

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 23, 2026

IN THE OPINION OF BOND COUNSEL (HEREINAFTER DEFINED), ASSUMING CONTINUING COMPLIANCE BY THE DISTRICT, AFTER THE DATE OF INITIAL DELIVERY OF THE BONDS, WITH CERTAIN COVENANTS CONTAINED IN THE BOND ORDER AND SUBJECT TO THE MATTERS SET FORTH UNDER "LEGAL MATTERS" HEREIN, INTEREST ON THE BONDS FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS (1) WILL BE EXCLUDABLE FROM THE GROSS INCOME OF THE OWNERS THEREOF PURSUANT TO SECTION 103 IF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, TO THE DATE OF THE INITIAL DELIVERY OF THE BONDS, AND (2) WILL NOT BE INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAX OF THE OWNERS THEREOF WHO ARE INDIVIDUALS. SEE "LEGAL MATTERS" HEREIN.

The District will designate the Bonds as "Qualified Tax-Exempt Obligations" for the purposes of the calculation of interest expense by financial institutions. See "TAX MATTERS – Qualified Tax- Exempt Obligations for Financial Institutions" herein.

NEW ISSUE—BOOK-ENTRY ONLY

CUSIP No. 414917

\$5,600,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT No. 50

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

UNLIMITED TAX BONDS

SERIES 2026

Dated: June 1, 2026

Due: March 1 (as shown below)

Interest on the \$5,600,000 Unlimited Tax Bonds, Series 2026 (the "Bonds" or the "Series 2026 Bonds"), will accrue from June 1, 2026, and will be payable semiannually on September 1, 2026 and each March 1 and September 1 thereafter. 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 Zions Bancorporation, National Association, Houston, Texas. See "THE BONDS – Paying Agent/Registrar."

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Table with 8 columns: Principal Amount, Maturity, Interest Rate (%), Yield to Maturity(a), Principal Amount, Maturity, Interest Rate (%), Yield to Maturity(a). Rows list bond amounts from \$115,000 to \$200,000 with corresponding maturity dates and interest/yield percentages.

- (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 March 1, 2032, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on March 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.

The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 50 (the "District") to: (1) reimburse a developer for certain water, sewer, and drainage facilities including the related engineering costs, platting costs, and land costs; (2) pay for certain central water supply and waste water treatment facilities; (3) pay a developer for certain interest costs; (4) fund six months of capitalized interest on the bonds; and (5) pay issuance and administrative expenses associated with the issuance 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 – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, Houston, Texas, nor any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, or Crosby, Texas, is pledged to the payment of the principal of or interest on the Bonds. The Bonds are subject to certain RISK FACTORS 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 Norton Rose Fulbright US LLP, Houston, Texas, Bond Counsel. Certain other matters will be passed upon on behalf of the District by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected on or about June 25, 2026.

Bids Due: Thursday, May 28, 2026, at 9:00 A.M. Houston, Texas Time

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District with respect to the Bonds that has been deemed "final" by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

No dealer, broker, 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.

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Norton Rose Fulbright US LLP, 1550 Lamar Street, Suite 2000, Houston, Texas 77010, 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 as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Underwriter.

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.

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 _____ (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of _____% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of _____%, as calculated pursuant to Chapter 1204 of the Texas Government Code, 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 Underwriters do 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 amount of the Bonds of each maturity have been sold or offered 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 AFFECT 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 reoffering yields or prices of the Bonds or over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference

between the bid and asked price of road improvement district bonds may be greater than the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities 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 other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

In the Bond Order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain material events, to the Municipal Securities Rulemaking Board ("MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system for information filing.

Annual Reports

The District will provide certain updated financial information and operating data to MSRB via EMMA annually. 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" (except for "Estimated Overlapping 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 2025. The District will provide the updated information to EMMA.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, the District shall provide unaudited financial statements for the applicable fiscal year to each EMMA 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 May 31. Accordingly, it must provide updated information by the last day of November in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB via EMMA of the change.

Event Notices

The District shall notify the MSRB via EMMA, in a timely manner not in excess of ten (10) business days, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (7) modifications to rights of beneficial owners of the Bonds, if material;
- (8) bond calls, if material, and tender offers;
- (9) defeasances;

- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person;
- (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties.

The terms “obligated person” and “financial obligation” when used in this paragraph shall have the meanings ascribed to them under the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provisions for debt service reserves, liquidity enhancement, or 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.”

For these purposes, (a) any event described in the immediately preceding paragraph (12) is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the District in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District, and (b) the District intends the words used in the immediately preceding paragraphs (15) and (16) and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule.

The District shall notify the MSRB via EMMA, in a timely manner, of any failure by the District to provide financial information or operating data in accordance with the Bond Order.

Limitations and Amendments

The District is obligated to observe and perform the covenants specified in the Bond Order for so long as, but only for so long as, the District remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the District in any event will give the notice of any Bond calls and defeasance that cause the District to be no longer such an “obligated person.”

The District undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to the Bond Order and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the District’s financial results, condition, or prospects or hereby undertake to update any information provided in accordance with the Bond Order or otherwise, except as expressly provided therein. The District does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE DISTRICT BE LIABLE TO THE HOLDER OR REGISTERED OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE DISTRICT, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THE BOND ORDER, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

No default by the District in observing or performing its obligations under the Bond Order shall constitute a breach of or default for purposes of any other provision of the Bond Order.

Nothing in the Bond Order is intended or shall act to disclaim, waive, or otherwise limit the duties of the District under federal and state securities laws. The provisions of the Bond Order may be amended by the District from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations or businesses of the District, but only if (1) the provisions of the Bond Order, as so amended, would have permitted an underwriter to purchase or sell Bonds in a primary offering of the Bonds in compliance with the Rule, taking into account any

amendments and interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the District (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the holders and Registered Owners of the Bonds. If the District so amends the provisions of the Bond Order, the District shall include with any amended financial information or operating data next provided in an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The District may also repeal or amend the provisions of the Bond Order if the SEC amends or repeals the applicable provisions of the Rule or any court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the District also may amend the provisions of the Bond Order in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in a primary offering of the Bonds.

Compliance with Prior Undertakings

Due to an administrative oversight, the District failed to timely file its annual report for fiscal years ended May 31, 2022, 2023, 2024, and 2025. The District has since filed its disclosure and implemented procedures for future filings. Otherwise, during the last five years, the District has complied in all material respects with its previous continuing disclosure agreements in accordance with the Rule.

NO MUNICIPAL BOND RATING

In connection with the sale of the Bonds, the District has not made an application to a rating company for a rating on the Bonds.

BOND INSURANCE

The District has applied to Assured Guaranty Inc. ("AG") and Build America Mutual Assurance Company ("BAM") for qualification of the Bonds for bond insurance. The Underwriter (as defined herein) may bid for the Bonds with or without bond insurance. If the Underwriter bids for the Bonds with bond insurance, the cost of the bond insurance premium must be paid for by the Underwriter. The District will pay for the cost of the S&P's rating. The Underwriter must pay for the cost of any rating other than the S&P's rating. If the Underwriter purchases the Bonds with bond insurance and subsequent to the sale date and prior to the closing date, the bond insurer's credit rating is downgraded the Underwriter is still obligated to accept delivery of the Bonds. Information relative to the cost of the insurance premium will be available from the bond insurance companies on the day of the sale.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

- Description:** The \$5,600,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”), are dated June 1, 2026. The Bonds represent the thirteenth series of utility bonds to be issued by Harris County Municipal Utility District No. 50 (the “District”). The Bonds mature on March 1 in the years shown in the table of the cover page of this Official Statement. Interest on the Bonds is payable semiannually on September 1, 2026, and each March 1 and September 1 until maturity or prior redemption. The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the 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 the District, and an election held within the District. See “THE BONDS.”
- 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.”
- Redemption Provisions:** The Bonds maturing on or after March 1, 2032, are subject to early redemption, in whole from time to time or part, on March 1, 2031, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption.
- 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.”
- Use of Proceeds:** The proceeds of the Bonds will be used by the District to: (1) reimburse a developer for certain water, sewer, and drainage facilities including the related engineering costs, platting costs, and land costs; (2) pay for certain central water supply and waste water treatment facilities; (3) pay a developer for certain interest costs; (4) fund six months of capitalized interest on the bonds; and (5) pay issuance and administrative expenses associated with the issuance of the Bonds. See “USE OF BOND PROCEEDS.”
- Legal Opinion:** Norton Rose Fulbright US LLP, Bond Counsel, Houston, Texas. See “LEGAL MATTERS” and “TAX MATTERS.”
- Paying Agent/Registrar:** Zions Bancorporation, National Association, Houston, Texas.
- No Municipal Bond Rating:** In connection with the sale of the Bonds, the District has not made an application to a rating company for a rating on the Bonds. See “NO MUNICIPAL BOND RATING.”
- Bond Insurance:** The District has applied for qualification of the Bonds for bond insurance. The Underwriter may bid for the Bonds with or without bond insurance. If the Underwriter bids for the Bonds with bond insurance, the cost of the bond insurance premium must be paid for by the Underwriter. Information relative to the cost of the insurance premium will be available from the bond insurance companies on the day of the sale. See “BOND INSURANCE.”
- Payment Record:** The District has never defaulted on the payment of interest or principal on its outstanding bonds. See “THE BONDS.”
- 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.”
- Qualified Tax Exempt Obligations:** The District will designate the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS – Qualified Tax-Exempt Obligations.”

THE DISTRICT

Description: The District is a special district created by order of the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality (“TCEQ”) on May 22, 1973. The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Texas Constitution, as well as the general laws of the State of Texas, specifically, Chapters 49 and 54, of the Texas Water Code, as amended. The principal functions of the District are to finance and construct certain water, sewer, and drainage facilities and to provide such facilities to the land within the District.

Location: The District is located in northeast Harris County, approximately 18 miles from the City of Houston’s central business district. The District is not within the exclusive extraterritorial jurisdiction of any city. The District presently includes approximately 1,195 acres. The District is located generally at the intersection of State Highway 90 and Crosby Lynchburg Road (FM 2100) immediately to the south of the City of Crosby, Texas. The District lies wholly within the Crosby Independent School District. See “THE DISTRICT -- Authority, Purpose, and Functions” and “-- Description and Location.”

Status of Residential Development: Historically the residential homebuilding development in the District has taken place in the subdivisions known as Barrett Station, Dreamland Place, St. Charles Place, Arcadian Garden, Sections 1 – 5 and Section 7 and the Kodiak Crossing Subdivision, Sections 1 – 4 which is currently built out. As of May 1, 2026, the District contained approximately 1,704 complete and occupied single family homes, approximately 11 homes under construction, and approximately 445 vacant developed lots.

Commercial Development in the District: Commercial development in the District includes: a car dealership, a Tractor Supply retail outlet, two multi-family complexes (approximately 23 units), a funeral home, a crematorium, a cemetery, three gas stations, a small grocery store, three restaurants, two day care centers, a motel and an RV park. Additionally, development in the District includes: an elementary school and seven churches.

The District also serves approximately 193 out-of-District homes in Arcadian Garden, Section 6 and an elementary school located outside of the boundaries of the District.

Development of the District: The Developer of the Kodiak Crossing subdivision is Kodiak Crossing I, Ltd., a Texas Limited Partnership, acting by and through its General Partner, Kodiak Crossing LLC, a Texas Limited Liability Company (the “Developer”). Mr. Earl W. Wilburn, Jr is a manager of Kodiak Crossing LLC. Kodiak Crossing, Sections 1 – 4 currently include approximately 66 acres that have been developed into 282 single family lots. As of May 1, 2026, there were 282 completed homes, 0 homes under construction, and 0 vacant developed lots in the Kodiak Crossing subdivision. Homes in Kodiak Crossing were constructed by K. Hovnanian Homes and Devon Street Homes and were marketed in the \$200,000 - \$315,000 price range.

Summary of Land Use: As of May 1, 2026, the approximate land use in the District is in the table below:

<u>Type of Land Use</u>	<u>Approximate Acres</u>
Fully Developed Acres	944
Acres Currently Being Developed	0
Additional Developable Acreage	0
Other Undevelopable Acres	<u>251</u> (a)
Total Approximate Acres	1,195

(a) Includes undevelopable acres for 35-acre Harris County Park, Homeowner’s Association recreation facilities, detention ponds, drainage ponds, drainage rights-of-way, flood plain, and road rights-of-way.

SELECTED FINANCIAL INFORMATION
(Unaudited)

2025 Taxable Value	\$287,610,756	(a)
Direct Debt		
Outstanding Bonds (as of May 1, 2026)	\$13,210,000	
The Bonds	<u>\$5,600,000</u>	
Total Direct Debt	\$18,810,000	
See "DISTRICT DEBT"		
Estimated Overlapping Debt	<u>\$16,184,551</u>	
Direct and Estimated Overlapping Debt	\$34,994,551	
Percentage of Direct Debt to:		
2025 Taxable Value	6.54%	
See "DISTRICT DEBT"		
Percentage of Direct and Overlapping Debt to:		
2025 Taxable Value	12.17%	
See "DISTRICT DEBT"		
2025 Tax Rate Per \$100 of Assessed Value:		
Debt Service	\$0.274	
Maintenance Tax	<u>\$0.652</u>	
Total 2025 Tax Rate	\$0.926	
Cash and Temporary Investment Balances as of April 23, 2026		
General Fund	\$5,106,295	
Debt Service Fund	\$2,265,143	(b)

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- (a) Reflects the 2025 Certified Taxable Value according to data supplied to the District by Harris Central Appraisal District ("HCAD"). See "TAX DATA – Analysis of Tax Base."
- (b) The figure above reflects a positive adjustment for the six (6) months of capitalized interest (\$134,400) to be funded with proceeds of the Bonds and deposited into the Debt Service Fund on the day of closing. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Adequacy for Debt Service."

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the District's outstanding bonds plus the debt service requirements on the Series 2026 Bonds.

Year	Outstanding Debt Service	Plus: Debt Service on the Series 2026 Bonds		Total Debt Service Requirements*
		Principal	Interest*	
2026	\$998,712	-	\$67,200	\$1,065,912
2027	\$1,009,931	\$115,000	\$266,040	\$1,390,971
2028	\$1,011,552	\$120,000	\$260,400	\$1,391,952
2029	\$934,727	\$125,000	\$254,520	\$1,314,247
2030	\$933,954	\$130,000	\$248,400	\$1,312,354
2031	\$958,052	\$135,000	\$242,040	\$1,335,092
2032	\$960,883	\$145,000	\$235,320	\$1,341,203
2033	\$953,085	\$150,000	\$228,240	\$1,331,325
2034	\$852,077	\$155,000	\$220,920	\$1,227,997
2035	\$724,453	\$165,000	\$213,240	\$1,102,693
2036	\$564,465	\$170,000	\$205,200	\$939,665
2037	\$565,586	\$180,000	\$196,800	\$942,386
2038	\$561,473	\$190,000	\$187,920	\$939,393
2039	\$586,755	\$200,000	\$178,560	\$965,315
2040	\$581,188	\$205,000	\$168,840	\$955,028
2041	\$580,178	\$215,000	\$158,760	\$953,938
2042	\$593,751	\$230,000	\$148,080	\$971,831
2043	\$591,904	\$240,000	\$136,800	\$968,704
2044	\$589,813	\$250,000	\$125,040	\$964,853
2045	\$587,477	\$260,000	\$112,800	\$960,277
2046	\$609,600	\$275,000	\$99,960	\$984,560
2047	\$601,245	\$290,000	\$86,400	\$977,645
2048	\$464,456	\$300,000	\$72,240	\$836,696
2049	\$310,925	\$315,000	\$57,480	\$683,405
2050	\$328,738	\$330,000	\$42,000	\$700,738
2051	-	\$345,000	\$25,800	\$370,800
2052	-	\$365,000	\$8,760	\$373,760
	<u>\$17,454,972</u>	<u>\$5,600,000</u>	<u>\$4,247,760</u>	<u>\$27,302,732</u>

Maximum Annual Debt Service Requirements (2028)..... \$1,391,952*

\$0.51 Tax Rate on the 2025 Certified Taxable Value of \$287,610,756

@ 95% collections produces \$1,393,474*

*Preliminary, subject to change.

OFFICIAL STATEMENT

relating to

\$5,600,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT No. 50
(A political subdivision of the State of Texas, located within Harris County, Texas)

Unlimited Tax Bonds
Series 2026

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the Harris County Municipal Utility District No. 50 Unlimited Tax Bonds, Series 2026 (the "Bonds") or (the "Series 2026 Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, specifically Chapters 49 and 54, Texas Water Code, as amended, an approving order of the TCEQ (the "TCEQ Order"), an election held within and for the District on May 7, 2005, and an order (the "Bond Order") to be adopted by the Board of Directors of Harris County Municipal Utility District No. 50 (the "District"), a political subdivision of the State of Texas located within Harris County, Texas. This Official Statement includes descriptions of the Bonds, the Bond Order and certain information about the District and its financial condition. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Bond Counsel upon payment of costs of duplication thereof.

RISK FACTORS

General

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. The Bonds 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 generate property taxes to pay debt service at current levels.

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 enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property or (d) the taxpayer's right to redeem the property within six (6) months for commercial property and two (2) years for residential and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. 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. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES – District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies

If the District defaults in the payment of principal of, interest on, 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 have the right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order do 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 a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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 Texas Commission on Environmental Quality ("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 Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Economic Factors and Interest Rates

The maintenance of taxable values in the District is directly related to the local housing and building industry. The housing/building industry has historically been a cyclical industry, affected by both short and long-term interest rates, availability of mortgage and development funds, labor conditions, material shortages, consumer spending, foreclosure rates, and general economic conditions. A return of relatively high mortgage interest rates may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District. High foreclosure rates may also affect mortgage lenders' willingness to accept risks and potential borrowers' ability to qualify for loans. The inability to qualify for mortgages may negatively affect home sales and the growth of taxable values in the District. Commercial building in the District could also be adversely affected by such economic developments.

Interest rates and the availability of mortgage and development funds have a direct impact on construction and building 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 affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The return of long-term interest rates at higher levels may negatively affect home sales and therefore taxable value in the District.

The Houston metropolitan area has, during the past, experienced economic downturns (especially during periods of relatively low oil and natural gas prices). These factors could affect the demand for residential homes and commercial development and hence the maintenance of property values or the maintenance of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, could have an adverse impact on sale prices for homes and, consequently, could materially adversely affect property values or, in some instances, cause builders to abandon home building plans altogether.

Potential Effects of Oil Price Volatility on the Houston Area

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

Maximum Debt Service Tax Rate if No Growth in Taxable Value

In 2025, the District levied a debt service tax of \$0.274 per \$100 of assessed valuation. Tax rates in future years may be higher. After the issuance of the Bonds, the maximum annual debt service requirement will be \$1,391,952 (2028). Should no development occur in the District beyond that reflected by its 2025 Taxable Valuation, a debt service tax rate of \$0.51 per \$100 assessed valuation at 95% collection, would be required to pay the District's maximum annual debt service requirements, including the Bonds. See “– Future Debt” herein and “DISTRICT TAX DATA – Tax Adequacy of Tax Revenue.”

Landowners/Developers under No Obligation to the District

Neither the Developers nor any other landowner within the District have 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 (anticipated to be created by the Developers) and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District. 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.”

Dependence on Principal Taxpayers

Based upon the 2025 certified tax rolls, the top ten taxpayers are responsible for approximately 9.11% of the District's 2025 taxes. The ability of the principal taxpayers to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, the principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to use other funds available for debt service purposes to the extent available. The District has no understanding with any of the principal taxpayers regarding their future level of operations in the District. The District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds. Therefore, failure by the principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. See “THE DEVELOPERS IN THE DISTRICT” and “DISTRICT TAX DATA – Principal Taxpayers.”

Future Debt

At an election held on May 7, 2005, voters in the District authorized the issuance of \$32,186,000 in bonds. The District has reserved in the Bond Order the right to issue its remaining \$8,801,000 authorized but unissued unlimited tax bonds after the issuance of the Bonds. All of the remaining \$8,801,000 unlimited tax bonds which have heretofore been authorized by the voters of the District are for construction of water, sewer, and drainage facilities or the refunding of such bonds previously issued. The authorized but unissued bonds may be issued by the District from time to time for qualified purposes, as determined by the Board, subject to the approval of the Attorney General of the State of Texas and, for construction of certain facilities, the TCEQ.

According to the District's engineer, it will be necessary for the District to issue additional bonds to finance its share of the costs of certain facilities serving land currently within the District. The Engineer has advised the District that the amount of authorized but unissued bonds is adequate to finance the District share of the facility costs remaining to be financed by the District based upon currently anticipated land uses.

The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District, may be issued by the District from time to time as needed. Voters could authorize the issuance of additional bonds in the future. Any future new money bonds to be issued by the District must be approved by the TCEQ. Any additional new money bonds or refunding

bonds would be issued on a parity with the Bonds. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See “THE BONDS -- Issuance of Additional Debt.”

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) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, unless certain circumstances are met, the outstanding principal amount of such bonds generally may not exceed an amount equal to one percent of the value of the taxable property in the District. The District has not authorized park bonds.

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.

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 original issuance. See “TAX MATTERS.”

Environmental Regulations

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

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

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

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

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

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

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

ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future. Further, the EPA has established a NPDWR for six (6) Per- and Polyfluoroalkyl Substances ("PFAS"), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000) ("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 Phase I Municipal Separate Storm Sewer 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 and implement 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

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened

or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or ending legislation, regulatory initiatives or litigation.

Bond Insurance Risk Factors

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

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.

In addition, under the Texas 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.

Furthermore, the Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdictions discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency

area, and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. 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.

Harris County Flood Plain Regulations

As a direct result of Hurricane Harvey, Harris County 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.

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 new and amended Harris County 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.

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 homebuilders 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 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 a developer for certain water, sewer, and drainage facilities including the related engineering costs, platting costs, and land costs; (2) pay for certain central water supply and waste water treatment facilities; (3) pay a developer for certain interest costs; (4) fund six months of capitalized interest on the bonds; and (5) pay issuance and administrative expenses associated with the issuance of the Bonds.

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:	<u>Total Amount</u> (a)
Developer Contribution Items	
Kodiak Crossing, Section 4 WSD	\$672,163
Force Main & Water Line Extension Along FM1942 & Eagleton	\$181,178
Engineering	<u>\$158,337</u>
<i>Total Developer Contribution Items</i>	<i>\$1,011,678</i>
District Contribution Items	
Waterline and Sewer Line Extension on Penn Street	\$71,700
US 90 West Utility Extension	\$2,426,664
Contingencies	\$624,591
Engineering	<u>\$628,998</u>
<i>Total District Contribution Items</i>	<i>\$3,751,953</i>
 TOTAL CONSTRUCTION COSTS	 \$4,763,631
 NON-CONSTRUCTION COSTS:	
Legal Fees	\$95,273
Fiscal Agent Fees	\$95,273
Capitalized Interest	\$134,400
Developer Interest	\$190,248
Bond Discount	\$168,000
Bond Issuance Expenses	\$86,075
Bond Application Report	\$40,000
Development Auditor	\$7,500
Attorney General Fee	\$5,600
TCEQ Bond Issuance Fee	\$14,000
Contingency	<u>\$0</u> (b)
TOTAL NON-CONSTRUCTION COSTS	\$836,369
 TOTAL BOND ISSUE REQUIREMENT	 <u>\$5,600,000</u>

-
- (a) TCEQ rules require, with certain exceptions, that developers contribute to the District's construction program a minimum of 30% of the construction costs of certain system facilities. The District was granted a waiver from the TCEQ.
- (b) The District will designate any surplus Bond proceeds resulting from the sale of the Bonds at a lower interest rate than the estimated rate as a contingency line item in the Final Official Statement. Such funds will be used by the District to fund costs only after approval by the TCEQ.

THE DISTRICT

Authority, Purpose, and Functions

The District is a municipal utility district created by order of the Texas Water Rights Commission, predecessor to the TCEQ on May 22, 1973. The creation of the District was confirmed at an election held within the District on July 8, 1973. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to special districts, particularly Chapters 49 and 54, Texas Water Code, as amended, and Section 59 Article XVI, Texas Constitution. The principal functions of the District are to finance and construct certain water, sewer, and drainage facilities and to provide such facilities to the land within the District.

Description and Location

The District is located southeast of US Highway 90, approximately 18 miles east of the central business district of the City of Houston. The District is generally bounded by Highway 90 to the west, FM 1942 to the north and acreage to the south and west. The District is not within the exclusive extraterritorial jurisdiction of any city. The District presently includes approximately 1,195 acres. The District lies wholly within the Crosby Independent School District.

Summary of Land Use

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

<u>Type of Land Use</u>	<u>Approximate Acres</u>	
Fully Developed Acres	944	
Acres Currently Being Developed	0	
Additional Developable Acreage	0	
Other Undevelopable Acres	<u>251</u>	(a)
Total Approximate Acres	1,195	

(a) Includes undevelopable acres for a 35-acre Harris County Park, Homeowner's Association recreation facilities, detention ponds, drainage ponds, drainage rights-of-way, flood plain, and road rights-of-way.

Status of Residential Development

Historically the residential home building development in the District has taken place in the subdivisions known as Barrett Station, Dreamland Place, St. Charles Place, Arcadian Garden, Sections 1 – 5 and Section 7. Additionally, building has taken place in the Kodiak Crossing Subdivision, Sections 1 – 4 which is currently built-out.

As of May 1, 2026, the District contained approximately 1,704 complete and occupied single family homes, approximately 11 homes under construction, and approximately 445 vacant developed lots. Additionally, the District provides service to 193 homes that are located outside of the boundaries of the District in Arcadian Gardens, Section 6.

Commercial Development in the District

Commercial development in the District includes: a car dealership, a Tractor Supply Store, two small multi-family complexes (totaling approximately 23 units), a funeral home, a crematorium, a cemetery, three gas stations, a small grocery store, two day care centers, three restaurants, three automotive aftermarket shops, a motel, a sports bar and an RV park. Additional building development in the District includes: an elementary school and seven churches.

The Most Recent Developer in the District

The Developer of the Kodiak Crossing subdivision is Kodiak Crossing I, Ltd., a Texas Limited Partnership, acting by and through its General Partner, Kodiak Crossing LLC, a Texas Limited Liability Company. Mr. Earl W. Wilburn, Jr. is a manager of Kodiak Crossing LLC. Kodiak Crossing, Sections 1 – 4 currently includes approximately 66 acres that has been developed into 282 single family lots. Kodiak Crossing was built out during 2024 and as of May 1, 2026, there were 282 completed homes, 0 homes under construction, and 0 vacant developed lots. Homes in Kodiak Crossing, Sections 1 – 4 were constructed by K. Hovnanian Homes and Devon Street Homes.

MANAGEMENT OF THE DISTRICT

The District is governed by the Board, which has control over and management supervision of all affairs of the District. All of the Directors own property (or are agents of an owner of property) and reside within the District. A directors' election is held within the District on the first Tuesday in November in even numbered years. Directors are elected to serve four-year, staggered terms. The current members and officers of the Board are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Alice Dangerfield	President	2028
Simone Wheatfall	Vice President	2028
Cassandra Clark	Secretary	2026
Daryl Johnson	Treasurer/Investment Officer	2026
Martin Lemond	Assistant Secretary	2026

Tax Assessor/Collector - The District's Tax Assessor/Collector is San Jacinto Tax Service who is employed under a one-year contract and represents approximately 9 utility districts.

Bookkeeper - The District's Bookkeeper is Artesian Financial Services which acts as bookkeeper for approximately 8 special districts.

Engineer - The consulting engineer for the District is Cobb Fendley & Associates, Inc. (the "Engineer").

Auditor - The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, as its independent auditor. A copy of the District's audit for the fiscal year ended May 31, 2025, is included in Appendix A hereto.

Financial Advisor - The GMS Group, L.L.C., ("GMS") 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.

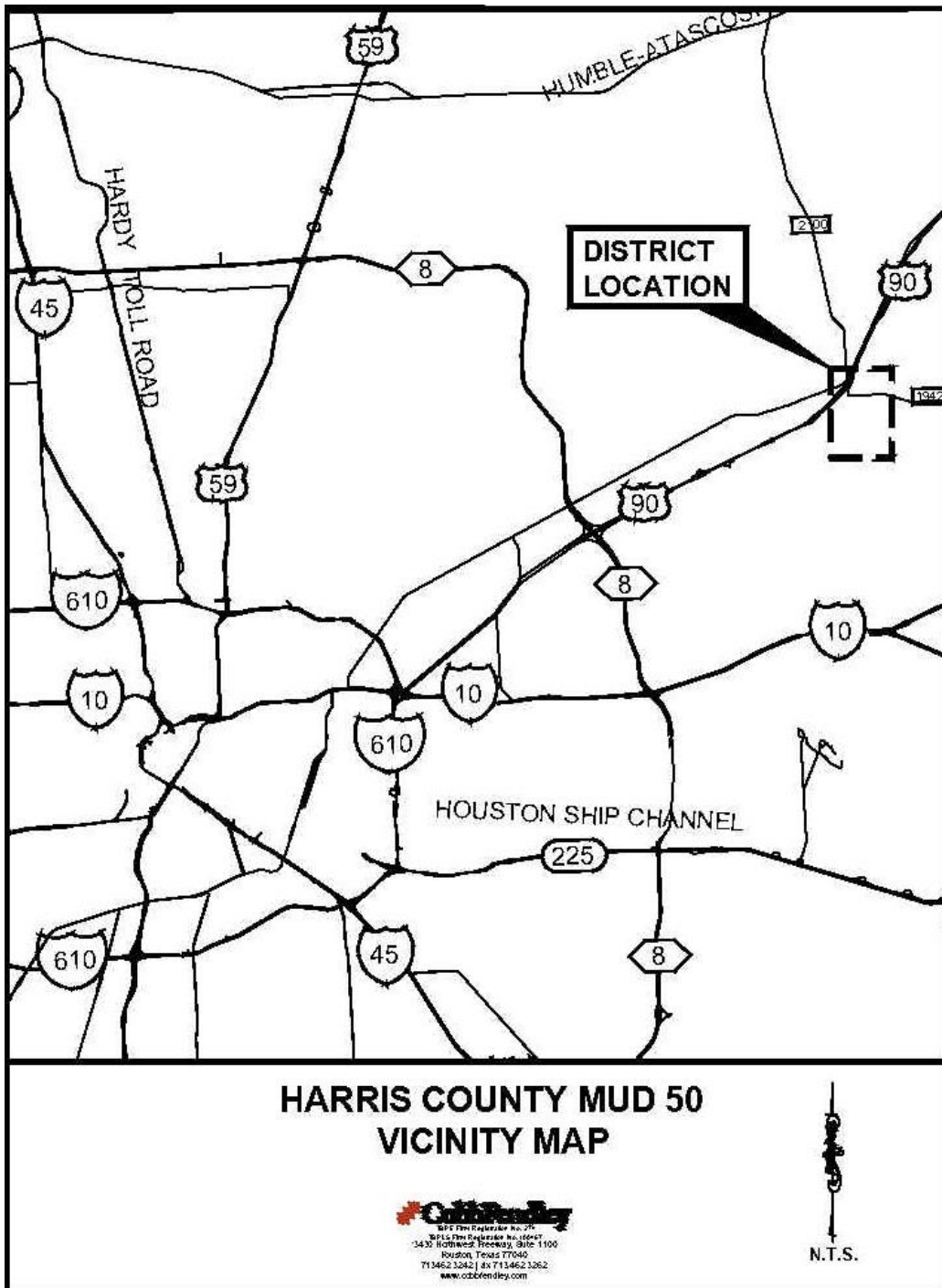
Legal Counsel - Norton Rose Fulbright US LLP serves as Bond Counsel to the District and as general counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Disclosure Counsel – Sanford Kuhl Hagan Kugle Parker Kahn 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 however such fees are not contingent upon the sale and delivery of such Bonds.

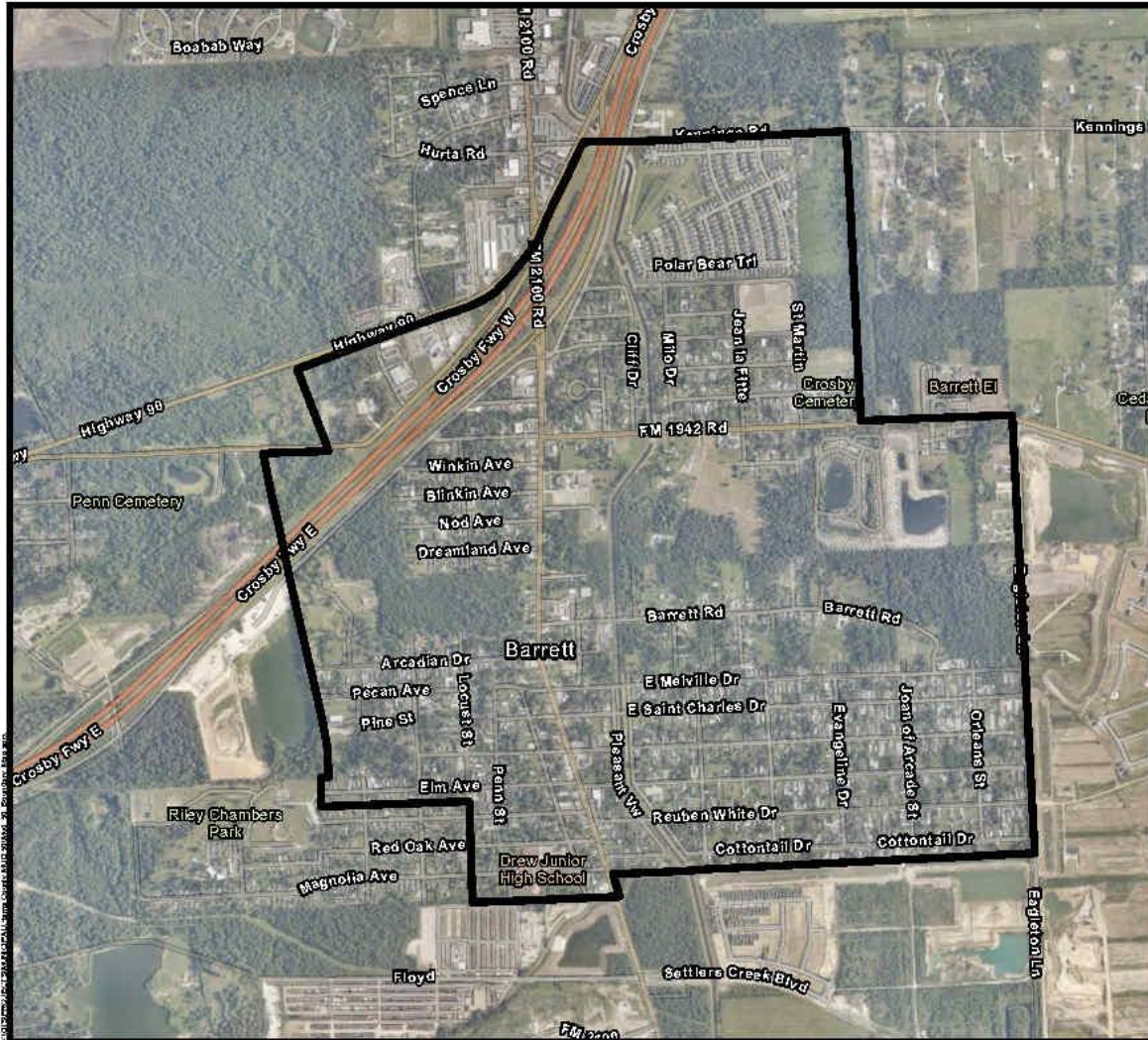
DISTRICT INVESTMENT POLICY

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

LOCATION MAP



AERIAL PHOTOGRAPH




**HARRIS COUNTY
MUD 50**

District Boundary

April 2026



Legend

 Harris County MUD 50 Boundary

 CobbFendley

THE SYSTEM

Regulation

The District's water, wastewater, and storm drainage facilities (the "System") have been designed in accordance with accepted engineering practices and the recommendations of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the Texas Department of Health, Harris County, Harris County Flood Control District and the Subsidence District. According to the Engineer, the designs of all such facilities have been approved by all required governmental agencies and by the TCEQ. Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the EPA, the TCEQ, the Texas Department of Health and the Subsidence District. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Construction and operation of the System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of various federal, state, and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to regulatory authority of the TCEQ and the United States EPA. Provision of potable water in the District is subject to regulatory authority of the TCEQ and the EPA. Construction of drainage facilities is subject to the regulatory authority of the Harris County Engineer's Office.

Description of the System

The water, wastewater and storm drainage facilities of the District and the accompanying rights of use therein are described below based upon information obtained from the District's records.

- Water and Sanitary Sewer Lines -

Water and sanitary sewer facilities have been constructed to serve approximately 927 acres in the District. Waterline sizes range from 2-inch to 12-inch with a total length of 22 miles. Sanitary sewer lines range in diameter from 4-inch to 15-inch with a total length of 20 miles. Sanitary sewer lines consist of gravity sewer and forcemains.

- Wastewater Treatment -

The District owns and operates two permanent wastewater treatment plants that are capable of serving 2,482 equivalent single-family connections ("ESFCs"). The District has wastewater treatment plant capacity that is adequate to serve the build-out of the District given currently anticipated land uses.

The sanitary sewer system includes 7 lift stations that facilitate movement of the wastewater through the District into the wastewater plants, and discharge of the treated wastewater. Each lift station contains at least two submersible pumps ranging in capacity from 500 gallons per minute ("gpm") to 850 gpm.

- Water Supply -

The District's water supply facilities consist of 3 water plants with 3 water wells with combined capacity of 1,070 gpm. Based upon the TCEQ's approved capacity of 0.42 gpm per ESFCs. The District has one 250,000-gallon elevated storage tank and three ground storage tanks with capacity of 613,000 gallons. The District's water supply capacity is capable of serving the build-out of the District given currently anticipated land uses.

In 2007, the District entered into a water supply contract with the San Jacinto River Authority (SJRA) to purchase raw untreated water. The contract was amended and restated in 2025. The District plans to use up to 1,500,000 gpd of untreated water to supply a future surface water plant. Currently, the District is not receiving the untreated surface water. Effective January 1, 2025, the SJRA assesses untreated surface water fees of \$0.61 per 1,000 gallons. The District pays 25% of the water rate until such time as the water is delivered on a take or pay basis. The SJRA fees and charges for surface water delivered to the District will increase over time but the District is unable to predict the magnitude of such increases.

- Harris-Galveston Coastal Subsidence District -

The District is located within the boundaries of the Subsidence District which was created by the Texas Legislature to conserve, protect and enhance the groundwater resources of Harris and Galveston counties. The Subsidence District has adopted rules and a regulatory plan for the conservation, preservation, protection, recharge and prevention of waste of groundwater, groundwater reservoirs or their subdivisions and to control subsidence caused by the withdrawal of groundwater from those groundwater resources or their subdivisions.

The Subsidence District requires persons and entities, including the District, that pump groundwater from wells to apply for and obtain permits for the withdrawal of groundwater under terms and conditions provided in the Subsidence District's rules. The Subsidence District has adopted its District Regulatory Plan which calls for the reduction of groundwater withdrawal throughout Harris County to volumes that do not exceed the recharge capabilities of aquifers in the County to prevent the long-term depletion of the aquifers.

Large water users, including the District, were required to prepare and submit a Groundwater Reduction Plan (“GRP”) that identified methods and plans for reduction of groundwater usage through the development of alternate water resources, including the design and construction of infrastructure facilities to purchase and transport surface water to affected areas within the County. The initial requirement and deadline for reduction of groundwater use by the District by 80% was January 1, 2016. The District previously had an approved Water Conservation Plan that allowed them to continue using groundwater and be exempt from disincentive fees. The last Water Conservation Plan expired in December of 2024. The District submitted a Groundwater Reduction Plan to the Subsidence District which was approved in January 2026. The GRP outlines steps for planning, design and construction of a surface water plant along with an implementation fee. The surface water plant is required to be operational by 2041.

After the expiration of the District’s Conservation Plan, the District was potentially subject to a \$12.52 per 1,000 gallons disincentive fee penalty (“Disincentive Fees”) imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand. Groundwater pumped from wells located within the District is not currently subject to the Disincentive Fee. If the District did not receive the necessary waivers and if the District fails to comply with surface water conversion requirements mandated by the Subsidence District, the Subsidence District could seek monetary or other penalties against the District. The amount of the Disincentive Fees imposed by the Subsidence District are subject to increases in the future.

- Drainage/Detention System -

The drainage systems that serve the District is a combination of open ditches and underground storm drainage systems connecting to Harris County Flood Control District channels that lead to the San Jacinto River. The District owns and maintains a detention pond serving the Kodiak Crossing subdivision in the District, which drains into Harris County Flood Control District Ditch No. G103-09-01 then to the San Jacinto River Tidal in Segment No. 1001 of the San Jacinto River Basin. Private entities, homeowners associations, or Harris County maintain all remaining drainage systems. Ultimately all of the drainage from the District flows into the San Jacinto River.

100-Year Flood Plain

Land within the District is flat coastal plain, sloping gradually from northeast to southwest, with elevations ranging from 50 feet above mean sea level (“msl”) to 35 feet msl. To qualify for participation in the National Flood Insurance Program of 1968, as amended by the Flood Disaster Protection Act of 1973, Harris County adopted regulations for Flood Plain Management on September 6, 1973. These regulations apply to development and construction in the 100-year flood plain. FEMA defines the 100-year flood plain as a special flood hazard area subject to inundation by the 1% annual chance flood. According to Flood Insurance Rate Map No. 48201CO730M, effective date January 6, 2017, the District is mapped partially within Zone X (areas of 0.2% annual chance flood) and Zone AE (special flood hazard area subject to inundation by the 1% annual chance flood). Residential construction is permitted in the 100-year flood plain in Harris County if the top of the slab of lowest habitable floor is elevated to 18 inches or more above the base flood elevation.

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; water and sewer revenues are not pledged to payment of the Bonds. The information included in the table below relating to the District's System operations is provided for information purposes only.

	Fiscal Year Ended May 31 (a)				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES					
Property Taxes	\$1,419,747	\$1,222,444	\$1,069,011	\$514,739	\$458,785
Water Service	\$753,252	\$685,196	\$672,158	\$699,583	\$753,042
Wastewater Service	\$1,086,761	\$1,066,697	\$1,033,424	\$986,270	\$900,328
Penalty and Interest	\$37,282	\$37,554	\$36,187	\$34,516	\$7,317
Tap Connection and Inspection Fees	\$113,361	\$278,709	\$167,045	\$162,923	\$175,983
Investment Revenues	\$214,042	\$196,922	\$98,182	\$2,832	\$805
Miscellaneous Revenues	<u>\$113,304</u>	<u>\$79,765</u>	\$82,171	\$80,523	<u>\$64,653</u>
TOTAL REVENUES	\$3,737,749	\$3,567,287	\$3,158,178	\$2,481,386	\$2,360,913
EXPENDITURES					
Professional Fees	\$323,087	\$220,527	\$320,878	\$245,747	\$211,098
Contracted Services	\$512,824	\$477,182	\$453,862	\$389,467	\$327,169
Utilities	\$122,489	\$124,721	\$126,544	\$120,854	\$97,076
SJRA Assessment	\$50,069	\$51,198	\$51,695	\$45,735	\$31,526
Repairs and Maintenance	\$857,403	\$1,999,269	\$478,249	\$595,574	\$351,781
Other	\$507,455	\$540,954	\$515,407	\$507,196	\$368,255
Personnel	\$223,679	\$148,492	\$144,656	\$168,379	\$179,399
Note Principal	\$375,508	\$374,291	\$109,936	\$109,936	\$109,936
Capital Outlay	<u>\$1,180,739</u>	<u>\$309,226</u>	<u>\$63,185</u>	-	<u>\$20,000</u>
TOTAL EXPENDITURES	\$4,153,253	\$4,245,860	\$2,264,412	\$2,182,888	\$1,696,240
EXCESS REVENUES OVER EXPENDITURES	(\$415,504)	(\$678,573)	\$893,766	\$298,498	\$664,673
OTHER FINANCING SOURCES (USES)					
Transfers In (Out)	-	\$1,321,777	-	\$43,611	-
Proceeds from Loan	-	-	-	-	-
Capital Lease Proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	\$0	\$1,321,777	\$0	\$43,611	\$0
NET CHANGE IN FUND BALANCE	(\$415,504)	\$643,204	\$893,766	\$342,109	\$664,673
BEGINNING FUND BALANCE	\$4,062,013	\$3,418,809	\$2,525,043	\$2,182,934	\$1,518,261
ENDING FUND BALANCE	\$3,646,509	\$4,062,013	\$3,418,809	\$2,525,043	\$2,182,934

(a) Data for fiscal years 2022-2025 is taken from District's prior years audited financial statements. See "APPENDIX A."

(b) As of April 23, 2026, the District's General Fund had a cash and investment balance of approximately \$5,106,295. For the fiscal year ending June 30, 2026, the District is currently projecting General Fund revenues of approximately \$2,686,930 and operating expenditures of approximately \$2,686,930.

DISTRICT DEBT
(Unaudited)

2025 Taxable Value		\$287,610,756 (a)
Direct Debt		
Outstanding Bonds (as of May 1, 2026)		\$13,210,000
The Bonds		<u>\$5,600,000</u>
Total Direct Debt		\$18,810,000
See "DISTRICT DEBT"		
Estimated Overlapping Debt		<u>\$16,184,551</u>
Direct and Estimated Overlapping Debt		\$34,994,551
Percentage of Direct Debt to:		
2025 Taxable Value		6.54%
See "DISTRICT DEBT"		
Percentage of Direct and Overlapping Debt to:		
2025 Taxable Value		12.17%
See "DISTRICT DEBT"		
2025 Tax Rate Per \$100 of Assessed Value:		
Debt Service		\$0.274
Maintenance Tax		<u>\$0.652</u>
Total 2025 Tax Rate		\$0.926

(a) Reflects the 2025 Certified Taxable Value according to data supplied to the District by HCAD. See "TAX DATA – Analysis of Tax Base."

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 “Texas Municipal Reports” published by the Municipal Advisory Council or other available information. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance, and/or general revenue purpose in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

<u>Taxing Jurisdiction</u>	<u>Outstanding Debt</u>	<u>Overlapping Debt</u>	
		<u>Percent</u>	<u>Amount</u>
Crosby Independent School District	\$170,375,000	8.39%	\$14,296,534
Harris County	\$2,257,734,736	0.04%	\$943,515
Harris County Flood Control District	\$937,165,000	0.04%	\$399,959
Port of Houston Authority	\$386,074,397	0.04%	\$164,799
Harris County Hospital District	\$861,580,000	0.04%	\$367,646
Harris County Department of Education	\$28,960,000	0.04%	\$12,097
Total Estimated Overlapping Debt			\$16,184,551
The District (a)			\$18,810,000
Total Direct and Estimated Overlapping Debt			\$34,994,551

(a) Includes the Bonds.

TAX DATA

Tax Collections

The following table sets forth the historical tax collection experience of the District for the tax years 2021 through 2025. Such table has been prepared based upon information from District records, as of March 31, 2026. Reference is made to such records and statements for further and complete information. According to the District’s records during the last 5 years current tax collections have averaged approximately 90%.

<u>Year</u>	<u>Taxable Valuation</u>	<u>Tax Rate</u>	<u>Tax Levy</u>	<u>Cumulative Collections</u>	<u>Cumulative Collections %</u>	<u>Year End 9/30</u>
2025	\$287,610,756	\$0.926	\$2,660,107	\$2,074,559	82.34%	2026
2024	\$264,022,992	\$0.926	\$2,444,737	\$2,259,385	92.43%	2025
2023	\$245,063,903	\$0.926	\$2,273,149	\$2,170,505	95.48%	2024
2022	\$214,266,166	\$0.926	\$1,984,105	\$1,922,480	96.89%	2023
2021	\$173,601,209	\$0.940	\$1,631,851	\$1,592,518	97.59%	2022

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2021 through and including 2025.

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt Service	\$0.274	\$0.374	\$0.400	\$0.400	\$0.650
Maintenance/Operation	<u>\$0.652</u>	<u>\$0.552</u>	<u>\$0.526</u>	<u>\$0.526</u>	<u>\$0.290</u>
Total	\$0.926	\$0.926	\$0.926	\$0.926	\$0.940

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements; such maintenance tax was authorized by vote of the District's electors on November 6, 2007. The District is authorized to levy such a maintenance tax in an unlimited amount per \$100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any tax bonds which may be issued in the future. The District levied a 2025 maintenance tax of \$0.652 per \$100 assessed valuation.

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 tax roll valuations for 2021 through 2025.

<u>Year</u>	<u>Land</u>	<u>Improvements</u>	<u>Personal Property</u>	<u>Gross Valuation</u>	<u>Exemptions</u>	<u>Taxable Valuation</u>
2025	\$133,054,812	\$153,205,023	\$12,591,437	\$298,851,272	\$11,240,516	\$287,610,756
2024	\$131,069,067	\$150,627,291	\$12,420,892	\$294,117,250	\$30,094,258	\$264,022,992
2023	\$91,301,296	\$170,972,522	\$10,829,893	\$273,103,711	\$28,039,808	\$245,063,903
2022	\$84,405,819	\$142,220,178	\$11,795,847	\$238,421,844	\$24,155,678	\$214,266,166
2021	\$76,968,842	\$105,824,932	\$11,252,354	\$194,046,128	\$20,444,919	\$173,601,209

Estimated Overlapping Taxes

The following table sets forth all 2025 taxes levied by overlapping taxing jurisdictions on property within the District. 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.

<u>Taxing Jurisdictions</u>	<u>2025 Tax Rate per \$100 Assessed Valuation</u>
Crosby Independent School District	\$1.224100
Harris County (a)	\$0.628928
Harris County Emergency Service District No. 80	\$0.046106
Harris County Emergency Service District No. 5	<u>\$0.030000</u>
Overlapping Taxes	\$1.929134
The District	<u>\$0.926000</u>
Total Direct & Overlapping Taxes	\$2.855134

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

Principal Taxpayers

The following table sets forth the District’s principal taxpayers and was provided by the District’s Tax Assessor/Collector based upon the 2025 certified tax roll (which reflects ownership of property as of January 1, 2026) according to HCAD.

<u>Taxpayer</u>	<u>Type of Property</u>	<u>2025 Taxable Value</u>	<u>% of Total</u>
Nederland Land Company LP	Land & Improvements	\$4,524,255	1.57%
Tierra Creek LLC	Land & Improvements	\$3,986,339	1.39%
Turner Chevrolet	Personal Property	\$3,254,301	1.13%
Agree Central LLC	Land & Improvements	\$2,748,000	0.96%
Kate Davis Holdings LLC	Land & Improvements	\$2,366,618	0.82%
Spectra Partners LLC	Land & Improvements	\$2,126,192	0.74%
CenterPoint Energy Hou EI	Personal Property	\$2,061,740	0.72%
Tractor Supply Company #2096	Personal Property	\$1,870,892	0.65%
Croslyn Enterprises Inc.	Land & Improvements	\$1,765,000	0.61%
Crosby Ventures LLC	Land & Improvements	<u>\$1,507,546</u>	<u>0.52%</u>
		\$26,210,883	9.11%

Tax 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 General Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the 2025 Certified Taxable Value. The calculations utilize a tax rate adequate to service the District’s total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2028).....	\$1,391,952 (a)
\$0.51 Tax Rate on the 2025 Certified Taxable Value of \$287,610,756 @ 95% collections produces.....	\$1,393,474 (a)

(a) Preliminary, subject to change.

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 and interest on the Bonds and any additional bonds payable from taxes that the District has previously or 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 - Sources 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. See “TAX DATA - Maintenance Tax.”

Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the “Property Tax Code”) specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the Appraisal District. The Appraisal District has the responsibility for appraising property for all taxing units within their respective county. Such appraisal values are subject to review and change by the Harris Central Appraisal Review Board (the “Appraisal Review Board”). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and 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 Property 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 adopted an order granting an over 65/disabled exemption of \$30,000 in 2026.

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 Abatement

Harris County may designate all or part of the area within the District as a reinvestment zone. Thereafter, either Harris County, 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 property from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with 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.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property 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 Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits,

under certain circumstances, that residential real property inventory held by a person in the trade or business 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 Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land, and timberland. The Developer in the District has waived its rights to agricultural use, open space, or timber land exemptions.

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

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal 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 the Appraisal District to compel compliance with the Property Tax Code.

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 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 Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, 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.

Notice and Hearing Procedures

The Property Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers if the District proposes to increase taxes, and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District, or Developing District 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 2025 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 "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 of 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.

Additionally, the Texas 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.

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.

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, a copy of which is available from the District's Bond Counsel upon request.

The Bonds will be dated and will bear interest from June 1, 2026, at the per annum rates shown on the cover page hereof. The Bonds are fully registered, serial bonds maturing on March 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds is payable semiannually on September 1, 2026, and each March 1 and September 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.

Principal and redemption price of the Bonds are payable at the principal payment office of Zions Bancorporation, National Association, Houston, Texas (the "Paying Agent/Registrar") upon presentation and surrender of the Bonds.

The Bonds will be issued only in fully registered form in any integral multiple of \$5,000 of the 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 to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

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 registered owners ("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 to the address of such Registered Owner as shown on the Register, 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.

If the date for payment of the principal or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day without additional interest and with the same force and effect as if made on the specified date for such payment.

Optional Redemption

The Bonds maturing on or after March 1, 2032, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on March 1, 2031, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. 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. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Notice of Redemption

Notice of redemption shall be mailed by the Paying Agent/Registrar in the name and at the expense of the District, not less than 30 days prior to the redemption date, to each registered owner of Bonds to be redeemed. All notices of redemption shall state:

1. the redemption date;
2. the redemption price;
3. the principal amount and identification (by CUSIP number (if obtained for the Bonds), stated maturity, interest rate, dated date, and, in the case of partial redemption within a stated maturity, the respective Bond numbers and principal amounts) of Bonds to be redeemed;
4. that on the redemption date the redemption price of each of the Bonds to be redeemed will become due and payable and that interest thereon shall cease to accrue from and after said date; and
5. that the Bonds to be redeemed are to be surrendered for payment of the redemption price at the place of payment, and the address of such place of payment. The notice of redemption must state if redemption is conditioned on issuance of refunding bonds or other obligations to pay the redemption price.

Bonds of a denomination larger than \$5,000 may be redeemed in part (\$5,000 or any integral multiple thereof) and upon any partial redemption of any such Bond the same shall be surrendered in exchange for one or more new Bonds of the same Stated Maturity in authorized denominations for the unredeemed portion of principal. Bonds (or portions thereof as aforesaid) for whose redemption and payment provision is made in accordance with the Bond Order will cease to bear interest from and after 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 of Houston, or any entity other than the District.

Defeasance

Any Bond is deemed to be paid and is no longer be considered to be a Bond, within the meaning of the Bond Order, when payment of the principal of and interest on such Bond to the maturity date thereof or (if notice of redemption shall have been duly given, irrevocably provided for, or waived as provided herein) to the redemption date which has been made, or provided for, by deposit with the Paying Agent/Registrar (or with any other bank or trust company which has agreed to hold the same for such purpose) for such payment of: (1) money sufficient to make such payment, (2) Governmental Obligations certified by an independent public accounting firm of national reputation to be of such maturities and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment, or (3) a combination of money and Governmental Obligations together so certified sufficient to make such payment, provided that all the expenses pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Paying Agent (and to such other bank or trust company).

Any money and Governmental Obligations deposited for such purpose shall be held by the Paying Agent/Registrar (or other bank or trust company) with which such deposit is made in a segregated account in trust or escrow for the Registered Owners of the Bonds with respect to which such deposit is made and, together with any investment income therefrom, shall be disbursed solely to pay the principal of and interest on such Bonds when due, except that cash receipts may be withdrawn and paid to the District provided the date and amount of such withdrawals are taken into account in the most recent verification of the accounting firm referred to in this Section. No money or Governmental Obligations so deposited shall be invested or reinvested unless in Governmental Obligations and unless such money and Governmental Obligations not invested and such new investments are together certified by an independent public accounting firm of national reputation to be of such amounts, maturities, and interest payment dates and to bear such interest as will, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom, be sufficient to make such payment.

“Governmental Obligations” means: (1) direct obligations of, or obligations the timely payment of the principal of and interest on which are fully and unconditionally guaranteed by, the United States of America, or (2) obligations authorized under Texas law from time to time for discharge and final payment of political or governmental subdivisions which, at the time of deposit have been assigned ratings in the highest rating category of either Moody’s Investors Service or Standard & Poor’s Corporation, or any successor to the bond operations of either of such corporations, but in the case of both Clauses (1) and (2) only if such obligations may not be called for redemption prior to maturity.

Funds

The Bond Order confirms the previous establishment of the District’s Debt Service Fund. The Bond Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar.

No Arbitrage

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

Paying Agent/Registrar

Pursuant to the Bond Order, the initial paying agent and initial registrar with respect to the Bonds is Zions Bancorporation, National Association, Houston, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, any outstanding bonds, and for the purpose of maintaining the Bond 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, Transfer and Exchange

Upon surrender for transfer of any Bond at the place of payment, the District shall execute, and the Paying Agent/Registrar shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new fully registered Bonds of the same stated maturity, of any authorized denominations, and of a like aggregate principal amount.

At the option of the Registered Owner, Bonds may be exchanged for other Bonds of the same Stated Maturity, of any authorized denominations, and of like aggregate principal amount, upon surrender of the Bonds to be exchanged at the Place of Payment. Whenever any Bonds are so surrendered for exchange, the District shall execute, and the Paying Agent/Registrar shall authenticate and deliver, the Bonds which the Registered Owners of Bonds making the exchange is entitled to receive.

All Bonds issued upon any transfer or exchange of Bonds shall be valid obligations of the District, evidencing the same debt, and entitled to the same benefits under the Order, as the Bonds surrendered upon such transfer or exchange.

Every Bond presented or surrendered for transfer or exchange shall be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the District and the Paying Agent/Registrar duly executed, by the Registered Owner thereof or his attorney duly authorized in writing.

No service charge shall be made to the Registered Owner for any registration, transfer, or exchange of Bonds, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Neither the District nor the Paying Agent/Registrar shall be required (1) to transfer or exchange any Bond during a period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of Bonds hereunder and ending at the close of business on the day of such mailing or (2) thereafter to transfer or exchange in whole or in part any Bond so selected for redemption.

Replacement of Mutilated, Lost or Stolen Bonds

If (1) any mutilated Bond is surrendered to the Paying Agent/Registrar, or the District and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (2) there is delivered to the District and the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless, then, in the absence of notice to the District or the Paying Agent/Registrar that such Bond has been acquired by a bona fide purchaser, the District will execute and upon its request the Paying Agent/Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Bond has become or is about to become due and payable, the District in its discretion may pay such Bond instead of issuing a new Bond. Upon the issuance of any new Bond, the District or the Paying Agent/Registrar may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses connected therewith.

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 authorities, 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 authorities, 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.

Issuance of Additional Debt

If authorized by the District’s voters and by the Board, the District may issue bonds necessary to provide and maintain improvements for which the District was created. See “THE DISTRICT.” At the Bond Election, the District’s voters authorized the issuance of \$32,186,000 principal amount of unlimited tax bonds of which \$8,801,000 remain authorized but unissued after the sale of the Bonds. The District may authorize additional amounts in future elections. It is currently anticipated that such bond authorization will be adequate to fund the District’s share of facility costs to complete the development of the District. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District. In the Bond Order the District further reserves the right to issue revenue bonds, inferior lien bonds, refunding bonds and other obligations.

Approval of the Bonds

As required by law, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas does not pass upon nor guarantee the safety or appropriateness of the Bonds as an investment, nor pass upon the adequacy or accuracy of the information contained in this Official Statement.

Amendments

The District may, without the consent of or notice to any Registered Owner, from time to time and at any time amend the Bond Order in any manner not detrimental to the interests of the Registered Owners of the Bonds, including the curing of any ambiguity, inconsistency, or formal defect or omission herein or therein. In addition, the District may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of the Bond Order except that, notwithstanding the foregoing, without the consent of the Registered Owners of all of the affected Outstanding Bonds, no such amendment, addition, or rescission may (1) change the Stated Maturity of the Bonds or any installment of interest thereon, reduce the principal amount thereof, the Redemption Price therefor, or the rate of interest thereon, change the place or places at, or the coin or currency in, which any Bond or the interest thereon is payable, or in any other way modify the terms or sources of payment of the principal of or interest on the Bonds, (2) give any preference to any Bond over any other Bond, (3) modify the provisions of the proviso to the definition of the term “Outstanding”, or (4) modify any of the provisions governing amendments, except to increase the percentage provided hereby or to provide that certain other provisions of the Bond Order cannot be modified or waived.

Any consent to any amendment of the Bond Order by the Registered Owner of any Bond shall bind every future Registered Owner of the same Bond and the Registered Owner of every Bond issued upon transfer or in lieu thereof or in exchange therefor, in respect of anything done or suffered to be done by the District in reliance thereon, whether or not notation of such action is made upon such Bond.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds (which are referred to as "Securities" solely in this section of the Official Statement) is to be transferred and how the principal of, premium, if any, Maturity Value, and interest on the Securities are to be paid to and credited by DTC while the Securities are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, 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 do not give any assurance that (1) DTC will distribute payments of debt service on the Securities, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Securities), 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 Securities. The Securities 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 Securities, 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"). 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 Securities under the DTC system must be made by or through Direct Participants, who will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Certificate ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities 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 Securities except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. 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 Securities 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 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, but none of the District, the Financial Advisor or the Underwriter takes 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.

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriter a transcript (the "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 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 Norton Rose Fulbright US 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. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without limitation as to rate or amount, against all taxable property within the District and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations. Bond Counsel's fees for services rendered with respect to the sale of the Bonds are contingent upon the issuance and delivery of the Bonds.

Legal Review

In its capacity as Bond Counsel, Norton Rose Fulbright US 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," "THE BONDS," "LEGAL MATTERS – Legal Opinions" (to the extent such section relates to the opinion of Bond Counsel) and " – Legal Review," "TAX MATTERS," and "REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS" solely to determine whether such information fairly summarizes the documents and legal matters 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.

Norton Rose Fulbright US 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.

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

No-Litigation Certificate

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that there is not pending, and to the 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 officers thereof to their respective offices.

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 from that set forth or contemplated in the Official Statement.

TAX MATTERS

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

Tax Exemption

The delivery of the Bonds is subject to an opinion of Bond Counsel, to the effect that, pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions thereunder, interest on the Bonds for federal income tax purposes (1) will be excludable from the gross income, as defined in Section 61 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), of the owners thereof, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance by the District with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Bonds are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of the proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of the issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state, or local tax consequences under present law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, corporations subject to the alternative minimum tax on adjusted financial statement income, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a financial asset securitization investment trust, S corporations with "subchapter C" earnings and profits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

For taxable years beginning after 2022, the Code imposes a minimum tax of 15 percent (15%) of the adjusted financial statement income of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with more than \$1 billion in average annual adjusted financial statement income, determined over a three-year period. For this purpose, adjusted financial statement income generally consists of the net income or loss of the taxpayer set forth on the taxpayer's applicable financial statement for the taxable year, subject to various adjustments, but is not reduced for interest earned on tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the District described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on municipal obligations. If an audit of the Bonds is commenced, under current procedures the IRS is likely to treat the District as the "taxpayer," and the owners of the Bonds would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Bonds, the District may have different or conflicting interests from the owners of the Bonds. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit, regardless of its ultimate outcome.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the

value and marketability of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed or future changes in tax law.

Tax Accounting Treatment of Discount and Premium on Certain Bonds

The initial public offering price of certain Bonds (the "Discount Bonds") may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such accrued interest may be required to be taken into account the amount of the branch profits tax applicable to certain corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale, or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The purchase price of certain Bonds (the "Premium Bonds") paid by an owner may be greater than the amount payable on such Bonds at maturity. An amount equal to the excess of a purchaser's tax basis in a Premium Bond over the amount payable at maturity constitutes premium to such purchaser. The basis for federal income tax purposes of a Premium Bond in the hands of such purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium that is amortizable each year by a purchaser is determined by using such purchaser's yield to maturity (or, in some cases with respect to a callable Bond, the yield based on a call date that results in the lowest yield on the Bond).

Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Bonds.

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed \$10,000,000.

The District will designate the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2025 is not expected to exceed \$10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2026.

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

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have 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, HCAD, and other sources which are believed reliable, but the District makes no representation as to the accuracy or completeness of the information derived from such other sources. The summaries of the statutes, resolutions, and engineering and other related reports set forth in this 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.

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

Consultants

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

Engineer: The information contained in this Official Statement relating to engineering matters generally, to the description of the System, and, in particular, that information included in the sections entitled "RISK FACTORS – Future Debt," "USE OF BOND PROCEEDS," "THE DISTRICT – Description and Location" has been provided by Cobb Finley and has 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 assessed valuation of property and, in particular, such information contained in the section captioned "TAX DATA," has been provided by the Harris Central Appraisal District and by San Jacinto Tax Service Co., L.L.C., Tax Assessor/Collector, in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor - The District has engaged McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants, as its independent auditor. A copy of the District's audit for the fiscal year ended May 31, 2025, is included in Appendix A hereto.

Forward-Looking Statements

The statements contained in this Official Statement and in any other information provided by the District that are not purely historical are forward-looking statements, including statements regarding the District's expectations, hopes, intentions, or strategies for the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the District on the date hereof, and the District assumes no obligation to update any such forward-looking statements. The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates, possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions, and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and therefore, there can be no assurance that any forward-looking statements included in this Official Statement would prove to be accurate.

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's 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 audited financial statements 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 Norton Rose Fulbright US LLP, 1550 Lamar Street, Suite 2000, Houston, Texas 77010-4106.

Certification of 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.

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, in the other matters described in the Official Statement, until the delivery of the Bonds. All information with respect to the resale of the Bonds shall be the responsibility of the Underwriters.

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. 50 as of the date shown on the cover page.

APPENDIX A

AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED MAY 31, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

MAY 31, 2025

McCALL GIBSON SWEDLUND BARFOOT ELLIS PLLC
Certified Public Accountants

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McCall Gibson Swedlund Barfoot Ellis PLLC

Certified Public Accountants

*Chris Swedlund
Noel W. Barfoot
Joseph Ellis
Ashlee Martin*

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal Utility District No. 50
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. 50 (the "District") as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 May 31, 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.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Board of Directors
Harris County Municipal Utility District No. 50

Supplementary Information

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

McCall Gibson Swedlund Barfoot Ellis PLLC

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

May 5, 2026

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2025**

Management’s discussion and analysis of Harris County Municipal Utility District No. 50’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended May 31, 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, if applicable, deferred inflows of resources and deferred outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The 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, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2025**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information (“RSI”) and other supplementary information. 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, assets exceeded liabilities by \$10,284,912 as of May 31, 2025. A portion of the District’s net position reflects its net investment in capital assets (land as well as water and wastewater facilities, 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:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2025**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 12,862,301	\$ 13,050,005	\$ (187,704)
Capital Assets (Net of Accumulated Depreciation)	<u>14,005,115</u>	<u>12,634,170</u>	<u>1,370,945</u>
Total Assets	<u>\$ 26,867,416</u>	<u>\$ 25,684,175</u>	<u>\$ 1,183,241</u>
Due to Developer	\$ 843,090	\$ 843,090	\$
Notes Payable	793,067	1,168,575	375,508
Bonds Payable	13,895,000	14,555,000	660,000
Other Liabilities	<u>1,051,347</u>	<u>624,719</u>	<u>(426,628)</u>
Total Liabilities	<u>\$ 16,582,504</u>	<u>\$ 17,191,384</u>	<u>\$ 608,880</u>
Net Position:			
Net Investment in Capital Assets	\$ 3,622,972	\$ 2,001,200	\$ 1,621,772
Restricted	3,310,625	3,143,154	167,471
Unrestricted	<u>3,351,315</u>	<u>3,348,437</u>	<u>2,878</u>
Total Net Position	<u>\$ 10,284,912</u>	<u>\$ 8,492,791</u>	<u>\$ 1,792,121</u>

The following table provides a summary of the District's operations for the years ending May 31, 2025, and May 31, 2024.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 2,447,767	\$ 2,303,841	\$ 143,926
Charges for Services	2,191,587	2,234,308	(42,721)
Other Revenues	<u>663,728</u>	<u>632,523</u>	<u>31,205</u>
Total Revenues	<u>\$ 5,303,082</u>	<u>\$ 5,170,672</u>	<u>\$ 132,410</u>
Expenses for Services	<u>3,510,961</u>	<u>4,525,505</u>	<u>1,014,544</u>
Change in Net Position	\$ 1,792,121	\$ 645,167	\$ 1,146,954
Net Position, Beginning of Year	<u>8,492,791</u>	<u>7,847,624</u>	<u>645,167</u>
Net Position, End of Year	<u>\$ 10,284,912</u>	<u>\$ 8,492,791</u>	<u>\$ 1,792,121</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT’S GOVERNMENTAL FUNDS

The District’s combined fund balances as of May 31, 2025, were \$10,478,871, a decrease of \$653,261 from the prior year.

The General Fund fund balance decreased by \$415,504, primarily due to operating and capital expenditures exceeding service and tax revenues.

The Debt Service Fund fund balance increased by \$171,416, primarily due to the structure of the District’s outstanding debt service requirements.

The Capital Projects Fund fund balance decreased by \$409,173, primarily due to capital outlay costs exceeding investment revenues.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the current fiscal year. Actual revenues were \$796,974 more than budgeted revenues and actual expenditures were \$1,212,478 more than budgeted expenditures. This resulted in a negative budget variance of \$415,504. See the budget to actual comparison for further information.

LONG-TERM DEBT ACTIVITY

As of May 31, 2025, the District had total bond debt payable of \$13,895,000. The changes in the debt position of the District during the fiscal year ended May 31, 2025, are summarized as follows:

Bond Debt Payable, June 1, 2024	\$ 14,555,000
Less: Bond Principal Paid	<u>660,000</u>
Bond Debt Payable, May 31, 2025	<u>\$ 13,895,000</u>

The District’s bonds do not carry an underlying rating. The Series 2020 and Series 2021 bonds carry an insured rating of “AA” from Standard and Poor’s by virtue of bond insurance by Build America Mutual Assurance Company.

In addition, in accordance with agreements discussed in Note 10, the District has recorded payables in the amount of \$1,014,156 as of May 31, 2025.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED MAY 31, 2025**

CAPITAL ASSETS

Capital assets as of May 31, 2025, total \$14,005,115 (net of accumulated depreciation) and include land and the water and wastewater systems.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,245,645	\$ 224,719	\$ 1,020,926
Construction in Progress	735,718	27,546	708,172
Capital Assets, Net of Accumulated Depreciation:			
Equipment			
Water System	3,716,101	3,869,196	(153,095)
Wastewater System	8,307,651	8,512,709	(205,058)
Total Net Capital Assets	\$ 14,005,115	\$ 12,634,170	\$ 1,370,945

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. 50, c/o Norton Rose Fulbright US LLP, 1550 Lamar St, Suite 2000, Houston, Texas 77010.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2025

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 132,537	\$ 118,449
Investments	4,119,054	2,284,491
Receivables:		
Property Taxes	497,873	434,912
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Uncollectible Accounts of \$150,004)	362,664	
Due from Other Funds	60,074	82,925
Prepaid Costs	18,609	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 5,190,811	\$ 2,920,777

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 1,073	\$ 252,059	\$	\$ 252,059
4,412,670	10,816,215		10,816,215
	932,785		932,785
		479,969	479,969
	362,664		362,664
	142,999	(142,999)	
	18,609		18,609
		1,245,645	1,245,645
		735,718	735,718
		<u>12,023,752</u>	<u>12,023,752</u>
<u>\$ 4,413,743</u>	<u>\$ 12,525,331</u>	<u>\$ 14,342,085</u>	<u>\$ 26,867,416</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
MAY 31, 2025

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 683,829	\$
Accrued Interest Payable		
Due to Developers		
Retainage Payable		
Due to Other Funds	93,036	9,450
Security Deposits	269,564	
Long-Term Liabilities:		
Notes Payable, Due Within One Year		
Notes Payable, Due After One Year		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	\$ 1,046,429	\$ 9,450
 DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 497,873	\$ 434,912
 FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 18,609	\$
Restricted for Authorized Construction		
Restricted for Debt Service		2,476,415
Unassigned	3,627,900	
TOTAL FUND BALANCES	\$ 3,646,509	\$ 2,476,415
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,190,811	\$ 2,920,777
 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
\$	\$ 683,829	\$	\$ 683,829
		80,671	80,671
		843,090	843,090
17,283	17,283		17,283
40,513	142,999	(142,999)	
	269,564		269,564
		264,355	264,355
		528,712	528,712
		685,000	685,000
		<u>13,210,000</u>	<u>13,210,000</u>
<u>\$ 57,796</u>	<u>\$ 1,113,675</u>	<u>\$ 15,468,829</u>	<u>\$ 16,582,504</u>
<u>\$ - 0 -</u>	<u>\$ 932,785</u>	<u>\$ (932,785)</u>	<u>\$ - 0 -</u>
\$	\$ 18,609	\$ (18,609)	\$
4,355,947	4,355,947	(4,355,947)	
	2,476,415	(2,476,415)	
	<u>3,627,900</u>	<u>(3,627,900)</u>	
<u>\$ 4,355,947</u>	<u>\$ 10,478,871</u>	<u>\$ (10,478,871)</u>	<u>\$ - 0 -</u>
<u>\$ 4,413,743</u>	<u>\$ 12,525,331</u>		
		\$ 3,622,972	\$ 3,622,972
		3,310,625	3,310,625
		<u>3,351,315</u>	<u>3,351,315</u>
		<u>\$ 10,284,912</u>	<u>\$ 10,284,912</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
MAY 31, 2025

Total Fund Balances - Governmental Funds \$ 10,478,871

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 14,005,115

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District. 1,412,754

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (843,090)	
Accrued Interest Payable	(80,671)	
Notes Payable	(793,067)	
Bonds Payable	<u>(13,895,000)</u>	<u>(15,611,828)</u>

Total Net Position - Governmental Activities \$ 10,284,912

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MAY 31, 2025

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 1,419,747	\$ 999,021
Water Service	753,252	
Wastewater Service	1,086,761	
Penalty and Interest	37,282	195,202
Tap Connection and Inspection Fees	113,361	
Investment Revenues	214,042	108,382
Miscellaneous Revenues	113,304	319
TOTAL REVENUES	\$ 3,737,749	\$ 1,302,924
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 323,087	\$ 55,499
Contracted Services	512,824	36,467
Utilities	122,489	
SJRA Assessment	50,069	
Repairs and Maintenance	857,403	
Depreciation		
Other	507,455	40,053
Personnel	223,679	
Capital Outlay	1,180,739	
Debt Service:		
Note Principal	375,508	
Bond Principal		660,000
Bond Interest		339,489
TOTAL EXPENDITURES/EXPENSES	\$ 4,153,253	\$ 1,131,508
NET CHANGE IN FUND BALANCES	\$ (415,504)	\$ 171,416
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JUNE 1, 2024	4,062,013	2,304,999
FUND BALANCES/NET POSITION - MAY 31, 2025	\$ 3,646,509	\$ 2,476,415

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,418,768	\$ 28,999	\$ 2,447,767
	753,252		753,252
	1,086,761		1,086,761
	232,484	5,729	238,213
	113,361		113,361
227,681	550,105		550,105
	113,623		113,623
<u>\$ 227,681</u>	<u>\$ 5,268,354</u>	<u>\$ 34,728</u>	<u>\$ 5,303,082</u>
\$	\$ 378,586	\$ 9,353	\$ 387,939
	549,291		549,291
	122,489		122,489
	50,069		50,069
	857,403		857,403
		437,295	437,295
	547,508		547,508
	223,679		223,679
636,854	1,817,593	(1,817,593)	
	375,508	(375,508)	
	660,000	(660,000)	
	339,489	(4,201)	335,288
<u>\$ 636,854</u>	<u>\$ 5,921,615</u>	<u>\$ (2,410,654)</u>	<u>\$ 3,510,961</u>
\$ (409,173)	\$ (653,261)	\$ 653,261	\$
		1,792,121	1,792,121
4,765,120	11,132,132	(2,639,341)	8,492,791
<u>\$ 4,355,947</u>	<u>\$ 10,478,871</u>	<u>\$ (193,959)</u>	<u>\$ 10,284,912</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2025**

Net Change in Fund Balances - Governmental Funds \$ (653,261)

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. 28,999

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. 5,729

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. (437,295)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 1,808,240

Governmental funds report note and bond principal payments as expenditures. However, in the Statement of Net Position, note and bond principal payments are reported as decreases in long-term liabilities. 1,035,508

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. 4,201

Change in Net Position - Governmental Activities \$ 1,792,121

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 50 (the “District”) of Harris County, Texas was created by an Order of the Texas Water Rights Commission effective May 22, 1973, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to 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 June 12, 1973, and the first bonds were sold on December 16, 1977.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

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 fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

General Fund - To account for resources not required to be accounted for in another fund, customer service 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 the cost of assessing and collecting taxes.

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current 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 May 31, 2025, the General Fund owed the Debt Service Fund \$93,036 for an excess transfer of maintenance tax collections, the Debt Service Fund owed the General Fund \$9,450 for arbitrage compliance costs and the Capital Projects Fund owed the General Fund \$9,022 for construction costs and \$31,491 for bond issuance costs.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

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 fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45

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 to decrease contracted services and increase personnel expenses. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan for employees. The Internal Revenue Service has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for payroll purposes only.

Measurement Focus

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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.

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

Accounting Estimates

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 3. LONG-TERM DEBT

	<u>Series 2007</u>	<u>Series 2013</u>	<u>Series 2015</u>	<u>Series 2016</u>
Amount Outstanding – May 31, 2025	\$295,000	\$675,000	\$1,255,000	\$1,400,000
Interest Rates	2.70% - 2.75%	4.19% - 4.76%	1.74% - 2.38%	1.15% - 1.73%
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2028	March 1, 2026/2033	March 1, 2026/2034	March 1, 2026/2035
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2017*	September 1, 2023*	September 1, 2024*	September 1, 2026*
	<u>Series 2018</u>	<u>Series 2020</u>	<u>Series 2021</u>	
Amount Outstanding – May 31, 2025	\$2,270,000	\$2,075,000	\$5,925,000	
Interest Rates	1.69% - 2.59%	2.00% - 4.50%	1.50% - 4.00%	
Maturity Dates – Serially Beginning/Ending	March 1, 2026/2047	March 1, 2026/2048	March 1, 2026/2050	
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Callable Dates	December 1, 2028*	March 1, 2025*	March 1, 2027*	

* Or on any date thereafter callable at par plus unpaid accrued interest from the most recent interest payment date to the date of redemption. Series 2020 term bonds maturing March 1, 2036, March 1, 2039, March 1, 2042, March 1, 2045, and March 1, 2048, are subject to mandatory sinking fund redemption beginning March 1, 2034, March 1, 2037, March 1, 2040, March 1, 2043, and March 1, 2046. Series 2021 term bonds maturing March 1, 2050 are subject to mandatory sinking fund redemption beginning March 1, 2040.

The following is a summary of transactions regarding bonds payable for the year ended May 31, 2025:

	<u>June 1, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>May 31, 2025</u>
Bonds Payable	<u>\$ 14,555,000</u>	<u>\$ -0-</u>	<u>\$ 660,000</u>	<u>\$ 13,895,000</u>
		Amount Due Within One Year		\$ 685,000
		Amount Due After One Year		<u>13,210,000</u>
		Bonds Payable		<u>\$ 13,895,000</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 3. LONG-TERM DEBT (Continued)

As of May 31, 2025, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 685,000	\$ 322,683	\$ 1,007,683
2027	715,000	304,743	1,019,743
2028	735,000	285,119	1,020,119
2029	675,000	267,986	942,986
2030	690,000	251,474	941,474
2031-2035	3,475,000	1,012,369	4,487,369
2036-2040	2,180,000	703,513	2,883,513
2041-2045	2,535,000	437,874	2,972,874
2046-2050	2,205,000	135,589	2,340,589
	<u>\$ 13,895,000</u>	<u>\$ 3,721,350</u>	<u>\$ 17,616,350</u>

As of May 31, 2025, the District had authorized but unissued bonds in the amount of \$14,401,000 for acquiring and constructing water, sewer and drainage systems.

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, and the Series 2007, 2013, 2015 and 2018 bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

During the year ended May 31, 2025, the District levied an ad valorem debt service tax rate of \$0.374 per \$100 of assessed valuation, which resulted in a tax levy of \$996,529 on the adjusted taxable valuation of \$263,515,121 for the 2024 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS
(Continued)

The bond orders state that the District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

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 \$252,059 and the bank balance was \$448,583. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at May 31, 2025, as listed below:

	Cash
GENERAL FUND	\$ 132,537
DEBT SERVICE FUND	118,449
CAPITAL PROJECTS FUND	1,073
TOTAL DEPOSITS	\$ 252,059

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

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 Fidelity Institutional Money Market Treasury Portfolio, money market mutual funds which are SEC-registered. The District measures its investments in these funds at amortized cost for financial reporting purposes. There are no limits or restrictions on withdrawals from these funds.

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 TexPool. Federated Hermes, Inc. manages the daily operations of TexPool under a contract with the Comptroller. TexPool meets the criteria established in GASB No. 79 and measures all of their 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 invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. UMB Bank, N.A. serve as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restriction on withdrawals from Texas CLASS.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of May 31, 2025, the District had the following investments and maturities.

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexPool	\$ 502,982	\$ 502,982
Texas CLASS	3,616,072	3,616,072
<u>DEBT SERVICE FUND</u>		
TexPool	140,677	140,677
Texas CLASS	2,143,814	2,143,814
<u>CAPITAL PROJECTS FUND</u>		
TexPool	3,027,411	3,027,411
Texas CLASS	65,363	65,363
Money Market Mutual Fund	<u>1,319,896</u>	<u>1,319,896</u>
TOTAL INVESTMENTS	<u>\$ 10,816,215</u>	<u>\$ 10,816,215</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2025, the District's investments in the money market mutual fund, TexPool and Texas CLASS were rated AAAM by Standard and Poor's.

Interest rate risk is the risk the changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in the money market mutual fund, TexPool and Texas CLASS to have a maturity of less than one year due to the fact the share positions can usually be redeemed each day at the discretion of the District.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended May 31, 2025:

	June 1, 2024	Increases	Decreases	May 31, 2025
Capital Assets Not Being Depreciated				
Land and Land Improvements	\$ 224,719	\$ 1,020,926	\$	\$ 1,245,645
Construction in Progress	<u>27,546</u>	<u>787,314</u>	<u>79,142</u>	<u>735,718</u>
Total Capital Assets Not Being Depreciated	<u>\$ 252,265</u>	<u>\$ 1,808,240</u>	<u>\$ 79,142</u>	<u>\$ 1,981,363</u>
Capital Assets Subject to Depreciation				
Equipment	\$ 31,976	\$	\$	\$ 31,976
Water System	8,527,227			8,527,227
Wastewater System	<u>14,665,417</u>	<u>79,142</u>		<u>14,744,559</u>
Total Capital Assets Subject to Depreciation	<u>\$ 23,224,620</u>	<u>\$ 79,142</u>	<u>\$ -0-</u>	<u>\$ 23,303,762</u>
Accumulated Depreciation				
Equipment	\$ 31,976	\$	\$	\$ 31,976
Water System	4,658,031	153,095		4,811,126
Wastewater System	<u>6,152,708</u>	<u>284,200</u>		<u>6,436,908</u>
Total Accumulated Depreciation	<u>\$ 10,842,715</u>	<u>\$ 437,295</u>	<u>\$ -0-</u>	<u>\$ 11,280,010</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,381,905</u>	<u>\$ (358,153)</u>	<u>\$ -0-</u>	<u>\$ 12,023,752</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 12,634,170</u>	<u>\$ 1,450,087</u>	<u>\$ -0-</u>	<u>\$ 14,005,115</u>

NOTE 7. MAINTENANCE TAX

On November 6, 2007, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended May 31, 2025, the District levied an ad valorem maintenance tax rate of \$0.552 per \$100 of assessed valuation, which resulted in a tax levy of \$1,470,814 on the adjusted taxable valuation of \$263,515,121 for the 2024 tax year.

NOTE 8. RISK MANAGEMENT

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 9. UNREIMBURSED COSTS

The District executed a financing agreement with a Developer which calls for the Developer to fund costs associated with the construction of public infrastructure located within the District. Reimbursement for the infrastructure costs will come from operating or construction funds to the extent approved by the Commission. The District has recorded a Due to Developer of \$843,090 in the Statement of Net Position for completed projects.

Due to Developer, beginning of year	\$	843,090
Additions/Reimbursements		-0-
Due to Developer, end of year	\$	843,090

NOTE 10. NOTES PAYABLE

On October 28, 2014, the District and Harris County entered into an agreement for the relocation of the District’s water and sewer facilities within the right of way of the improvements to be constructed by Harris County to Crosby-Lynchburg Road. The District’s share of the cost of the relocation of the facilities was estimated to be \$1,289,424. In accordance with the contract, the District paid \$300,000 to Harris County and committed to pay nine additional annual payments of \$109,936 which are due on the anniversary date of the contract. As of this date, the unpaid balance of this commitment to Harris County was \$221,089 which relates to the fiscal years 2024 and 2025 payments which were unpaid as of May 31, 2025. This amount has been recorded as accounts payable in the General Fund. The loan is payable from the net revenues of the District.

On April 4, 2023, and as amended on December 5, 2023, the District and Harris County entered into an agreement for the design and construction of drainage improvements to be constructed by Harris County to Barret Settlement and St. Charles Place Subdivision. The District’s share of the cost of the drainage improvements is estimated to be \$1,321,777. In accordance with the amended contract, the District paid \$264,355 to Harris County in the current year and has committed to pay three additional annual payments of \$264,355 which are due on the anniversary date of the contract. As of this date, the unpaid balance of this commitment to Harris County was \$793,067. This amount has been recorded as a long-term liability in the Statement of Net Position. The loan is payable from the net revenues of the District.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
NOTES TO THE FINANCIAL STATEMENTS
MAY 31, 2025

NOTE 11. SUBSIDENCE DISTRICT AND SAN JACINTO RIVER AUTHORITY

The District is within the Harris-Galveston Subsidence District (the “Subsidence District”) Regulatory Area No. 2. The Subsidence District regulates the withdrawal of groundwater within its jurisdiction. The District’s authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has ordered certain areas of suburban Houston to convert most of their water supply to surface water under various schedules. Beginning on January 2003, the District was required to have a groundwater reduction plan (“GRP”), approved by the Subsidence District and by January 2005, the District provided evidence to the Subsidence District that construction of the infrastructure defined within the District’s certified groundwater reduction plan has started. The Subsidence District designated January 2010, as the date required for the District to restrict the withdrawal of ground water and convert 30% of its total water use to surface water; January 2025 as the date required for the District to restrict the withdrawal of ground water and convert 60% of its total water use to surface water; and January 2035 as the date required for the District to restrict the withdrawal of groundwater and convert 80% of its total water use to surface water. If the District does not meet the requirements of the Subsidence District, the District may be required to pay the disincentive fees adopted by the Subsidence District.

With the approval of the Subsidence District on February 12, 2014, the District has obtained a Groundwater Reduction Exemption which is a temporary exemption from the groundwater reduction requirements and disincentive fees. The District adopted a Groundwater Conservation Plan in order to obtain this exemption.

The District has reserved raw water out of the SJRA channel that runs through the District. If the District decides to build a surface water plant, then the District will treat the water. Since the District does not have a surface water plant, the District is paying a monthly commitment fee to SJRA for the reserved raw water. The District recorded expenditures of \$50,069 for fees assessed during the current fiscal year.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

REQUIRED SUPPLEMENTARY INFORMATION

MAY 31, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED MAY 31, 2025

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
REVENUES				
Property Taxes	\$ 395,515	\$ 395,515	\$ 1,419,747	\$ 1,024,232
Water Service	718,750	718,750	753,252	34,502
Wastewater Service	1,118,070	1,118,070	1,086,761	(31,309)
Penalty and Interest	38,390	38,390	37,282	(1,108)
Tap Connection and Inspection Fees	402,000	402,000	113,361	(288,639)
Investment Revenues	191,000	191,000	214,042	23,042
Miscellaneous Revenues	77,050	77,050	113,304	36,254
TOTAL REVENUES	<u>\$ 2,940,775</u>	<u>\$ 2,940,775</u>	<u>\$ 3,737,749</u>	<u>\$ 796,974</u>
EXPENDITURES				
Service Operations:				
Professional Fees	\$ 217,900	\$ 217,900	\$ 323,087	\$ (105,187)
Contracted Services	472,000	442,000	512,824	(70,824)
Utilities	142,000	142,000	122,489	19,511
SJRA Assessment	54,000	54,000	50,069	3,931
Repairs and Maintenance	721,500	721,500	857,403	(135,903)
Other	580,650	580,650	507,455	73,195
Personnel	268,500	298,500	223,679	74,821
Debt Service:				
Note Principal			375,508	(375,508)
Capital Outlay	484,225	484,225	1,180,739	(696,514)
TOTAL EXPENDITURES	<u>\$ 2,940,775</u>	<u>\$ 2,940,775</u>	<u>\$ 4,153,253</u>	<u>\$ (1,212,478)</u>
NET CHANGE IN FUND BALANCE	\$ -0-	\$ -0-	\$ (415,504)	\$ (415,504)
FUND BALANCE - JUNE 1, 2024	<u>4,062,013</u>	<u>4,062,013</u>	<u>4,062,013</u>	
FUND BALANCE - MAY 31, 2025	<u>\$ 4,062,013</u>	<u>\$ 4,062,013</u>	<u>\$ 3,646,509</u>	<u>\$ (415,504)</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50

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

MAY 31, 2025

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2025

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective June 3, 2025.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	\$ 26.00	5,000	N	\$ 1.80 \$ 2.00 \$ 2.40 \$ 2.90	5,001 to 15,000 15,001 to 25,000 25,001 to 35,000 35,001 and up
WASTEWATER:	\$ 43.50	5,000	N	\$ 1.80 \$ 2.00 \$ 2.40 \$ 2.90	5,001 to 15,000 15,001 to 25,000 25,001 to 35,000 35,001 and up
SURCHARGE:	TCEQ Regulatory Assessment		N	0.5% of water and wastewater charges	

District employs winter averaging for wastewater usage?

_____	_____
Yes	X No

Total monthly charges per 10,000 gallons usage: Water: \$35.00 Wastewater: \$52.50 Surcharge: \$0.44 Total: \$87.94

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2025

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>1,689</u>	<u>1,689</u>	x 1.0	<u>1,689</u>
1"	<u>6</u>	<u>6</u>	x 2.5	<u>15</u>
1½"	<u>4</u>	<u>4</u>	x 5.0	<u>20</u>
2"	<u>11</u>	<u>11</u>	x 8.0	<u>88</u>
3"	<u>1</u>	<u>1</u>	x 15.0	<u>15</u>
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	<u><u>1,711</u></u>	<u><u>1,711</u></u>		<u><u>1,827</u></u>
Total Wastewater Connections	<u><u>1,711</u></u>	<u><u>1,711</u></u>	x 1.0	<u><u>1,711</u></u>

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

Gallons billed to customers:	109,829,000	Water Accountability Ratio: 85.5% (Gallons billed/Gallons pumped)
Gallons pumped:	171,456,000	
Leaks and Flushing:	36,825,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
SERVICES AND RATES
FOR THE YEAR ENDED MAY 31, 2025

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

Are Board Members appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2025

PERSONNEL EXPENDITURES (Including Benefits)	<u>\$ 223,679</u>
PROFESSIONAL FEES:	
Auditing	\$ 33,000
Engineering	139,640
Legal	<u>150,447</u>
TOTAL PROFESSIONAL FEES	<u>\$ 323,087</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 82,686
Operations and Billing	94,425
Consent Decree Consultant	13,750
Acting Executive Director	1,500
Solid Waste Disposal	<u>320,463</u>
TOTAL CONTRACTED SERVICES	<u>\$ 512,824</u>
UTILITIES:	
Electricity	\$ 113,412
Telephone	<u>9,077</u>
TOTAL UTILITIES	<u>\$ 122,489</u>
REPAIRS AND MAINTENANCE	<u>\$ 857,403</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 33,000
Election Costs	4,024
Insurance	43,790
Office Supplies and Postage	64,433
Payroll Taxes and Expenses	21,944
Travel and Meetings	16,840
Other	<u>1,946</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 185,977</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED MAY 31, 2025

CAPITAL OUTLAY	<u>\$ 1,180,739</u>
TAP CONNECTIONS	<u>\$ 122,112</u>
OTHER EXPENDITURES:	
Chemicals	\$ 26,952
Laboratory Fees	46,737
Permit Fees	4,053
Inspection Fees	570
SJRA Assessment	50,069
Regulatory Assessment	7,115
Sludge Hauling	69,654
Other	<u>44,285</u>
TOTAL OTHER EXPENDITURES	<u>\$ 249,435</u>
DEBT SERVICE:	
Note Principal	<u>\$ 375,508</u>
TOTAL EXPENDITURES	<u><u>\$ 4,153,253</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
INVESTMENTS
MAY 31, 2025

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexPool	XXXX0001	Varies	Daily	\$ 296,058	\$
TexPool	XXXX0004	Varies	Daily	206,924	
Texas CLASS	XXXX0001	Varies	Daily	<u>3,616,072</u>	
TOTAL GENERAL FUND				<u>\$ 4,119,054</u>	<u>\$ - 0 -</u>
<u>DEBT SERVICE FUND</u>					
TexPool	XXXX0002	Varies	Daily	\$ 140,677	\$
Texas CLASS	XXXX0002			<u>2,143,814</u>	
TOTAL DEBT SERVICE FUND				<u>\$ 2,284,491</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexPool	XXXX0003	Varies	Daily	\$ 3,027,411	\$
Texas CLASS	XXXX0003	Varies	Daily	4,814	
Texas CLASS	XXXX0004	Varies	Daily	35,940	
Texas CLASS	XXXX0005	Varies	Daily	24,609	
Money Market Mutual Fund	XXXX4518	Varies	Daily	<u>1,319,896</u>	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 4,412,670</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 10,816,215</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2025

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
JUNE 1, 2024	\$	454,999	\$	448,787
Adjustments to Beginning				
Balance		<u>(8,193)</u>		<u>(11,383)</u>
	\$	446,806	\$	437,404
Original 2024 Tax Levy	\$	1,311,778	\$	888,777
Adjustment to 2024 Tax Levy		<u>159,036</u>	<u>1,470,814</u>	<u>107,752</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 1,917,620		\$ 1,433,933
TAX COLLECTIONS:				
Prior Years	\$	146,680	\$	136,471
Current Year		<u>1,273,067</u>	<u>1,419,747</u>	<u>862,550</u>
				<u>999,021</u>
TAXES RECEIVABLE -				
MAY 31, 2025		<u>\$ 497,873</u>		<u>\$ 434,912</u>
TAXES RECEIVABLE BY				
YEAR:				
2024	\$	197,747	\$	133,979
2023		79,782		60,671
2022		44,910		34,152
2021		14,959		33,529
2020		12,188		29,420
2019		9,852		23,706
2018		9,235		17,971
2017		14,796		27,646
2016 and prior		<u>114,404</u>		<u>73,838</u>
TOTAL	\$	<u>497,873</u>	\$	<u>434,912</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED MAY 31, 2025

	2024	2023	2022	2021
PROPERTY VALUATIONS:				
Land	\$ 130,118,173	\$ 77,892,543	\$ 84,098,976	\$ 76,643,803
Improvements	150,616,503	166,841,163	143,503,498	105,868,328
Personal Property	12,435,875	10,923,082	12,017,311	10,914,775
Exemptions	(29,655,430)	(8,590,238)	(23,312,208)	(19,719,837)
TOTAL PROPERTY VALUATIONS	\$ 263,515,121	\$ 247,066,550	\$ 216,307,577	\$ 173,707,069
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.374	\$ 0.400	\$ 0.400	\$ 0.65
Maintenance	0.552	0.526	\$ 0.526	0.29
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.926	\$ 0.926	\$ 0.926	\$ 0.94
ADJUSTED TAX LEVY*	\$ 2,467,343	\$ 2,315,030	\$ 2,003,008	\$ 1,632,846
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	86.56 %	93.93 %	96.05 %	97.03 %

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

Maintenance Tax – An unlimited tax rate per \$100 of assessed valuation approved by voters on November 6, 2007.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

S E R I E S - 2 0 0 7

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2026	\$ 95,000	\$ 8,015	\$ 103,015
2027	100,000	5,450	105,450
2028	100,000	2,750	102,750
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 295,000</u>	<u>\$ 16,215</u>	<u>\$ 311,215</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

S E R I E S - 2 0 1 3

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2026	\$ 75,000	\$ 30,746	\$ 105,746
2027	75,000	27,604	102,604
2028	80,000	24,341	104,341
2029	80,000	20,757	100,757
2030	85,000	17,109	102,109
2031	90,000	13,191	103,191
2032	95,000	8,997	103,997
2033	95,000	4,522	99,522
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 675,000</u>	<u>\$ 147,267</u>	<u>\$ 822,267</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

S E R I E S - 2 0 1 5

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2026	\$ 130,000	\$ 26,747	\$ 156,747
2027	130,000	24,486	154,486
2028	135,000	22,067	157,067
2029	135,000	19,370	154,370
2030	140,000	16,562	156,562
2031	140,000	13,538	153,538
2032	145,000	10,416	155,416
2033	150,000	7,080	157,080
2034	150,000	3,570	153,570
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 1,255,000</u>	<u>\$ 143,836</u>	<u>\$ 1,398,836</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

S E R I E S - 2 0 1 6

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2026	\$ 130,000	\$ 20,948	\$ 150,948
2027	130,000	19,454	149,454
2028	135,000	17,776	152,776
2029	135,000	15,914	150,914
2030	140,000	13,984	153,984
2031	140,000	11,912	151,912
2032	145,000	9,770	154,770
2033	145,000	7,478	152,478
2034	150,000	5,114	155,114
2035	150,000	2,596	152,596
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 1,400,000</u>	<u>\$ 124,946</u>	<u>\$ 1,524,946</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2026	\$ 80,000	\$ 53,419	\$ 133,419
2027	80,000	52,066	132,066
2028	85,000	50,627	135,627
2029	85,000	49,012	134,012
2030	85,000	47,311	132,311
2031	90,000	45,544	135,544
2032	90,000	43,627	133,627
2033	95,000	41,664	136,664
2034	95,000	39,527	134,527
2035	100,000	37,333	137,333
2036	100,000	34,972	134,972
2037	105,000	32,563	137,563
2038	105,000	30,000	135,000
2039	110,000	27,407	137,407
2040	110,000	24,668	134,668
2041	115,000	21,896	136,896
2042	115,000	18,986	133,986
2043	120,000	16,065	136,065
2044	120,000	13,005	133,005
2045	125,000	9,934	134,934
2046	130,000	6,721	136,721
2047	130,000	3,367	133,367
2048			
2049			
2050			
	<u>\$ 2,270,000</u>	<u>\$ 699,714</u>	<u>\$ 2,969,714</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

S E R I E S - 2 0 2 0

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2026	25,000	48,995	\$ 73,995
2027	25,000	47,870	72,870
2028	25,000	46,745	71,745
2029	65,000	45,620	110,620
2030	65,000	42,695	107,695
2031	70,000	41,070	111,070
2032	75,000	39,670	114,670
2033	75,000	38,170	113,170
2034	80,000	36,670	116,670
2035	85,000	34,970	119,970
2036	85,000	33,164	118,164
2037	90,000	31,358	121,358
2038	95,000	29,378	124,378
2039	100,000	27,288	127,288
2040	105,000	25,088	130,088
2041	110,000	22,725	132,725
2042	110,000	20,250	130,250
2043	115,000	17,775	132,775
2044	125,000	15,188	140,188
2045	130,000	12,375	142,375
2046	135,000	9,450	144,450
2047	140,000	6,413	146,413
2048	145,000	3,263	148,263
2049			
2050			
	<u>\$ 2,075,000</u>	<u>\$ 676,190</u>	<u>\$ 2,751,190</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

S E R I E S - 2 0 2 1

Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2026	\$ 150,000	\$ 133,813	\$ 283,813
2027	175,000	127,813	302,813
2028	175,000	120,813	295,813
2029	175,000	117,313	292,313
2030	175,000	113,813	288,813
2031	200,000	111,188	311,188
2032	200,000	107,188	307,188
2033	200,000	103,188	303,188
2034	200,000	99,188	299,188
2035	225,000	95,188	320,188
2036	225,000	90,688	315,688
2037	225,000	86,188	311,188
2038	225,000	81,688	306,688
2039	250,000	77,188	327,188
2040	250,000	71,875	321,875
2041	250,000	66,125	316,125
2042	275,000	60,375	335,375
2043	275,000	54,050	329,050
2044	275,000	47,725	322,725
2045	275,000	41,400	316,400
2046	300,000	35,075	335,075
2047	300,000	28,175	328,175
2048	300,000	21,275	321,275
2049	300,000	14,375	314,375
2050	325,000	7,475	332,475
	<u>\$ 5,925,000</u>	<u>\$ 1,913,182</u>	<u>\$ 7,838,182</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
LONG-TERM DEBT SERVICE REQUIREMENTS
MAY 31, 2025

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 685,000	\$ 322,683	\$ 1,007,683
2027	715,000	304,743	1,019,743
2028	735,000	285,119	1,020,119
2029	675,000	267,986	942,986
2030	690,000	251,474	941,474
2031	730,000	236,443	966,443
2032	750,000	219,668	969,668
2033	760,000	202,102	962,102
2034	675,000	184,069	859,069
2035	560,000	170,087	730,087
2036	410,000	158,824	568,824
2037	420,000	150,109	570,109
2038	425,000	141,066	566,066
2039	460,000	131,883	591,883
2040	465,000	121,631	586,631
2041	475,000	110,746	585,746
2042	500,000	99,611	599,611
2043	510,000	87,890	597,890
2044	520,000	75,918	595,918
2045	530,000	63,709	593,709
2046	565,000	51,246	616,246
2047	570,000	37,955	607,955
2048	445,000	24,538	469,538
2049	300,000	14,375	314,375
2050	325,000	7,475	332,475
	<u>\$ 13,895,000</u>	<u>\$ 3,721,350</u>	<u>\$ 17,616,350</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED MAY 31, 2025

Description	Original Bonds Issued	Bonds Outstanding June 1, 2024
Harris County Municipal Utility District No. 50 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2007	\$ 1,500,000	\$ 385,000
Harris County Municipal Utility District No. 50 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2013	1,350,000	745,000
Harris County Municipal Utility District No. 50 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2015	2,460,000	1,380,000
Harris County Municipal Utility District No. 50 Unlimited Tax Bonds - Series 2016	2,470,000	1,525,000
Harris County Municipal Utility District No. 50 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2018	2,770,000	2,345,000
Harris County Municipal Utility District No. 50 Unlimited Tax Bonds - Series 2020	2,200,000	2,100,000
Harris County Municipal Utility District No. 50 Unlimited Tax Bonds - Series 2021	<u>6,200,000</u>	<u>6,075,000</u>
TOTAL	<u><u>\$ 18,950,000</u></u>	<u><u>\$ 14,555,000</u></u>

Bond Authority:	<u>Tax and Revenue Bonds</u>
Amount Authorized by Voters	\$ 38,686,000
Amount Issued	<u>24,285,000</u>
Remaining to be Issued	<u>\$ 14,401,000</u>

See accompanying independent auditor's report.

Current Year Transactions					Paying Agent
Bonds Sold	Retirements		Bonds Outstanding May 31, 2025		
	Principal	Interest			
\$	\$ 90,000	\$ 10,400	\$ 295,000	Wells Fargo Bank N.A. Houston, TX	
	70,000	33,560	675,000	Amegy Bank, N.A. Houston, TX	
	125,000	28,749	1,255,000	Amegy Bank, N.A. Houston, TX	
	125,000	22,236	1,400,000	Amegy Bank, N.A. Houston, TX	
	75,000	54,611	2,270,000	Amegy Bank, N.A. Houston, TX	
	25,000	50,120	2,075,000	Amegy Bank, N.A. Houston, TX	
	<u>150,000</u>	<u>139,813</u>	<u>5,925,000</u>	Amegy Bank, N.A. Houston, TX	
<u>\$ - 0 -</u>	<u>\$ 660,000</u>	<u>\$ 339,489</u>	<u>\$ 13,895,000</u>		

Debt Service Fund cash, investments and cash with paying agent balances as of
May 31, 2025:

\$ 2,402,940

Average annual debt service payment (principal and interest) for remaining term
of all debt:

\$ 704,654

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 1,419,747	\$ 1,222,444	\$ 1,069,011
Water Service	753,252	685,196	672,158
Wastewater Service	1,086,761	1,066,697	1,033,424
Penalty and Interest	37,282	37,554	36,187
Tap Connection and Inspection Fees	113,361	278,709	167,045
Investment Revenues	214,042	196,922	98,182
Miscellaneous Revenues	113,304	79,765	82,171
TOTAL REVENUES	\$ 3,737,749	\$ 3,567,287	\$ 3,158,178
EXPENDITURES			
Professional Fees	\$ 323,087	\$ 220,527	\$ 320,878
Contracted Services	512,824	477,182	453,862
Utilities	122,489	124,721	126,544
SJRA Assessment	50,069	51,198	51,695
Repairs and Maintenance	857,403	1,999,269	478,249
Other	507,455	540,954	515,407
Personnel	223,679	148,492	144,656
Note Principal	375,508	374,291	109,936
Note Interest			
Capital Outlay	1,180,739	309,226	63,185
TOTAL EXPENDITURES	\$ 4,153,253	\$ 4,245,860	\$ 2,264,412
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (415,504)	\$ (678,573)	\$ 893,766
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	\$	\$	\$
Note Proceeds	_____	1,321,777	_____
TOTAL OTHER FINANCING SOURCES (USES)	\$ -0-	\$ 1,321,777	\$ -0-
NET CHANGE IN FUND BALANCE	\$ (415,504)	\$ 643,204	\$ 893,766
BEGINNING FUND BALANCE	4,062,013	3,418,809	2,525,043
ENDING FUND BALANCE	\$ 3,646,509	\$ 4,062,013	\$ 3,418,809

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 514,739	\$ 458,785	38.0 %	34.3 %	33.9 %	20.8 %	19.5 %
699,583	753,042	20.2	19.2	21.3	28.2	31.9
986,270	900,328	29.1	29.9	32.7	39.7	38.1
34,516	7,317	1.0	1.1	1.1	1.4	0.3
162,923	175,983	3.0	7.8	5.3	6.6	7.5
2,832	805	5.7	5.5	3.1	0.1	
80,523	64,653	3.0	2.2	2.6	3.2	2.7
<u>\$ 2,481,386</u>	<u>\$ 2,360,913</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 245,747	\$ 211,098	8.6 %	6.2 %	10.2 %	9.9 %	8.9 %
389,467	327,169	13.7	13.4	14.4	15.7	13.9
120,854	97,076	3.3	3.5	4.0	4.9	4.1
45,735	31,526	1.3	1.4	1.6	1.8	1.3
595,574	351,781	22.9	56.0	15.1	24.0	14.9
507,196	368,255	13.6	15.2	16.3	20.4	15.6
168,379	179,399	6.0	4.2	4.6	6.8	7.6
109,936	109,936	10.0	10.5	3.5	4.4	4.7
	20,000	31.6	8.7	2.0		0.8
<u>\$ 2,182,888</u>	<u>\$ 1,696,240</u>	<u>111.0 %</u>	<u>119.1 %</u>	<u>71.7 %</u>	<u>87.9 %</u>	<u>71.8 %</u>
<u>\$ 298,498</u>	<u>\$ 664,673</u>	<u>(11.0) %</u>	<u>(19.1) %</u>	<u>28.3 %</u>	<u>12.1 %</u>	<u>28.2 %</u>
\$ 43,611	\$					
<u>\$ 43,611</u>	<u>\$ -0-</u>					
\$ 342,109	\$ 664,673					
<u>2,182,934</u>	<u>1,518,261</u>					
<u>\$ 2,525,043</u>	<u>\$ 2,182,934</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2025	2024	2023
REVENUES			
Property Taxes	\$ 999,021	\$ 954,916	\$ 881,900
Penalty and Interest	195,202	133,950	145,968
Investment Revenue	108,382	114,643	68,721
Miscellaneous Revenues	319	124	1,684
TOTAL REVENUES	\$ 1,302,924	\$ 1,203,633	\$ 1,098,273
EXPENDITURES			
Tax Collection Expenditures	\$ 127,269	\$ 84,339	\$ 74,922
Debt Service Principal	660,000	630,000	495,000
Debt Service Interest and Fees	344,239	359,895	368,057
TOTAL EXPENDITURES	\$ 1,131,508	\$ 1,074,234	\$ 937,979
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 171,416	\$ 129,399	\$ 160,294
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$ -0-	\$ -0-	\$ -0-
NET CHANGE IN FUND BALANCE	\$ 171,416	\$ 129,399	\$ 160,294
BEGINNING FUND BALANCE	2,304,999	2,175,600	2,015,306
ENDING FUND BALANCE	\$ 2,476,415	\$ 2,304,999	\$ 2,175,600
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,711	1,779	1,754
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,711	1,779	1,754

***Information was unavailable at time of audit.**

See accompanying independent auditor's report.

		Percentage of Total Revenues				
<u>2022</u>	<u>2021</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
\$ 1,121,070	\$ 1,079,474	76.7 %	79.4 %	80.2 %	87.9 %	90.1 %
126,554	107,137	15.0	11.1	13.3	9.9	8.9
2,184	1,169	8.3	9.5	6.3	0.2	0.1
<u>25,208</u>	<u>9,879</u>			<u>0.2</u>	<u>2.0</u>	<u>0.8</u>
\$ <u>1,275,016</u>	\$ <u>1,197,659</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 70,512	\$ 77,976	9.8 %	7.0 %	6.8 %	5.5 %	6.5 %
480,000	475,000	50.7	52.3	45.1	37.6	39.7
<u>316,574</u>	<u>235,980</u>	<u>26.4</u>	<u>29.9</u>	<u>33.5</u>	<u>24.8</u>	<u>19.7</u>
\$ <u>867,086</u>	\$ <u>788,956</u>	<u>86.9 %</u>	<u>89.2 %</u>	<u>85.4 %</u>	<u>67.9 %</u>	<u>65.9 %</u>
\$ <u>407,930</u>	\$ <u>408,703</u>	<u>13.1 %</u>	<u>10.8 %</u>	<u>14.6 %</u>	<u>32.1 %</u>	<u>34.1 %</u>
\$ <u>72,406</u>	\$ <u>-0-</u>					
\$ 480,336	\$ 408,703					
<u>1,534,970</u>	<u>1,126,267</u>					
\$ <u>2,015,306</u>	\$ <u>1,534,970</u>					
<u>1,704</u>	<u>*</u>					
<u>1,704</u>	<u>*</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2025

District Mailing Address - Harris County Municipal Utility District No. 50
c/o Norton Rose Fulbright US LLP
1301 McKinney, Suite 5100
Houston, TX 77010-3095

District Telephone Number - (713) 651-5151

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended May 31, 2025	Expense Reimbursements for the year ended May 31, 2025	Title
Alice Dangerfield	11/2024 – 11/2028 (Elected)	\$ 5,200	\$ 1,357	President
Simone Wheatfall	11/2024 – 11/2028 (Elected)	\$ 4,000	\$ 1,737	Vice President
Cassandra D. Clark	07/2023 – 11/2026 (Appointed)	\$ 7,400	\$ 1,836	Secretary
Daryl G. Johnson	11/2022 – 11/2026 (Elected)	\$ 6,800	\$ 1,215	Treasurer
Martin Lemond	11/2022 – 11/2026 (Elected)	\$ 6,400	\$ 1,302	Assistant Secretary
Andrew Sonnier	11/2020 – 11/2024 (Elected)	\$ 3,600	\$ 251	Former Director

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

Submission date of most recent District Registration Form: December 9, 2024

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year. During the current fiscal year, one director was inadvertently overpaid their fees of office.

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 50
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
MAY 31, 2025

	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2025</u>	<u>Title</u>
Consultants:			
Norton Rose Fulbright US LLP	09/04/17	\$ 156,471	General Counsel
McCall Gibson Swedlund Barfoot Ellis PLLC	08/07/18	\$ 31,250	Auditor
Artesian Financial Services	06/01/24	\$ 89,446	Bookkeeper
Elite Bookkeeping LLC	04/01/22	\$ 2,718	Former Bookkeeper
Linebarger Heard Goggan Blair & Sampson, L.L.P.	04/02/96	\$ 55,499	Delinquent Tax Attorney
Cobb Fendley & Associates, Inc.	11/01/16	\$ 534,349	Engineer
The GMS Group, L.L.C.	Prior to 2014	\$ -0-	Financial Advisor
Municipal Operations and Consulting, Inc.	01/01/15	\$ 722,907	Operator
San Jacinto Tax Service Co., L.L.C.	01/81	\$ 19,263	Tax Assessor/ Collector
John Hall	Prior to 2013	\$ 13,750	Public Affairs
Daryl G. Johnson	11/18/14	\$ -0-	Investment Officer

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

(To be included in the Final Official Statement, if applicable)