2006.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2018		
Due During Fiscal Years Ending June 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2026	$ 100,000	$ 97,125	$ 197,125
2027	125,000	92,875	217,875
2028	125,000	89,125	214,125
2029	125,000	85,375	210,375
2030	125,000	81,625	206,625
2031	125,000	77,875	202,875
2032	150,000	74,125	224,125
2033	150,000	69,625	219,625
2034	150,000	64,750	214,750
2035	175,000	59,875	234,875
2036	175,000	54,188	229,188
2037	175,000	48,500	223,500
2038	175,000	42,813	217,813
2039	200,000	37,125	237,125
2040	200,000	30,375	230,375
2041	225,000	23,625	248,625
2042	225,000	16,031	241,031
2043	250,000	8,437	258,437
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 2,975,000	$ 1,053,469	$ 4,028,469

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

Due During Fiscal Years Ending June 30	SERIES-2018A REFUNDING		
	Principal Due April 1	Interest Due October 1/ April 1	Total
2026	$ 95,000	$ 50,431	$ 145,431
2027	100,000	47,581	147,581
2028	105,000	44,581	149,581
2029	110,000	41,431	151,431
2030	115,000	38,131	153,131
2031	115,000	34,681	149,681
2032	120,000	31,088	151,088
2033	125,000	27,188	152,188
2034	130,000	23,125	153,125
2035	135,000	18,900	153,900
2036	140,000	14,513	154,513
2037	145,000	9,788	154,788
2038	145,000	4,895	149,895
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 1,580,000	$ 386,333	$ 1,966,333

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2019		
Due During Fiscal Years Ending June 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2026	$ 100,000	$ 104,687	$ 204,687
2027	100,000	101,687	201,687
2028	100,000	98,687	198,687
2029	100,000	95,687	195,687
2030	100,000	92,563	192,563
2031	125,000	89,313	214,313
2032	125,000	84,937	209,937
2033	125,000	80,563	205,563
2034	125,000	75,875	200,875
2035	125,000	71,187	196,187
2036	150,000	66,500	216,500
2037	150,000	60,875	210,875
2038	150,000	55,250	205,250
2039	150,000	49,625	199,625
2040	175,000	44,000	219,000
2041	175,000	37,000	212,000
2042	175,000	30,000	205,000
2043	175,000	23,000	198,000
2044	200,000	16,000	216,000
2045	200,000	8,000	208,000
2046			
2047			
2048			
2049			
2050			
2051			
	$ 2,825,000	$ 1,285,436	$ 4,110,436

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

Due During Fiscal Years Ending June 30	SERIES-2020 ROAD		
	Principal Due April 1	Interest Due October 1/ April 1	Total
2026	$ 150,000	$ 126,406	$ 276,406
2027	175,000	123,406	298,406
2028	175,000	119,906	294,906
2029	200,000	116,406	316,406
2030	200,000	112,407	312,407
2031	200,000	108,406	308,406
2032	200,000	104,406	304,406
2033	225,000	100,406	325,406
2034	225,000	95,906	320,906
2035	225,000	91,407	316,407
2036	250,000	86,906	336,906
2037	250,000	81,594	331,594
2038	250,000	75,969	325,969
2039	275,000	70,344	345,344
2040	275,000	64,156	339,156
2041	300,000	57,625	357,625
2042	300,000	50,500	350,500
2043	325,000	43,000	368,000
2044	325,000	34,875	359,875
2045	350,000	26,750	376,750
2046	350,000	18,000	368,000
2047	370,000	9,250	379,250
2048			
2049			
2050			
2051			
	$ 5,595,000	$ 1,718,031	$ 7,313,031

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2021		
Due During Fiscal Years Ending June 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2026	$ 225,000	$ 170,225	$ 395,225
2027	250,000	165,725	415,725
2028	250,000	160,725	410,725
2029	275,000	155,725	430,725
2030	275,000	150,225	425,225
2031	275,000	144,725	419,725
2032	300,000	139,225	439,225
2033	300,000	133,225	433,225
2034	300,000	127,225	427,225
2035	325,000	121,225	446,225
2036	325,000	114,725	439,725
2037	350,000	108,225	458,225
2038	350,000	101,225	451,225
2039	375,000	93,787	468,787
2040	375,000	85,819	460,819
2041	400,000	77,850	477,850
2042	400,000	68,850	468,850
2043	425,000	59,850	484,850
2044	425,000	50,287	475,287
2045	425,000	40,725	465,725
2046	450,000	31,163	481,163
2047	450,000	21,037	471,037
2048	485,000	10,913	495,913
2049			
2050			
2051			
	$ 8,010,000	$ 2,332,706	$ 10,342,706

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2021A ROAD REFUNDING		
Due During Fiscal Years Ending June 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2026	$ 65,000	$ 36,031	$ 101,031
2027	90,000	34,081	124,081
2028	90,000	32,281	122,281
2029	85,000	30,481	115,481
2030	85,000	28,781	113,781
2031	85,000	27,082	112,082
2032	85,000	25,381	110,381
2033	80,000	23,681	103,681
2034	105,000	22,082	127,082
2035	105,000	19,981	124,981
2036	100,000	17,881	117,881
2037	100,000	15,881	115,881
2038	100,000	13,882	113,882
2039	95,000	11,881	106,881
2040	120,000	9,863	129,863
2041	115,000	7,313	122,313
2042	115,000	4,725	119,725
2043	95,000	2,138	97,138
2044			
2045			
2046			
2047			
2048			
2049			
2050			
2051			
	$ 1,715,000	$ 363,426	$ 2,078,426

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

Due During Fiscal Years Ending June 30	SERIES-2022 ROAD		
	Principal Due April 1	Interest Due October/ April 1	Total
2026	$ 195,000	$ 215,875	$ 410,875
2027	200,000	211,000	411,000
2028	210,000	205,000	415,000
2029	215,000	198,700	413,700
2030	220,000	192,250	412,250
2031	225,000	185,650	410,650
2032	235,000	178,900	413,900
2033	240,000	171,850	411,850
2034	245,000	164,650	409,650
2035	255,000	157,300	412,300
2036	260,000	149,650	409,650
2037	270,000	141,850	411,850
2038	275,000	133,750	408,750
2039	285,000	125,156	410,156
2040	290,000	116,250	406,250
2041	300,000	107,188	407,188
2042	310,000	97,812	407,812
2043	320,000	88,125	408,125
2044	330,000	78,125	408,125
2045	335,000	67,812	402,812
2046	345,000	57,344	402,344
2047	355,000	46,562	401,562
2048	365,000	35,469	400,469
2049	380,000	24,063	404,063
2050	390,000	12,187	402,187
2051			
	$ 7,050,000	$ 3,162,518	$ 10,212,518

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

	SERIES-2023		
Due During Fiscal Years Ending June 30	Principal Due April 1	Interest Due October 1/ April 1	Total
2026	$ 350,000	$ 663,488	$ 1,013,488
2027	365,000	640,738	1,005,738
2028	380,000	617,012	997,012
2029	395,000	592,314	987,314
2030	415,000	566,638	981,638
2031	430,000	539,664	969,664
2032	450,000	522,462	972,462
2033	470,000	504,462	974,462
2034	490,000	485,662	975,662
2035	510,000	466,062	976,062
2036	535,000	445,662	980,662
2037	560,000	424,262	984,262
2038	585,000	401,862	986,862
2039	610,000	378,462	988,462
2040	635,000	354,062	989,062
2041	665,000	328,662	993,662
2042	695,000	302,062	997,062
2043	725,000	273,394	998,394
2044	755,000	243,488	998,488
2045	790,000	211,400	1,001,400
2046	825,000	179,800	1,004,800
2047	860,000	146,800	1,006,800
2048	895,000	112,400	1,007,400
2049	935,000	76,600	1,011,600
2050	980,000	39,200	1,019,200
2051			
	$ 15,305,000	$ 9,516,618	$ 24,821,618

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

Due During Fiscal Years Ending June 30	SERIES-2024 ROAD		
	Principal Due April 1	Interest Due October 1/ April 1	Total
2026	$ 105,000	$ 208,762	$ 313,762
2027	110,000	202,462	312,462
2028	115,000	198,062	313,062
2029	125,000	193,462	318,462
2030	130,000	188,462	318,462
2031	135,000	183,262	318,262
2032	140,000	177,862	317,862
2033	145,000	172,262	317,262
2034	155,000	166,462	321,462
2035	160,000	160,262	320,262
2036	165,000	153,862	318,862
2037	175,000	147,262	322,262
2038	180,000	140,262	320,262
2039	190,000	133,062	323,062
2040	200,000	125,462	325,462
2041	210,000	117,462	327,462
2042	215,000	109,062	324,062
2043	225,000	100,462	325,462
2044	235,000	91,462	326,462
2045	250,000	82,062	332,062
2046	260,000	72,062	332,062
2047	270,000	61,662	331,662
2048	280,000	50,862	330,862
2049	295,000	39,312	334,312
2050	310,000	26,776	336,776
2051	320,000	13,600	333,600
	$ 5,100,000	$ 3,316,014	$ 8,416,014

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2025

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES		
	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	$ 1,385,000	$ 1,673,030	$ 3,058,030
2027	1,515,000	1,619,555	3,134,555
2028	1,550,000	1,565,379	3,115,379
2029	1,630,000	1,509,581	3,139,581
2030	1,665,000	1,451,082	3,116,082
2031	1,715,000	1,390,658	3,105,658
2032	1,805,000	1,338,386	3,143,386
2033	1,860,000	1,283,262	3,143,262
2034	1,925,000	1,225,737	3,150,737
2035	2,015,000	1,166,199	3,181,199
2036	2,100,000	1,103,887	3,203,887
2037	2,175,000	1,038,237	3,213,237
2038	2,210,000	969,908	3,179,908
2039	2,180,000	899,442	3,079,442
2040	2,270,000	829,987	3,099,987
2041	2,390,000	756,725	3,146,725
2042	2,435,000	679,042	3,114,042
2043	2,540,000	598,406	3,138,406
2044	2,270,000	514,237	2,784,237
2045	2,350,000	436,749	2,786,749
2046	2,230,000	358,369	2,588,369
2047	2,305,000	285,311	2,590,311
2048	2,025,000	209,644	2,234,644
2049	1,610,000	139,975	1,749,975
2050	1,680,000	78,163	1,758,163
2051	320,000	13,600	333,600
	$ 50,155,000	$ 23,134,551	$ 73,289,551

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Description	Original Bonds Issued	Bonds Outstanding July 1, 2024
Harris County Municipal Utility District No. 460 Unlimited Tax Bonds - Series 2018	$ 3,475,000	$ 3,075,000
Harris County Municipal Utility District No. 460 Unlimited Tax Refunding Bonds - Series 2018A	2,180,000	1,675,000
Harris County Municipal Utility District No. 460 Unlimited Tax Bonds - Series 2019	3,180,000	2,900,000
Harris County Municipal Utility District No. 460 Unlimited Tax Road Bonds - Series 2020	6,045,000	5,745,000
Harris County Municipal Utility District No. 460 Unlimited Tax Bonds - Series 2021	8,460,000	8,235,000
Harris County Municipal Utility District No. 460 Unlimited Tax Road Refunding Bonds - Series 2021A	1,940,000	1,780,000
Harris County Municipal Utility District No. 460 Unlimited Tax Road Bonds - Series 2022	7,240,000	7,240,000
Harris County Municipal Utility District No. 460 Unlimited Tax Bonds - Series 2023	15,640,000	15,640,000
Harris County Municipal Utility District No. 460 Unlimited Tax Road Bonds - Series 2024	5,100,000	5,100,000
TOTAL	$ 53,260,000	$ 51,390,000

Bond Authority:	Tax Bonds*	Road Bonds	Recreational Bonds
Amount Authorized by Voters	$ 77,000,000	$ 48,000,000	$ 7,000,000
Amount Issued	33,005,000	20,445,000	- 0 -
Remaining to be Issued	$ 43,995,000	$ 27,555,000	$ 7,000,000

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	June 30, 2025	Paying Agent
$	$ 100,000	$ 102,625	$ 2,975,000	Amegy Bank Houston, Texas
	95,000	53,281	1,580,000	Amegy Bank Houston, Texas
	75,000	108,437	2,825,000	Amegy Bank Houston, Texas
	150,000	129,407	5,595,000	The Bank of New York Mellon Trust Company Dallas, Texas
	225,000	174,725	8,010,000	The Bank of New York Mellon Trust Company Dallas, Texas
	65,000	37,981	1,715,000	The Bank of New York Mellon Trust Company Dallas, Texas
	190,000	220,625	7,050,000	The Bank of New York Mellon Trust Company Dallas, Texas
	335,000	685,262	15,305,000	The Bank of New York Mellon Trust Company Dallas, Texas
		179,768	5,100,000	The Bank of New York Mellon Trust Company Houston, Texas
$ - 0 -	$ 1,235,000	$ 1,692,111	$ 50,155,000	

Debt Service Fund cash and investment balances as of June 30, 2025: $ 3,481,813

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 2,818,829

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 1,356,387	$ 1,573,998	$ 1,326,518
Investment and Miscellaneous Revenues	191,032	205,621	79,984
TOTAL REVENUES	$ 1,547,419	$ 1,779,619	$ 1,406,502
EXPENDITURES			
Professional Fees	$ 225,511	$ 134,319	$ 126,231
Contracted Services	213,642	196,953	163,437
Utilities	2,450	1,124	1,545
Repairs and Maintenance	396,834	193,542	163,055
Other	27,444	19,290	17,362
Bond Issuance Costs			
TOTAL EXPENDITURES	$ 865,881	$ 545,228	$ 471,630
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 681,538	$ 1,234,391	$ 934,872
OTHER FINANCING SOURCES			
Transfers In	$ -0-	$ -0-	$ -0-
NET CHANGE IN FUND BALANCE	$ 681,538	$ 1,234,391	$ 934,872
BEGINNING FUND BALANCE	4,067,117	2,832,726	1,897,854
ENDING FUND BALANCE	$ 4,748,655	$ 4,067,117	$ 2,832,726

2022	2021	Percentage of Total Revenues				
		2025	2024	2023	2022	2021
$ 1,058,870	$ 775,148	87.7 %	88.4 %	94.3 %	98.0 %	99.9 %
21,185	548	12.3	11.6	5.7	2.0	0.1
$ 1,080,055	$ 775,696	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 131,155	$ 154,829	14.6 %	7.5 %	9.0 %	12.1 %	20.0 %
97,481	95,026	13.8	11.1	11.6	9.0	12.3
103	738	0.2	0.1	0.1		0.1
87,356	94,840	25.6	10.9	11.6	8.1	12.2
17,534	14,315	1.8	1.1	1.2	1.6	1.8
	63,725					8.2
$ 333,629	$ 423,473	56.0 %	30.7 %	33.5 %	30.8 %	54.6 %
$ 746,426	$ 352,223	44.0 %	69.3 %	66.5 %	69.2 %	45.4 %
$ 114,531	$ -0-					
$ 860,957	$ 352,223					
1,036,897	684,674					
$ 1,897,854	$ 1,036,897					

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	$ 3,174,704	$ 2,436,699	$ 1,736,748
Penalty and Interest	35,687	27,044	20,605
Interest on Investments	145,342	112,695	45,321
Miscellaneous Revenue	2,880	1,185	35
Tax Rebate	64,141	39,905	38,580
TOTAL REVENUES	$ 3,422,754	$ 2,617,528	$ 1,841,289
EXPENDITURES			
Tax Collection Expenditures	$ 96,672	$ 85,225	$ 74,083
Debt Service Principal	1,235,000	705,000	475,000
Debt Service Interest and Fees	1,699,161	1,373,248	866,076
Bond Issuance Costs			
TOTAL EXPENDITURES	$ 3,030,833	$ 2,163,473	$ 1,415,159
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	$ 391,921	$ 454,055	$ 426,130
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	$	$ 104,381	$ 685,262
Refunding Bonds			
Payment to Refunded Bond Escrow Agent			
TOTAL OTHER FINANCING SOURCES, NET	$ - 0 -	$ 104,381	$ 685,262
NET CHANGE IN FUND BALANCE	$ 391,921	$ 558,436	$ 1,111,392
BEGINNING FUND BALANCE	3,120,278	2,561,842	1,450,450
ENDING FUND BALANCE	$ 3,512,199	$ 3,120,278	$ 2,561,842
TOTAL ACTIVE RETAIL WATER CONNECTIONS	N/A	N/A	N/A
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	N/A	N/A	N/A

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
$ 1,116,702	$ 694,713	92.7 %	93.1 %	94.3 %	96.2 %	94.6 %
8,705	6,371	1.0	1.0	1.1	0.7	0.9
1,747	3,392	4.3	4.4	2.5	0.2	0.5
10	200	0.1				
34,976	29,879	1.9	1.5	2.1	2.9	4.0
$ 1,162,140	$ 734,555	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 48,853	$ 38,824	2.8 %	3.3 %	4.0 %	4.2 %	5.3 %
345,000	290,000	36.1	26.9	25.8	29.7	39.5
583,430	534,577	49.6	52.5	47.0	50.2	72.8
100,583					8.7	
$ 1,077,866	$ 863,401	88.5 %	82.7 %	76.8 %	92.8 %	117.6 %
$ 84,274	$ (128,846)	11.5 %	17.3 %	23.2 %	7.2 %	(17.6) %
$ 396,425	$					
1,940,000						
(1,841,516)						
$ 494,909	$ -0-					
$ 579,183	$ (128,846)					
871,267	1,000,113					
$ 1,450,450	$ 871,267					
N/A	N/A					
N/A	N/A					

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

District Mailing Address - Harris County Municipal Utility District No. 460
c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP
1330 Post Oak Blvd., Suite 2650
Houston, TX 77056

District Telephone Number - (713) 850-9000

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2025	Expense Reimbursements for the year ended June 30, 2025	Title
Donald Wayne Middleton	05/22 05/26 (Elected)	$ 1,768	$ 211	President
Cherrise Traylor	05/22 05/26 (Elected)	$ 2,652	$ 83	Vice President
Evan Hughes	05/24 05/28 (Elected)	$ 1,547	$ 97	Secretary
John A. Gonzales	05/24 05/28 (Elected)	$ 2,431	$ -0-	Assistant Secretary
Megan A. Harper	05/22 05/26 (Elected)	$ 1,989	$ 173	Assistant Secretary

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

Submission date of most recent District Registration Form: October 7, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 460
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2025

	Date Hired	Fees for the year ended June 30, 2025	Title
Consultants:			
Sanford Kuhl Hagan Kugle Parker Kahn LLP	03/03/10	$ 102,234 $ 7,359	General Counsel Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot Ellis PLLC	06/23/10	$ 16,250	Auditor
L&S District Services, LLC	05/22/06	$ 17,359	Bookkeeper
LJA Engineering & Surveying, Inc.	11/09/11	$ 116,217	Engineer
The GMS Group, L.L.C.	03/13/06	$ 2,400	Financial Advisor
Utility Tax Service, LLC	04/10/07	$ 48,124	Tax Assessor/ Collector

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY®

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

SPECIMEN

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019 (212) 974-0100

SPECIMEN