NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

(Harris County, Texas)

PRELIMINARY OFFICIAL STATEMENT

DATED: JUNE 2, 2025

$4,100,000
UNLIMITED TAX BONDS
SERIES 2025

$4,800,000
UNLIMITED TAX PARK BONDS
SERIES 2025A

BIDS DUE: 11:00 A.M., HOUSTON TIME
BONDS AWARDED: 2:00 P.M., HOUSTON TIME
WEDNESDAY, JULY 9, 2025
HOUSTON, TEXAS

RATHMANN & ASSOCIATES

Financial Advisor to the District

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

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 2, 2025

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS (I) IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND (II) IS NOT AN ITEM OF TAX PREFERENCE FOR PURPOSES OF THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" HEREIN, INCLUDING INFORMATION REGARDING POTENTIAL ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS.

The Bonds will be designated "qualified tax-exempt obligations" for financial institutions.

NEW ISSUE - Book-Entry Only

Moody's Investors Service (Underlying) "Baa2"
See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings" herein

NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1
(A Political Subdivision of the State of Texas located within Harris County, Texas)

\$4,100,000	**\$4,800,000**
Unlimited Tax Bonds	**Unlimited Tax Park Bonds**
Series 2025	**Series 2025A**
(the "Series 2025 Bonds")	**(the "Series 2025A Park Bonds")**

Dated: August 1, 2025
Interest Accrual Date: Date of Delivery

Due: September 1, as shown on the inside covers

Principal of the above-described Series 2025 Bonds and Series 2025A Park Bonds (together, the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Houston, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected August 7, 2025) (the "Date of Delivery"), and is payable on March 1, 2026, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of \$5,000 or any integral multiple thereof in fully registered form only.

The Bonds maturing on and after September 1, 2031, are subject to redemption prior to maturity at the option of Northeast Harris County Municipal Utility District No. 1 (the "District"), as a whole or in part, on September 1, 2030, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of \$5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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

See Maturity Schedules on the inside covers

The Series 2025 Bonds constitute the sixteenth series of bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District and the Series 2025A Park Bonds constitute the initial series of bonds issued by the District for the purpose of acquiring and constructing recreational facilities to serve the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District have authorized a total of \$168,000,000 principal amount of bonds for the purpose of acquiring and constructing the System and for refunding bonds issued pursuant to such authorization and \$14,000,000 in bonds for recreational purposes and for refunding bonds issued pursuant to such authorization. Following the issuance of the Bonds, \$119,285,000 principal amount of unlimited tax bonds for the System and refunding such bonds will remain authorized but unissued and \$9,200,000 in bonds for recreational purposes and refunding such bonds will remain authorized but unissued. See "THE BONDS – Issuance of Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment." Neither the State of Texas, the City of Houston, Texas, Harris County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, or Harris County, Texas is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered subject to prior sale, when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about August 7, 2025.

MATURITY SCHEDULE
CUSIP Prefix (a): 66416D

SERIES 2025 BONDS

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
2028	$65,000			
2029	70,000			
2030	70,000			
2031 (c)	75,000			
2032 (c)	80,000			
2033 (c)	85,000			
2034 (c)	90,000			
2035 (c)	90,000			
2036 (c)	95,000			
2037 (c)	95,000			
2038 (c)	100,000			
2039 (c)	105,000			
2040 (c)	110,000			
2041 (c)	105,000			
2042 (c)	110,000			
2043 (c)	115,000			
2044 (c)	120,000			
2045 (c)	120,000			
2046 (c)	125,000			
2047 (c)	130,000			
2048 (c)	135,000			
2049 (c)	140,000			
2050 (c)	140,000			
2051 (c)	145,000			
2052 (c)	155,000			
2053 (c)	155,000			
2054 (c)	1,275,000			

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Series 2025 Bonds Underwriter (as defined herein) take any responsibility for the accuracy of CUSIP numbers.
(b) Information with respect to the initial reoffering yields of the Series 2025 Bonds is the responsibility of the Series 2025 Bonds Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Series 2025 Bonds Underwriter for public offerings, and which subsequently may be changed.
(c) Subject to optional redemption as described on front cover.

MATURITY SCHEDULE
CUSIP Prefix (a): 66416D

SERIES 2025A PARK BONDS

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
2028	$75,000			
2029	80,000			
2030	85,000			
2031 (c)	90,000			
2032 (c)	95,000			
2033 (c)	100,000			
2034 (c)	100,000			
2035 (c)	110,000			
2036 (c)	110,000			
2037 (c)	110,000			
2038 (c)	110,000			
2039 (c)	115,000			
2040 (c)	120,000			
2041 (c)	125,000			
2042 (c)	130,000			
2043 (c)	135,000			
2044 (c)	140,000			
2045 (c)	145,000			
2046 (c)	150,000			
2047 (c)	155,000			
2048 (c)	155,000			
2049 (c)	165,000			
2050 (c)	170,000			
2051 (c)	175,000			
2052 (c)	180,000			
2053 (c)	185,000			
2054 (c)	1,490,000			

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by FactSet Research Systems Inc. on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Series 2025A Park Bonds Underwriter (as defined herein) take any responsibility for the accuracy of CUSIP numbers.

(b) Information with respect to the initial reoffering yields of the Series 2025A Park Bonds is the responsibility of the Series 2025A Park Bonds Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Series 2025A Park Bonds Underwriter for public offerings, and which subsequently may be changed.

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

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor.

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2025 Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by ______________________________________ (referred to herein as the "Series 2025 Bonds Underwriter" or the "Series 2025 Bonds Initial Purchaser") to purchase the Series 2025 Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of __% of the principal amount thereof, which resulted in a net effective interest rate of ___________%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

After requesting competitive bids for the Series 2025A Park Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by ______________________________ (referred to herein as the "Series 2025A Park Bonds Underwriter" or the "Series 2025A Park Bonds Initial Purchaser") to purchase the Series 2025A Park Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of ____________________________________% of the principal amount thereof, which resulted in a net effective interest rate of __________________________%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

The Series 2025 Bonds Underwriter and the Series 2025A Park Bonds Underwriter shall be referred to herein together as the "Underwriter."

Marketability

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 assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market.

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

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

Securities Laws

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

Municipal Bond Insurance and Ratings

Applications have been made to Assured Guaranty Corp. ("AG") and Build America Mutual Assurance Company ("BAM") to issue a commitment for separate municipal bond guaranty insurance policies on each series of the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than Moody's Investors Service, Inc. ("Moody's"), will be at the option and expense of the Underwriter. The Underwriter understands, by submission of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings except the Moody's rating fees as described below. Moody's has assigned an underlying rating of "Baa2" to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on each series of the Bonds, separate rating(s), including a rating by Moody's, may at the election and expense of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody's and the Moody's rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," if the Underwriter elects to purchase municipal bond guaranty insurance on each series of the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

BOND INSURANCE RISK FACTORS

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

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

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

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

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	Northeast Harris County Municipal Utility District No. 1 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."
The Issue...	Northeast Harris County Municipal Utility District No. 1 $4,100,000 Unlimited Tax Bonds, Series 2025 (the "Series 2025 Bonds") and the $4,800,000 Unlimited Tax Park Bonds, Series 2025A (the "Series 2025A Park Bonds") (together referred to herein as the "Bonds"), are dated August 1, 2025. Interest accrues from the Date of Delivery (as defined herein), with interest payable on March 1, 2026, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds mature on September 1 in each of the years and in the amounts shown on the inside cover pages of this Official Statement. The Bonds scheduled to mature on and after September 1, 2031, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2030, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. See "THE BONDS."
Book-Entry-Only System..............................	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").
Source of Payment..	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates." The Bonds are obligations of the District, and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District.

Other Characteristics .... The Bonds are issued in fully registered form, without coupons, in the denomination of $5,000 each, or any integral multiple thereof.

Use of Bond Proceeds .... The proceeds of the sale of the Series 2025 Bonds will be used by the District to (i) make payment to Woodmere Development Co., Ltd., the developer of Edgewood Village and Sheldon Ridge located within the District (defined below under the caption "Developer") for the costs of water, wastewater, and drainage facilities to serve Edgewood Village, Section 10, and Sheldon Ridge, Sections 12 and 13; including Storm Water Pollution Prevention Plans costs, engineering and surveying costs, and geotechnical costs for such projects; (ii) pay engineering, surveying and geotechnical costs for Edgewood water interconnect; (iii) pay interest to the Developer on advances that it has made on behalf of the District; and (iv) pay for administrative and issuance costs, operating expenses, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), a fee to the Attorney General of Texas, engineering fees, and certain financing costs related to the issuance of the $1,925,000 BAN (defined below) and the Series 2025 Bonds. The District will also retire its $1,925,000 Bond Anticipation Note, Series 2024 (the "$1,925,000 BAN"), including payment of principal of and interest thereon, with a portion of the proceeds of the sale of the Series 2025 Bonds. The District utilized the proceeds of the $1,925,000 BAN to interim finance certain of the aforementioned facilities that it is financing with the proceeds of the sale of the Series 2025 Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds – Series 2025 Bonds."

The proceeds of the sale of the Series 2025A Park Bonds will be used by the District to (i) pay for the costs of water, wastewater, and drainage facilities to serve Edgewood Village and Sheldon Ridge Community Parks and Landscaping; Edgewood Village trail landscaping; and Sheldon Ridge Community Park parking lot; including Storm Water Pollution Prevention Plans costs, engineering and surveying costs, and geotechnical costs for such projects; tap fees and land acquisition costs for Sheldon Ridge Park; and (ii) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), a fee to the Attorney General of Texas, engineering fees, and certain financing costs related to the issuance of the BAN (defined below) and the Series 2025A Park Bonds. The District will also retire its $2,650,000 Bond Anticipation Note, Series 2024 (the "$2,650,000 Park BAN"), including payment of principal of and interest thereon, with a portion of the proceeds of the sale of the Series 2025A Park Bonds. The District utilized the proceeds of the $2,650,000 Park BAN to interim finance certain of the aforementioned facilities that it is financing with the proceeds of the sale of the Series 2025A Park Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds – Series 2025A Park Bonds."

Payment Record..	The District has previously issued Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"), Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"), Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds"), Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"), Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds"), Unlimited Tax Bonds, Series 2021 (the "Series 2021 Bonds"), Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 Refunding Bonds"), Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds"), Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and Unlimited Tax Bonds, Series 2024 (the "Series 2024 Bonds") (collectively, the "Prior Bonds"). The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, the principal amount of the Prior Bonds that has not been previously retired by the District is $41,820,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's bonded indebtedness, consisting of the Outstanding Bonds and the Bonds, will be $50,720,000. See "THE BONDS - Outstanding Bonds and Payment Record." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance," and - "Issuance of Additional Debt," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."
Authorized But Unissued Bonds....................	$119,285,000 bonds for waterworks, wastewater and drainage facilities and for refunding such bonds and $9,200,000 for recreational facilities and for refunding such bonds will remain authorized but unissued after issuance of the Bonds. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
Municipal Bond Insurance and Ratings.........	Applications have been made to Assured Guaranty Corp. ("AG") and Build America Mutual Assurance Company ("BAM") to issue a commitment for separate municipal bond guaranty insurance policies on each series of the Bonds. The purchase of such insurance, if available, and payment of all associated costs, including the premium charged by the insurer, and fees charged by any rating companies other than Moody's Investors Service, Inc. ("Moody's"), will be at the option and expense of the Underwriter. The Underwriter understands, by submission

of its bid, that the Underwriter is solely responsible for the selection of any insurer and for all negotiations with (i) the insurer as to the premium to be paid, and (ii) the insurer and any and all rating companies as to selection of such rating companies, the ratings to be assigned the Bonds as a consequence of the issuance of the municipal bond insurance policy, and the payment of fees in connection with such ratings except the Moody's rating fees as described below. Moody's has assigned an underlying rating of "Baa2" to the Bonds. If the Underwriter chooses to purchase municipal bond insurance on each series of the Bonds, separate rating(s), including a rating by Moody's, may at the election and expense of the Underwriter be assigned the Bonds based upon the understanding that upon delivery of the Bonds an insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of both the underlying rating of Moody's and the Moody's rating associated with the insurance policy issued relating to the Bonds, if the latter is elected to be used by the Underwriter. As is stated in this Preliminary Official Statement under the caption "LEGAL MATTERS - No Material Adverse Change," if the Underwriter elects to purchase municipal bond guaranty insurance on each series of the Bonds, the rating of the insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds. See "SALE AND DISTRIBUTION OF THE BONDS - Municipal Bond Insurance and Ratings."

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."

Bond Counsel .... Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS."

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

THE DISTRICT

Description .... The District is a political subdivision of the State of Texas, created by Order of the Texas Water Rights Commission (predecessor to the TCEQ), on July 18, 1978. The District contains approximately 902.78 acres of land. The District is located entirely within Harris County, Texas, approximately 15 miles east/northeast of the central business district of the City of Houston, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The District is comprised of four non-contiguous tracts, two of which are being developed and are expected to be utilized primarily for single-family residential purposes, one of which is expected to be developed for light industrial purposes and one of which has been utilized for commercial development. The Edgewood Village Subdivision ("Edgewood") and Sheldon Ridge Subdivision ("Sheldon Ridge") are the two residential subdivisions, Riverwood ("Riverwood") is the light industrial tract and the Terra Grezza Tract ("Terra Grezza Tract") is the tract that has been utilized for commercial development. See "Development and Home Construction." The two non-contiguous residential subdivisions are served by separate water supply, wastewater treatment and stormwater drainage systems. The Terra Grezza Tract is served by the District and Harris County Municipal Utility District No. 421. The Riverwood tract will be served by private utilities on a separate water and sewer system. See "THE SYSTEM." The District is accessed from the Houston central business district by traveling east on Interstate 10 to Beltway 8 (Sam Houston Tollway), then north approximately 3 miles along Beltway 8 to Old Beaumont Highway (Old US Highway 90) and then east along Old Beaumont Highway. Edgewood and Riverwood have frontage on Old Beaumont Highway, and Sheldon Ridge is located approximately 0.6 miles north of Old Beaumont Highway along Sheldon Road. Additionally, Edgewood has frontage on new State Highway 90. Sheldon Ridge can be accessed off new State Highway 90 by exiting at Sheldon Road and traveling north. The Terra Grezza Tract is located at the northwest corner of US Highway 90 and Beltway 8. The District lies wholly within the Sheldon Independent School District. See "THE DISTRICT - General" and - "Description," and "APPENDIX A - LOCATION MAP."

Authority.. The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."

Development and Home Construction........... As of May 15, 2025, the District contained 1,295 homes, including 39 homes under construction, and 133 vacant fully developed single-family residential lots that are available for home construction. See "BUILDER." According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage/detention facilities and street paving have been completed by Woodmere Development Co., Ltd. ("Woodmere" or the "Developer"), the developer of Edgewood Village and Sheldon Ridge (described below under the caption "Developer") to serve the 1,428 fully developed single-family residential lots located in the subdivisions that have been platted as Edgewood Village, Sections 1A, 1B, and 2 through 10, and Sheldon Ridge, Sections 1 through 13 (a total of approximately 285.95 acres as is delineated in the chart that appears in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION."

Long Lake, Ltd. ("Long Lake"), doing business as Lake Ridge Builders, has constructed and is constructing homes on lots purchased from Woodmere in Edgewood Village and Sheldon Ridge, respectively, as is described below under the caption "Builder" and as is enumerated in the chart that appears in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." BGM Land Investments, Ltd. ("BGM"), owns approximately 231.1 of currently undeveloped land located within the District and Woodmere owns approximately 10.6 acres of currently undeveloped land located within the District which together are expected to be developed into approximately 960 future single-family residential lots. It is currently expected that Woodmere will purchase land from BGM on an as-needed basis with the intention of developing such land into single-family residential lots as development of the District progresses. A 277,794 square foot cold storage facility has been constructed on approximately 15.4 acres of developed land located within the District that are owned by BI CSIM Coldport Owner LLC. Tracts of approximately 223 acres and 82 acres of currently undeveloped land located within the District that are currently expected to be developed for light industrial purposes are owned by McAlister Opportunity Fund and Pescador Partners, Ltd., respectively. However, since no party has any obligation to the District to undertake or complete the development of any of such currently undeveloped land according to any particular timetable or at all, the District cannot represent that the development thereof will be undertaken or completed nor can the District represent that Woodmere will purchase any additional land from BGM. The remaining acres located within the District are contained within storm water drainage/detention facilities, are designated as park/recreational or open spaces, are contained within District plant sites, or are otherwise not available for development. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments," DEVELOPER," "FUTURE DEVELOPMENT" and "TAX DATA - Principal 2024 Taxpayers."

In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

Developer .... The developer of land within the District is Woodmere Development Co., Ltd., a Texas limited partnership ("Woodmere" or the "Developer"), the general partner of which is Woodmere GP, L.L.C., a Texas limited liability company. Woodmere has acquired approximately 285.95 acres of land located in the District from BGM Land Investments, Ltd. ("BGM"), a Texas limited partnership, the general partner of which is G.P. Landvest L.L.C. Woodmere has developed such 285.95 acres into 1,428 fully developed single-family residential lots that have been platted as Edgewood Village, Sections 1A, 1B, and 2 through 10, and Sheldon Ridge, Sections 1 through 13. BGM owns approximately 231.1 of undeveloped land in the District and Woodmere owns approximately 10.6 acres of currently undeveloped land located within the District which together are expected to be developed into approximately 960 future single-family residential lots. It is currently expected that Woodmere will purchase land from BGM on an as-needed basis with the intention of developing such land into single-family residential lots as development of the District progresses. After developing the land, Woodmere sells the developed lots on an as-needed basis to Long Lake, Ltd. ("Long Lake"), a Texas limited partnership that is doing business in the District as Lake Ridge Builders, which has constructed and is constructing homes within the District as is described in the chart that appears in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION" and under the caption "BUILDER."

Builder .... According to Long Lake, homes it is currently constructing in the District in Edgewood Village range in size from approximately 1,506 to 2,785 square feet of living area and in sales price from approximately $269,000 to $400,000; and homes it is currently constructing in the District in Sheldon Ridge range in size from approximately 1,426 to 2,785 square feet of living area and in sales price from approximately $269,000 to $400,000.

Although Long Lake has reported the descriptions of the homes that it is currently constructing in the District under the aforementioned trade name, Lake Ridge Builders (the "Builder"), Long Lake may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2024 Assessed Valuation (As of January 1, 2024) See “TAX DATA” and “TAXING PROCEDURES”	$	376,674,671	(a)
2025 Preliminary Valuation (As of January 1, 2025) See “TAX DATA” and “TAXING PROCEDURES”	$	426,372,114	(b)
Direct Debt:			
Outstanding Bonds	$	41,820,000	
The Bonds		8,900,000	
Total	$	50,720,000	(c)
Estimated Overlapping Debt	$	31,017,755	
Total Direct and Estimated Overlapping Debt	$	81,737,755	
Direct Debt Ratio			
: as a percentage of 2024 Assessed Valuation		13.47	%
: as a percentage of 2025 Preliminary Valuation		11.90	%
Direct and Overlapping Debt Ratio			
: as a percentage of 2024 Assessed Valuation		21.70	%
: as a percentage of 2025 Preliminary Valuation		19.17	%
Debt Service Fund Balance as of May 5, 2025	$	3,847,188	(d)
General Fund Balance as of May 5, 2025	$	3,253,675	
2024 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$	0.68	
Maintenance Tax		0.46	
Total	$	1.14	(e)
Average Percentage of Total Tax Collections (2014-2023) as of April 30, 2025		99.83	%
Percentage of Tax Collections of 2024 Levy as of April 30, 2025 (In process of collection)		98.06	%
Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2054)	$	2,960,251	
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2034)	$	2,979,238	
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2026-2054) at 95% Tax Collections			
Based Upon 2024 Assessed Valuation	$	0.83	
Based Upon 2025 Preliminary Valuation	$	0.74	

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2034) at 95% Tax Collections

Based Upon 2024 Assessed Valuation	$	0.84
Based Upon 2025 Preliminary Valuation	$	0.74

Number of Single Family Residences (including 39 homes that are under construction) 1,295
(See “BUILDER”).

(a) As of January 1, 2024, and comprises the District's 2024 tax roll. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the “Appraisal District”) at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the “Appraisal Review Board”). See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAXING PROCEDURES.”

(b) This amount is the sum of the preliminary values of all taxable property located within the District as of January 1, 2025, as reflected on the District's preliminary 2025 tax roll supplied to the District by the Appraisal District, and includes the preliminary 2025 values resulting from the construction of taxable improvements from January 1, 2024, through December 31, 2024. When the Appraisal District supplies a taxing entity with a preliminary tax roll, such preliminary tax roll does not include personal property values. Therefore, this amount includes the 2024 taxable value of personal property located within the District. The taxable value of personal property on the District’s 2024 tax roll was $10,827,221. The District's ultimate 2025 Assessed Valuation may vary significantly from such preliminary tax roll once the Appraisal Review Board certifies the value thereof for 2025. See “TAXING PROCEDURES.”

(c) See "DISTRICT DEBT." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

(d) Neither Texas law nor the Bond Resolutions require the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2025. The District’s remaining payments for 2025, which are due on September 1, 2025, total $1,396,738. The District’s initial payment on the Bonds is due on March 1, 2026, and consists of interest thereon.

(e) The District levied a debt service tax in the amount of $0.68 per $100 of Assessed Valuation and a maintenance tax of $0.46 per $100 of Assessed Valuation for 2024. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2024 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2024 rate, is $3.264657. Such aggregate levies are higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

$4,100,000	**$4,800,000**
UNLIMITED TAX BONDS	**UNLIMITED TAX PARK BONDS**
SERIES 2025	**SERIES 2025A**

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Northeast Harris County Municipal Utility District No. 1 (the "District") of its $4,100,000 Unlimited Tax Bonds, Series 2025 (the "Series 2025 Bonds") and the $4,800,000 Unlimited Tax Park Bonds, Series 2025A (the "Series 2025A Park Bonds") (together referred to herein as the "Bonds"). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality (the "TCEQ), an election held within the District (see "THE BONDS - Authority for Issuance"), and separate resolutions authorizing issuance of the Bonds (together, the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The Bonds are dated August 1, 2025. Interest accrues from the date of initial delivery (the "Date of Delivery"), at the rates shown on the inside cover pages hereof, with interest payable on March 1, 2026, and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof. The Bonds are fully-registered bonds maturing on September 1 of the years and in the amounts shown under "MATURITY SCHEDULE" on the inside cover pages of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Houston, Texas, or any successor paying agent/registrar (the "Paying Agent," "Paying Agent/Registrar," or "Registrar"). Interest on the Bonds will be payable by check or draft, dated as of the interest payment date, and mailed by the Registrar to Registered Owners as shown on the records of the Registrar ("Registered Owners") at the close of business on the 15th calendar day of the month next preceding the interest payment date (the "Record Date").

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

Record Date

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

Assignments, Transfers and Exchanges

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

Redemption Provisions

Bonds maturing on September 1, 2031, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2030, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

Provision is made in the Bond Resolution for replacement of the Registrar. If the Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Registrar. In order to act as Registrar for the Bonds, any paying agent/registrar selected by the District shall be a national or state banking institution, organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise trust powers, and subject to supervision or examination by federal or state authority.

Authority for Issuance

At an election held within the District on May 12, 2007, the District authorized a total of $168,000,000 bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and for refunding bonds. The Series 2025 Bonds constitute the sixteenth issuance of bonds from such authorization. At an election held within the District on May 12, 2007, the District authorized a total of $14,000,000 bonds for the purpose of acquiring or constructing recreational facilities and for refunding bonds. The Series 2025A Park Bonds constitute the initial issuance of bonds from such authorization. After sale of the Bonds, a total of $119,285,000 principal amount of bonds for facilities and for refunding purposes and a total of $9,200,000 principal amount of bonds for recreational facilities and for refunding purposes will remain authorized but unissued. The Bonds are issued by the District pursuant to the terms and provisions of each Bond Resolution; Article XVI, Section 59 of the Texas Constitution; an order of the TCEQ; and Chapters 49 and 54 of the Texas Water Code, as amended.

Payment Record

The District has previously issued Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"), Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"), Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds"), Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"), Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds"), Unlimited Tax Bonds, Series 2021 (the "Series 2021 Bonds"), Unlimited Tax Refunding Bonds, Series 2021 (the "Series 2021 Refunding Bonds"), Unlimited Tax Bonds, Series 2022 (the "Series 2022 Bonds"), Unlimited Tax Bonds, Series 2023 (the "Series 2023 Bonds") and Unlimited Tax Bonds, Series 2024 (the "Series 2024 Bonds") (collectively, the "Prior Bonds"). The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Before the issuance of the Bonds, the principal amount of the Prior Bonds that has not been previously retired by the District is $41,820,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's bonded indebtedness, consisting of the Outstanding Bonds and the Bonds, will be $50,720,000.

Source of Payment

The Bonds (together with the Outstanding Bonds, as defined herein, and such additional tax bonds as may hereafter be issued by the District) are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, 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, and Registrar fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, on such additional bonds payable from taxes which may be issued, and Registrar 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.

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"), necessary to provide improvements and facilities consistent with the purposes forwhich the District was created. The District's voters have authorized the issuance of $168,000,000 unlimited tax bonds for construction of water distribution, wastewater collection and storm drainage facilities and for refunding such bonds, and $14,000,000 bonds for the purpose of acquiring or constructing recreational facilities and for refunding such bonds, and could authorize additional amounts. Following the issuance of the Bonds, $119,285,000 principal amount of bonds for facilities and for refunding purposes and a total of $9,200,000 principal amount of bonds for recreational facilities and for refunding purposes will remain authorized but unissued. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ.) In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Voters of the District have approved the issuance of $14,000,000 bonds to finance recreational facilities. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park plan and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District. The Series 2025A Park Bonds are the initial issuance of bonds for recreational facilities.

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

Financing Road Facilities

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the TCEQ for "road powers" or calling such an election at this time. Issuance of bonds for roads could dilute the investment security for the Bonds.

No Arbitrage

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

Annexation

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

If the District is annexed, the City of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Consolidation

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

Registered Owners' Remedies

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

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to observe and perform its covenants and obligations to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See “Bankruptcy Limitation to Registered Owners' Rights” below. Certain traditional legal remedies also may not be available.

Bankruptcy Limitation to Registered Owners' Rights

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

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

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

The following is quoted from Section 410.686 of the Texas Water Code, and is applicable to the District:

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

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

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

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

Use and Distribution of Bond Proceeds

The proceeds of the sale of the Series 2025 Bonds will be used by the District to (i) make payment to Woodmere Development Co., Ltd., the developer of Edgewood Village and Sheldon Ridge located within the District (defined below under the caption "Developer") for the costs of water, wastewater, and drainage facilities to serve Edgewood Village, Section 10, and Sheldon Ridge, Sections 12 and 13; including Storm Water Pollution Prevention Plans costs, engineering and surveying costs, and geotechnical costs for such projects; (ii) pay engineering, surveying and geotechnical costs for Edgewood water interconnect; (iii) pay interest to the Developer on advances that it has made on behalf of the District; and (iv) pay for administrative and issuance costs, operating expenses, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), a fee to the Attorney General of Texas, engineering fees, and certain financing costs related to the issuance of the $1,925,000 BAN (defined below) and the Series 2025 Bonds. The District will also retire its $1,925,000 Bond Anticipation Note, Series 2024 (the "$1,925,000 BAN"), including payment of principal of and interest thereon, with a portion of the proceeds of the sale of the Series 2025 Bonds. The District utilized the proceeds of the $1,925,000 BAN to interim finance certain of the aforementioned facilities that it is financing with the proceeds of the sale of the Series 2025 Bonds.

The proceeds of the sale of the Series 2025A Park Bonds will be used by the District to (i) pay for the costs of water, wastewater, and drainage facilities to serve Edgewood Village and Sheldon Ridge Community Parks and Landscaping; Edgewood Village trail landscaping; and Sheldon Ridge Community Park parking lot; including Storm Water Pollution Prevention Plans costs, engineering and surveying costs, and geotechnical costs for such projects; tap fees and land acquisition costs for Sheldon Ridge Park; and (ii) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), a fee to the Attorney General of Texas, engineering fees, and certain financing costs related to the issuance of the $2,650,000 Park BAN (defined below) and the Series 2025A Park Bonds. The District will also retire its $2,650,000 Bond Anticipation Note, Series 2024 (the "$2,650,000 Park BAN"), including payment of principal of and interest thereon, with a portion of the proceeds of the sale of the Series 2025A Park Bonds. The District utilized the proceeds of the $2,650,000 Park BAN to interim finance certain of the aforementioned facilities that it is financing with the proceeds of the sale of the Series 2025A Park Bonds.

Series 2025 Bonds

Construction Costs	**District Share**
A. Developer Contribution Items (a)	
1. Edgewood Village, Section 10 Water, Wastewater and Drainage	$ 521,492
2. Sheldon Ridge, Section 12 Water, Wastewater and Drainage	1,765,424
3. Sheldon Ridge, Section 13 Water, Wastewater and Drainage	459,759
4. Engineering and Surveying	370,542
5. Geotechnical	51,566
6. Storm Water Pollution Prevention Planning	56,479
Total Developer Contribution Items	$3,225,262

B. District Items

Engineering, Surveying & Geotech for Edgewood Water Interconnect	$ 85,000
Total District Items	$ 85,000
TOTAL CONSTRUCTION COSTS	$3,310,262

Non-Construction Costs

1. Legal Fees	$ 117,500
2. Fiscal Agent Fees	82,000
3. Interest	
a. Developer Interest (b)	153,768
b. Bond Anticipation Note Interest	101,063
4. Bond Discount	123,000
5. Bond Issuance Expenses	65,668
6. Bond Anticipation Note Issuance Expenses	57,389
7. Bond Application Report Costs	75,000
8. Attorney General Fee	4,100
9. TCEQ Bond Issuance Fee	10,250
10. Contingencies (c)	0
TOTAL NON-CONSTRUCTION COSTS	$789,738
TOTAL BOND ISSUE REQUIREMENT	$4,100,000

Series 2025A Park Bonds

Construction Costs	**District Share**
A. Developer Contribution Items (a)	
None	
B. District Items	
1. Edgewood Village Community Park and Landscaping	$ 704,794
2. Edgewood Village Trail Landscaping	216,371
3. Sheldon Ridge Community Park Water, Drainage and Parking Lot	282,109
4. Sheldon Ridge Community Park and Landscaping	2,104,802

5.	Engineering & Surveying	339,026
6.	Geotechnical	6,788
7.	Storm Water Pollution Prevention Planning	29,296
8.	Tap Fees	37,190
9.	Land Acquisition Costs	20,946
	Total District Items	$3,741,322
	TOTAL CONSTRUCTION COSTS	$3,741,322

Non-Construction Costs

1. Legal Fees	$ 135,000
2. Fiscal Agent Fees	96,000
3. Interest	
a. Developer Interest (b)	334,551
b. Bond Anticipation Note Interest	139,125
4. Bond Discount	144,000
5. Bond Issuance Expenses	40,817
6. Bond Anticipation Note Issuance Expenses	77,385
7. Bond Application Report Costs	75,000
8. Attorney General Fee	4,800
9. TCEQ Bond Issuance Fee	12,000
10. Contingencies (c)	0
TOTAL NON-CONSTRUCTION COSTS	$1,058,678
TOTAL BOND ISSUE REQUIREMENT	$4,800,000

(a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds.

(b) Represents interest owed the Developer on advances of construction costs and engineering fees and operating expenses made on the District's behalf by the Developer. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the Developer has borrowed funds.

(c) The TCEQ directed that any surplus funds resulting from the sale of bonds at an amount lower than proposed be shown as a contingency line item. The use of these funds is subject to approval by the TCEQ.

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

THE DISTRICT

General

The District is a municipal utility district created by an order of the Texas Water Rights Commission (predecessor to the TCEQ) dated July 18, 1978, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies totally within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the TCEQ and the voters of the District.

The District is required to observe certain requirements of the City of Houston, which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Houston, and filed in the real property records of Harris County. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See “THE SYSTEM.”

Description

The District contains approximately 902.78 acres of land. The District is located entirely within Harris County, Texas, approximately 15 miles east/northeast of the central business district of the City of Houston, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the “City”). The District is comprised of four non-contiguous tracts, two of which are being developed and are expected to be utilized primarily for single-family residential purposes, one of which is expected to be developed for light industrial purposes and one of which has been utilized for commercial development. The Edgewood Village Subdivision (“Edgewood”) and Sheldon Ridge Subdivision (“Sheldon Ridge”) are the two residential subdivisions, Riverwood (“Riverwood”) is the light industrial tract and the Terra Grezza Tract (“Terra Grezza Tract”) is the tract that has been utilized for commercial development. See “DEVELOPMENT AND HOME CONSTRUCTION.” The two non-contiguous residential subdivisions are served by separate water supply, wastewater treatment and stormwater drainage systems. The Terra Grezza Tract is served by the District and Harris County Municipal Utility District No. 421. The Riverwood tract will be served by private utilities on a separate water and sewer system. See “THE SYSTEM.” The District is accessed from the Houston central business district by traveling east on Interstate 10 to Beltway 8 (Sam Houston Tollway), then north approximately 3 miles along Beltway 8 to Old Beaumont Highway (Old US Highway 90) and then east along Old Beaumont Highway. Edgewood and Riverwood have frontage on Old Beaumont Highway, and Sheldon Ridge is located approximately 0.6 miles north of Old Beaumont Highway along Sheldon Road. Additionally, Edgewood has frontage on new State Highway 90. Sheldon Ridge can be accessed off new State Highway 90 by exiting at Sheldon Road and traveling north. The Terra Grezza Tract is located at the northwest corner of US Highway 90 and Beltway 8. The District lies wholly within the Sheldon Independent School District. See “APPENDIX A - LOCATION MAP.”

Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. None of the Directors currently reside within the District.

Name	Position	Term Expires in May
James Moffatt	President	2026
Keith Jaehne	Vice President	2026
Tonya Nunez	Assistant Vice President	2028
Ellen Crocker	Secretary	2026
Edward A. Gaylord	Assistant Secretary	2028

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

Tax Assessor/Collector - The District has engaged Bob Leared Interests, Houston, Texas, as the District's Tax Assessor/Collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris Central Appraisal District and bills and collects such levy.

Utility System Operator - Municipal Operations & Consulting, Inc. is the operator of the District's System.

Consulting Engineers - The District has employed the firm of IDS Engineering Group, Inc., Houston, Texas, as Consulting Engineer in connection with the overall planning activities and the design and construction of the System.

Bookkeeper - The District has engaged McLennan & Associates, L.P. as the District's Bookkeeper.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's auditor for the 2024 fiscal year is McGrath & Co., PLLC, Certified Public Accountants, Houston, Texas. A copy of the District's audited financial statements for the fiscal year ended May 31, 2024, is included as "APPENDIX B" to this Official Statement.

Bond Counsel and General Counsel - Allen Boone Humphries Robinson LLP, Houston, Texas ("Bond Counsel") serves as Bond Counsel to the District. The fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

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

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees paid to the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company search.html.

DEVELOPMENT AND HOME CONSTRUCTION

As of May 15, 2025, the District contained 1,295 homes, including 39 homes under construction, and 133 vacant fully developed single-family residential lots that are available for home construction. See "BUILDER." According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage/detention facilities and street paving have been completed by Woodmere Development Co., Ltd. ("Woodmere" or the "Developer"), the developer of Edgewood Village and Sheldon Ridge (defined below under the caption "DEVELOPER") to serve the 1,428 fully developed single-family residential lots located in the subdivisions that have been platted as Edgewood Village, Sections 1A, 1B, and 2 through 10, and Sheldon Ridge, Sections 1 through 13 (a total of approximately 285.95 acres as is delineated in the chart that appears below. Long Lake, Ltd. ("Long Lake"), doing business as Lake Ridge Builders, has constructed and is constructing homes on lots purchased from Woodmere in Edgewood Village and Sheldon Ridge, respectively, as is described below under the caption "BUILDER" and as is enumerated in the chart that appears in this Official Statement below. BGM Land Investments, Ltd. ("BGM") owns approximately 231.1 of currently undeveloped land located within the District and Woodmere owns approximately 10.6 acres of currently undeveloped land located within the District which together are expected to be developed into approximately 960 future single-family residential lots. It is currently expected that Woodmere will purchase land from BGM on an as-needed basis with the intention of developing such land into single-family residential lots as development of the District progresses. A 277,794 square foot cold storage facility has been constructed on approximately 15.4 acres of developed land located within the District that are owned by BI CSIM Coldport Owner LLC. Tracts of approximately 223 acres and 82 acres of currently undeveloped land located within the District that are currently expected to be developed for light industrial purposes are owned by McAlister Opportunity Fund and Pescador Partners, Ltd., respectively. However, since no party has any obligation to the District to undertake or complete the development of any of such currently undeveloped land according to any particular timetable or at all, the District cannot represent that the development thereof will be undertaken or completed nor can the District represent that Woodmere will purchase any additional land from BGM. The remaining acres located within the District are contained within storm water drainage/detention facilities, are designated as park/recreational or open spaces, are contained within District plant sites, or are otherwise not available for development. See "INVESTMENT CONSIDERATIONS – Factors Affecting Taxable Values and Tax Payments," DEVELOPER," "FUTURE DEVELOPMENT" and "TAX DATA - Principal 2024 Taxpayers."

In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

As of May 15, 2025, the status of lot development and home construction within the District was as follows:

	Lots				Homes				
					Under Construction		Completed		
Subdivision	Fully Developed	Acres	Under Development	Acres	Sold *	Unsold	Sold *	Unsold	Totals
Edgewood Village									
Section 1A	78	15.4			0	0	69	2	71
Section 1B	69	12.2			0	0	69	0	69
Section 2	98	17.7			0	0	98	0	98
Section 3	55	9.0			0	0	55	0	55
Section 4	50	8.0			0	0	50	0	50
Section 5	45	7.4			0	0	45	0	45
Section 6	51	8.8			0	0	51	0	51
Section 7	60	16.4			0	0	60	0	60
Section 8	59	10.7			0	0	56	3	59
Section 9	70	14.7			6	17	47	0	70
Section 10	56	11.3			2	0	0	0	2
Sheldon Ridge									
Section 1	91	18.2			0	0	86	0	86
Section 2	85	15.7			0	0	85	0	85
Section 3	49	7.9			0	0	49	0	49
Section 4	41	6.7			0	0	41	0	41
Section 5	44	6.9			0	0	44	0	44
Section 6	65	15.7			0	0	65	0	65
Section 7	50	18.0			0	0	50	0	50
Section 8	47	13.4			0	0	37	1	38
Section 9	49	9.8			0	0	49	0	49
Section 10	50	11.1			0	0	50	0	50
Section 11	51	8.4			0	0	51	0	51
Section 12	62	12.8			6	8	29	14	57
Section 13	115	22.6			0	0	0	0	0
Totals	1,428	285.95			14	25	1,236	20	1,295

* Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application,approval and inspection. See "BUILDERS."

DEVELOPER

The developer of land within the District is Woodmere Development Co., Ltd., a Texas limited partnership ("Woodmere" or the "Developer"), the general partner of which is Woodmere GP, L.L.C., a Texas limited liability company. Woodmere has acquired approximately 285.95 acres of land located in the District from BGM Land Investments, Ltd. ("BGM"), a Texas limited partnership, the general partner of which is G.P. Landvest L.L.C. Woodmere has developed such 285.95 acres into 1,428 fully developed single-family residential lots that have been platted as Edgewood Village, Sections 1A, 1B, and 2 through 10, and Sheldon Ridge, Sections 1 through 13. BGM owns approximately 231.1 of undeveloped land in the District and Woodmere owns approximately 10.6 acres of currently undeveloped land located within the District which together are expected to be developed into approximately 960 future single-family residential lots. It is currently expected that Woodmere will purchase land from BGM on an as-needed basis with the intention of developing such land into single-family residential lots as development of the District progresses. After developing the land, Woodmere sells the developed lots on an as-needed basis to Long Lake, Ltd. ("Long Lake"), a Texas limited partnership that is doing business in the District as Lake Ridge Builders, which has constructed and is constructing homes within the District as is described in the chart that appears in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION" and under the caption "BUILDER."

BUILDER

According to Long Lake, homes it is currently constructing in the District in Edgewood Village range in size from approximately 1,506 to 2,785 square feet of living area and in sales price from approximately $269,000 to $400,000; and homes it is currently constructing in the District in Sheldon Ridge range in size from approximately 1,426 to 2,785 square feet of living area and in sales price from approximately $269,000 to $400,000.

Although Long Lake has reported the descriptions of the homes that it is currently constructing in the District under the aforementioned trade names, Lake Ridge Builders and Pride Builders (together, the "Builders"), Long Lake may change the types, sizes and sales prices of the homes which it chooses to construct within the District entirely within its discretion, or may suspend home construction activity entirely.

FUTURE DEVELOPMENT

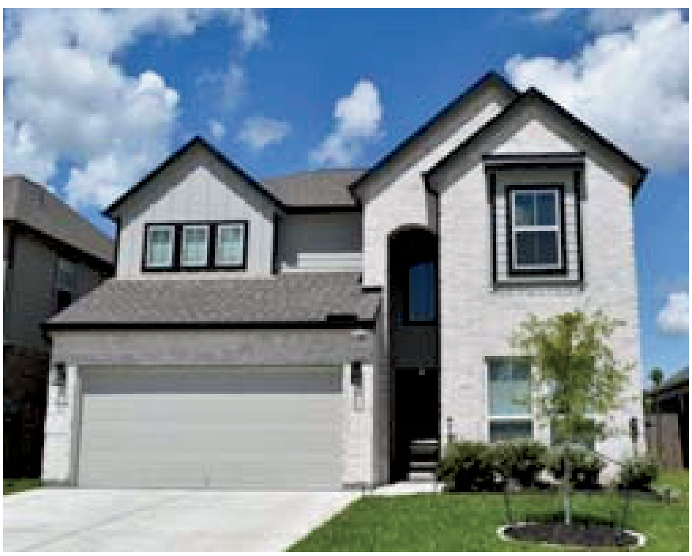
As is described above under the caption "DEVELOPMENT AND HOME CONSTRUCTION," approximately 285.95 acres of the total of approximately 902.8 acres of land located within the District have been developed into 1,428 single-family residential lots, the development of which is complete. BGM owns approximately 231 additional acres of land located within the District and Woodmere owns approximately 10.6 acres of currently undeveloped land located within the District which together are expected to be developed into approximately 960 future single-family residential lots. It is currently expected that Woodmere will purchase land from BGM on an as-needed basis with the intention of developing such land into single-family residential lots as development of the District progresses. Tracts of approximately 223 acres and 82 acres of currently undeveloped land located within the District that are currently expected to be developed for light industrial purposes are owned by McAlister Opportunity Fund and Pescador Partners, Ltd., respectively. Since no party has any obligation to the District to undertake or complete the development of any of such currently undeveloped land according to any particular timetable or at all, the District cannot represent that the development of any of the currently undeveloped land located within the District will be undertaken or completed nor can the District represent that Woodmere will purchase any additional land from BGM. The remaining acres located within the District are contained within storm water drainage/detention facilities, are designated as park/recreational or open spaces, are contained within District plant sites, or are otherwise not available for development. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments," "DEVELOPER," and "TAX DATA - Principal 2024 Taxpayers."

If any undeveloped portion of the District is eventually developed, additions to the water, wastewater and drainage systems required to provide service to such undeveloped acreage may be financed by future issues of the District's bonds. In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM." Based on present engineering cost estimates and on development plans supplied by the Developer, in the opinion of the District's consulting engineer, IDS Engineering Group, Inc. (the "Engineer"), the $119,285,000 authorized but unissued bonds will be adequate to finance the extension of water, wastewater and storm drainage facilities and services to the District to serve all of the remaining undeveloped portions of the District. See "DEVELOPMENT OF THE DISTRICT" and "THE SYSTEM."

AERIAL PHOTOGRAPH OF A PORTION OF THE DISTRICT
(taken June 2025)

AERIAL PHOTOGRAPH OF A PORTION OF THE DISTRICT
(taken June 2025)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2025)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken June 2025)

DISTRICT DEBT

Debt Service Requirement Schedule

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

Year Ending December 31	Current Total Debt Service	Series 2025 Bonds Principal (Due 9/1)	Series 2025 Bonds Interest *	Series 2025A Park Bonds Principal (Due 9/1)	Series 2025A Park Bonds Interest *	Total New Debt Service Requirements
2025	$2,203,341					$2,203,341
2026	2,263,712		$233,188		$273,000	2,769,900
2027	2,372,825		215,250		252,000	2,840,075
2028	2,368,344	$65,000	215,250	$75,000	252,000	2,975,594
2029	2,368,387	70,000	211,838	80,000	248,063	2,978,288
2030	2,368,212	70,000	208,163	85,000	243,863	2,975,238
2031	2,366,712	75,000	204,488	90,000	239,400	2,975,600
2032	2,368,275	80,000	200,550	95,000	234,675	2,978,500
2033	2,367,806	85,000	196,350	100,000	229,688	2,978,844
2034	2,372,912	90,000	191,888	100,000	224,438	2,979,238
2035	2,372,700	90,000	187,163	110,000	219,188	2,979,051
2036	2,375,925	95,000	182,438	110,000	213,413	2,976,776
2037	2,382,450	95,000	177,450	110,000	207,638	2,972,538
2038	2,387,137	100,000	172,463	110,000	201,863	2,971,463
2039	2,389,787	105,000	167,213	115,000	196,088	2,973,088
2040	2,394,206	110,000	161,700	120,000	190,050	2,975,956
2041	2,396,606	105,000	155,925	125,000	183,750	2,966,281
2042	2,402,313	110,000	150,413	130,000	177,188	2,969,914
2043	2,405,938	115,000	144,638	135,000	170,363	2,970,939
2044	2,410,938	120,000	138,600	140,000	163,275	2,972,813
2045	2,418,169	120,000	132,300	145,000	155,925	2,971,394
2046	2,424,500	125,000	126,000	150,000	148,313	2,973,813
2047	2,427,894	130,000	119,438	155,000	140,438	2,972,770
2048	2,435,401	135,000	112,613	155,000	132,300	2,970,314
2049	2,439,250	140,000	105,525	165,000	124,163	2,973,938
2050	2,449,563	140,000	98,175	170,000	115,500	2,973,238
2051	2,456,900	145,000	90,825	175,000	106,575	2,974,300
2052	2,458,313	155,000	83,213	180,000	97,388	2,973,914
2053	2,470,325	155,000	75,075	185,000	87,938	2,973,338
2054		1,275,000	66,938	1,490,000	78,225	2,910,163
	$69,318,841	$4,100,000	$4,525,070	$4,800,000	$5,306,708	$88,050,619

* Interest is estimated at 5.25% per annum for purposes of illustration.

Average Annual Requirements: (2026-2054) $2,960,251
Maximum Annual Requirement: (2034) $2,979,238

Bonded Indebtedness

2024 Assessed Valuation (As of January 1, 2024) See "TAX DATA" and "TAXING PROCEDURES"	$	376,674,671	(a)
2025 Preliminary Valuation (As of January 1, 2025) See "TAX DATA" and "TAXING PROCEDURES"	$	426,372,114	(b)
Direct Debt:			
Outstanding Bonds	$	41,820,000	
The Bonds		8,900,000	
Total	$	50,720,000	(c)
Estimated Overlapping Debt	$	31,017,755	
Total Direct and Estimated Overlapping Debt	$	81,737,755	
Direct Debt Ratio			
: as a percentage of 2024 Assessed Valuation		13.47	%
: as a percentage of 2025 Preliminary Valuation		11.90	%
Direct and Overlapping Debt Ratio			
: as a percentage of 2024 Assessed Valuation		21.70	%
: as a percentage of 2025 Preliminary Valuation		19.17	%
Debt Service Fund Balance as of May 5, 2025	$	3,847,188	(d)
General Fund Balance as of May 5, 2025	$	3,253,675	
2024 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$	0.68	
Maintenance Tax		0.46	
Total	$	1.14	(e)
Average Percentage of Total Tax Collections (2014-2023) as of April 30, 2025		99.83	%
Percentage of Tax Collections of 2024 Levy as of April 30, 2025 (In process of collection)		98.06	%

(a) As of January 1, 2024, and comprises the District's 2024 tax roll. All property located in the District is valued on the tax rolls by the Harris Central Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) This amount is the sum of the preliminary values of all taxable property located within the District as of January 1, 2025, as reflected on the District's preliminary 2025 tax roll supplied to the District by the Appraisal District, and includes the preliminary 2025 values resulting from the construction of taxable improvements from January 1, 2024, through December 31, 2024. When the Appraisal District supplies a taxing entity with a preliminary tax roll, such preliminary tax roll does not include personal property values. Therefore, this amount includes the 2024 taxable value of personal property located within the District. The taxable value of personal property on the District's 2024 tax roll was $10,827,221. The District's ultimate 2025 Assessed Valuation may vary significantly from such preliminary tax roll once the Appraisal Review Board certifies the value thereof for 2025. See "TAXING PROCEDURES."

(c) In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

(d) Neither Texas law nor the Bond Resolutions require the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2025. The District's remaining payments for 2025, which are due on September 1, 2025, total $1,396,738. The District's initial payment on the Bonds is due on March 1, 2026, and consists of interest thereon.

(e) The District levied a debt service tax in the amount of $0.68 per $100 of Assessed Valuation and a maintenance tax of $0.46 per $100 of Assessed Valuation for 2024. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2024 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2024 rate, is $3.264657. Such aggregate levies are higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

Estimated Direct and Overlapping Debt Statement

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

	Debt as of	Estimated Overlapping	
Taxing Jurisdiction	**May 1, 2025**	**Percent**	**Amount**
Harris County	$2,424,019,039	0.05696%	$1,380,764
Harris County Department of Education	28,960,000	0.05696%	16,496
Harris County Flood Control District	968,445,000	0.05696%	551,643
Harris County Hospital District	59,315,000	0.05696%	33,787
Port of Houston Authority	406,509,397	0.05696%	231,555
San Jacinto Community College District	505,569,308	0.42748%	2,161,223
Sheldon Independent School District	514,784,996	5.17542%	26,642,287
Total Estimated Overlapping Debt			$31,017,755
The District (the Bonds and the Outstanding Bonds)			50,720,000
Total Direct & Estimated Overlapping Debt			$81,737,755

Debt Ratios

	% of 2024 Assessed Valuation	% of 2025 Preliminary Valuation
Direct Debt	13.47%	11.90%
Direct and Estimated Overlapping Debt	21.70%	19.17%

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien that is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administration, and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy, and collect ad valorem taxes for operations and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. The District has levied a maintenance tax of $0.46 per $100 of Assessed Valuation in 2024. See "TAX DATA - Maintenance Tax."

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds and the Bonds (see "TAXING PROCEDURES"). The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The District levied a tax for debt service at a rate of $0.68 per $100 of Assessed Valuation for 2024.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$1.50 per $100 Assessed Valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On May 12, 2007, the District voters authorized the levy of such a maintenance tax in an amount not to exceed $1.50 per $100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds and any parity bonds which may be issued in the future. The District has levied a maintenance tax of $0.46 per $100 of Assessed Valuation for 2024.

Reappraisal of Property after Disaster

The Property Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. Neither the District nor Harris County adopted an order to reappraise the property in the District. See "TAXING PROCEDURES - Reappraisal of Property after Disaster" and "INVESTMENT CONSIDERATIONS - Extreme Weather Events."

Historical Values and Tax Collection History

Tax Year	Assessed Valuation	Tax Rate(a)	Adjusted Levy	Cumulative % Collections Current & Prior Years(b)	Cumulative % Collections Year Ended 9/30
2014	$56,050,997	$1.48	$829,555	99.83%	2015
2015	69,584,953	1.48	1,029,857	99.86	2016
2016	88,593,944	1.48	1,311,190	99.86	2017
2017	110,359,955	1.45	1,600,220	99.88	2018
2018	124,674,478	1.45	1,807,780	99.90	2019
2019	159,175,074	1.36	2,164,781	99.86	2020
2020	187,665,060	1.35	2,533,479	99.88	2021
2021	222,211,237	1.34	2,977,631	99.83	2022
2022	268,728,219	1.23	3,305,357	99.71	2023
2023	348,725,528	1.14	3,975,471	99.73	2024
2024	376,674,671	1.14	4,294,091	98.06(c)	2025

(a) Per $100 of Assessed Valuation.
(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through April 30, 2025. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.
(c) As of April 30, 2025. In process of collection.

Tax Rate Distribution

	2024	2023	2022	2021	2020
Debt Service	$0.68	$0.68	$0.68	$0.66	$0.66
Maintenance	0.46	0.46	0.55	0.68	0.69
Total	$1.14	$1.14	$1.23	$1.34	$1.35

Analysis of Tax Base

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

Type of Property	2024 Assessed Value	%	2023 Assessed Value	%	2022 Assessed Value	%
Land	$78,330,634	20.80%	$74,127,319	21.26%	$62,750,864	23.35%
Improvements	305,730,888	81.17%	301,054,564	86.33%	226,102,571	84.14%
Personal Property	10,826,972	2.87%	3,331,267	0.96%	3,197,550	1.19%
Exemptions	(18,213,823)	-4.84%	(29,787,622)	-8.54%	(23,322,766)	-8.68%
Total	$376,674,671	100.00%	$348,725,528	100.00%	$268,728,219	100.00%

Type of Property	2021 Assessed Value	%	2020 Assessed Value	%
Land	$55,577,825	25.01%	$54,064,600	28.81%
Improvements	168,352,808	75.76%	136,024,910	72.48%
Personal Property	2,220,896	1.00%	1,633,513	0.87%
Exemptions	(3,940,292)	-1.77%	(4,057,963)	-2.16%
Total	$222,211,237	100.00%	$187,665,060	100.00%

Principal 2024 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2024. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2024.

Property Owner	Property Description	2024 Taxable Value	% of 2024 Tax Roll
BI CSIM Coldport Owner LLC	Land and Improvements	$37,379,339	9.92%
Pescador Partners, Ltd.	Land and Improvements	8,864,855	2.35%
BGM Land Investments, Ltd. (a)	Land and Improvements	4,461,138	1.18%
McAlister Opportunity Fund 2012	Land	2,767,120	0.73%
Lineage Logistics	Personal Property	2,183,814	0.58%
Woodmere Development Co. (a)	Land and Improvements	1,661,119	0.44%
Centerpoint Energy Houston	Personal Property	1,492,030	0.40%
Goodpop	Personal Property	1,157,055	0.31%
Long Lake, Ltd. (b)	Land, Improvements and Personal Property	1,041,074	0.28%
Camerican International	Personal Property	947,634	0.25%
		$61,955,178	16.45%

(a) See “DEVELOPER.”
(b) See “BUILDER.”

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2024 Assessed Valuation or the 2025 Preliminary Valuation. The calculations assume collection of 95% of taxes levied, no use of funds on hand, and the sale of no bonds by the District other than the Outstanding Bonds and the Bonds.

Average Annual Debt Service Requirements (2026-2054) $2,960,251

Tax Rate of $0.83 on the 2024 Assessed Valuation ($376,674,671) produces $2,970,080
Tax Rate of $0.74 on the 2025 Preliminary Valuation ($426,372,114) produces $2,997,396

Maximum Annual Debt Service Requirement (2034) $2,979,238

Tax Rate of $0.84 on the 2024 Assessed Valuation ($376,674,671) produces $3,005,864
Tax Rate of $0.74 on the 2025 Preliminary Valuation ($426,372,114) produces $2,997,396

The District levied a debt service tax of $0.68 per $100 of Assessed Valuation, plus a maintenance tax of $0.46 per $100 of Assessed Valuation for 2024. As the above table indicates, the 2024 debt service rate is not sufficient to pay the Average Annual and Maximum Annual debt service on the Bonds and the Outstanding Bonds, assuming taxable values in the District at the level of the 2025 Preliminary Valuation, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, the District's Debt Service Fund balance was $3,847,188 as of May 5, 2025. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in “APPENDIX B - FINANICAL REPORT ” that is appended to this

Official Statement. In addition, as is illustrated above under the caption "Historical Values and Tax Collection History," as of April 30, 2025, the District had collected an average annual percentage of its property taxes of 99.83% for the period 2014 through 2023, and its 2024 tax levy, which was in the process of collection, was 98.06% collected as of such date. Therefore, the District anticipates that it will be able to meet its debt service requirements on the Bonds and the Outstanding Bonds without increasing the District's debt service tax rate above the rate which it levied for 2024 - $0.68 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX PROCEDURES." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," and "THE SYSTEM."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2024 taxes levied upon property located within the District and the District's 2024 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Taxing Jurisdiction	2024 Tax Rate/$100
The District *	$1.140000
Harris County	0.385290
Harris County Department of Education	0.004799
Harris County Flood Control District	0.048970
Harris County Hospital District	0.163480
Port of Houston Authority	0.006150
San Jacinto Community College District	0.154868
Sheldon Independent School District	1.255200
Harris County Emergency Services District No. 60	0.075900
Harris County Emergency Services District No. 2	0.030000
Total Tax Rate	$3.264657

* The District levied a total tax of $1.14 per $100 of Assessed Valuation for 2024, consisting of a debt service tax of $0.68 per $100 of Assessed Valuation and a maintenance tax of $0.46 per $100 of Assessed Valuation.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Outstanding Bonds and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully above under "THE BONDS - Source of Payment." Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See "TAX DATA - Maintenance Tax" and - "Tax Rate Distribution."

Property Tax Code and County-wide Appraisal District

Title I 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 within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Harris Central Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Harris County, including the District. Such appraisal values will be subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board").

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

Tax Payment Installments After Disaster

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

Additionally, the Property Tax Code authorizes a taxing jurisdiction such as the District, solely at the 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.

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 certain disabled persons 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 twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. 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, 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 to be transferred to a subsequent residence homestead of the surviving spouse.

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. See "TAX DATA - Exemptions."

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which 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 for all prior and subsequent years.

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and 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. Developers in the District have waived their 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 the orders of the Appraisal Review Boards 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 Districts to compel compliance with the Property Tax Code.

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area or emergency area and whose property has been damaged as a direct result of the disaster, 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.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2024 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developing District.

Additional Penalties

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

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 taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each local taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by 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.

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 (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS -Tax Collection Limitations."

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

THE SYSTEM

Regulation

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

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 902.78 acres is approximately 4,420.

Description

The District is comprised of two non-contiguous residential subdivisions, one non-contiguous light industrial tract and one non-contiguous commercial tract. Edgewood Village and Sheldon Ridge are the residential subdivisions, Riverwood is the light industrial tract and the Terra Grezza Tract is the commercial tract. Both of the residential subdivisions are served by a separate water supply, wastewater treatment, and stormwater drainage system. Water and wastewater service will be provided to the Terra Grezza Tract by the Edgewood Village system. The Riverwood tract will be served by private utilities on a separate water and sewer system.

Water Supply

Edgewood Village and Terra Grezza Tract

The source of water supply for Edgewood Village and the Terra Grezza Tract is treated surface water purchased from Harris County Municipal Utility District No. 421 ("MUD 421") pursuant to the "Agreement for Payment of Costs and Use of Water Supply Facilities" dated as of May 22, 2006, and the Joint Financing, Construction, Use and Maintenance Agreement dated as of July 25, 2008 (the "421 Agreements"), as amended, which will ultimately provide the District a total of 1,270 ESFCs of water supply, storage and repressurization capacity for Edgewood and the Terra Grezza Tract.

MUD 421 has completed construction of approximately 14,000 feet of 16-inch transmission main from a City of Houston take point to the site of the MUD 421 Repressurization Plant. The District participated in the cost of this pipeline and the engineering and construction costs for the MUD 421 Repressurization Plant with portions of the proceeds of the sale of the Prior Bonds. The District has constructed a separate 16-inch transmission main to transport the purchased water from MUD 421 to Edgewood Village. A portion of the cost of such transmission main was financed with a portion of the proceeds of the sale of the Prior Bonds. A portion of the costs of a 16-inch waterline and 12-inch wastewater force main, and detention facilities were financed with a portion of the proceeds of the sale of the Prior Bonds.

The 421 Agreements specify that the District has been provided a total of 1,270 ESFCs of water supply, storage and repressurization capacity for Edgewood Village and the Terra Grezza Tract.

Sheldon Ridge

The water source for Sheldon Ridge is groundwater purchased from Sheldon Road Municipal Utility District ("Sheldon Road MUD") pursuant to the "Second Amendment to Utility Functions and Services Allocation Agreement" dated March 4, 2019, as supplemented (the "Sheldon Road Agreement"). Sheldon Road MUD receives surface water from the North Channel Water Authority, which purchases treated surface water from the City of Houston. Furthermore, Sheldon Road MUD is served by four water supply wells which have a permitted capacity of 3,741 ESFCs.

Sheldon Road MUD currently provides water supply capacity for 1,250 ESFCs. The District's current commitment from the Sheldon Road MUD will serve 738 ESFCs.

Riverwood

The Riverwood tract will be served by private utilities on a separate water and sewer system.

Water Line Interconnections

Edgewood Village and Terra Grezza Tract

The District has a water line interconnection with the City of Houston system through the MUD 421 Water Transmission Line. The District has a water line interconnection agreement with Harris County Municipal Utility District No. 285.

Sheldon Ridge

The District has a water line interconnection for Sheldon Ridge through its two metered connections to the Sheldon Road MUD water distribution system. Sheldon Road MUD has three water wells, and thus satisfies TCEQ rules regarding a second source of groundwater supply.

Riverwood

The District does not anticipate having a water line interconnection with a third party for Riverwood.

Wastewater Treatment

Edgewood Village and Terra Grezza Tract

Wastewater treatment for Edgewood Village is provided by the District's 250,000 gallons-per-day ("gpd") Phase 2 Edgewood Wastewater Treatment Plant ("WWTP"). The plant permit for such facility authorizes interim discharges 250,000 gpd, and a final discharge of 400,000 gpd. On April 30th, 2019, the TCEQ approved a rerating and flow per connection of the WWTP. The total rerated flow at the plant is 80,423 gal/day. The rerated flow per connection is 160 gal/day/ESFC with a total plant capacity of 1,563 ESFCs. The cost of the facility was financed with a portion of the proceeds of the sale of the Prior Bonds.

Sheldon Ridge

Wastewater treatment for Sheldon Ridge is provided by Sheldon Road MUD pursuant to the Sheldon Road Agreement. Sheldon Road MUD is served by two wastewater treatment plants ("WWTP"), Sheldon Woods WWTP and Rolling Hills WWTP. The Rolling Hills plant provides service to District customers in Sheldon Ridge. The Rolling Hills WWTP has a capacity of 220,000 pgd, and can serve 733 ESFCs at 300 gpd/ESFC. The District's current commitment from the Sheldon Road MUD will serve 738 ESFCs in Sheldon Ridge. The District financed the cost of improvements to the WWTP with a portion of the proceeds of the sale of the Prior Bonds.

Riverwood

The Riverwood tract may be served by a separate water supply, wastewater treatment and stormwater drainage system or by private utilities on a separate water and sewer system.

Storm Water Drainage

Storm water drainage for the District is collected by curb and gutters served by underground lines. In Edgewood Village, Section 1 the lines outfall into an existing Texas Department of Transportation drainage system. The remainder of Edgewood Village's storm water will outfall to a detention basin and then to Carpenter's Bayou. Storm water in Sheldon Ridge outfalls to an onsite drainage channel, then to a detention basin and finally to the San Jacinto River by way of a Harris County Flood Control ditch. Riverwood's stormwater will outfall to the San Jacinto River by way of an onsite drainage channel and detention pond.

100-Year Flood Plain

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

Atlas 14: The National Weather Service has 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.

Edgewood Village and Terra Grezza Tract

According to the District's Engineer, approximately 38.9 acres of the approximately 198.1 acres that are contained within Edgewood Village are within the current 100-year flood plain as is delineated on the current Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map ("FIRM") for Harris County, Map No. 48201C0710M, dated January 6, 2017. It is anticipated that approximately 110.6 of the approximately 38.9 acres located within the 100-year FEMA flood plain will be filled and removed from the flood plain for use as future single-family residential development and the remaining approximately 20.9 acres will be used for the stormwater detention basin and the Edgewood wastewater treatment plant. All treatment facilities will be located above and protected from the 100-year water surface elevation.

According to the District's Engineer, approximately 9.95 acres of the approximately 22.5 acres that are contained within the Terra Grezza Tract were located within the current 100-year flood plain as is delineated on the current FEMA FIRM for Harris County, Map No. 48201C0710M, dated January 6, 2017. 2.0 acres of the approximately 9.95 acres located within the 100-year FEMA flood plain were filled and removed from the flood plain and are being used for commercial development and the remaining approximately 7.95 acres are being used for the stormwaterdetention basin to serve this tract.

Sheldon Ridge

According to the District's Engineer, no portion of the approximately 378.7 acres that are contained within Sheldon Ridge is located within the current 100-year flood plain as is delineated on the current FEMA FIRM for Harris County, Map Nos. 48201C0520L and 48201C0710M, dated June 18, 2007 and January 6, 2017.

Riverwood

According to the District's Engineer, approximately 25.4 acres of the approximately 303.5 acres that are contained within Riverwood are located within the current 100-year flood plain as is delineated on the current FEMA FIRM for Harris County, Map No. 48201C0730M, dated January 6, 2017.

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing and commercial industries. New construction can be significantly affected by factors such as interest rates, construction costs, credit availability, energy availability and cost, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Fluctuations in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see "Potential Effects of Oil Price Volatility on the Houston Area" below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although development of the District has occurred to date as described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," and "DEVELOPER," the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date.

National Economy: The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although development of the District has occurred to date as described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," and "DEVELOPER," the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing market or in the national housing and financial markets may have on the Houston market generally and the District specifically, or the maintenance of assessed values in the District.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on homebuilding and commercial development activity, particularly short-term interest rates at which homebuilders are able to finance the construction of new homes for sale and at which commercial developers are able to finance new commercial buildings. Interest rate levels may affect the ability of homebuilders to initiate the construction of new homes for sale and of commercial developers to initiate the construction of new commercial buildings. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued home and commercial construction within the District. In addition, since the District is located approximately 15 miles east/northeast of the central business district of the City of Houston, the growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and decline in real estate and financial markets in the United States could adversely affect homebuilding plans or the construction of new commercial buildings in the District and restrain the growth of the District's property tax base.

Developer/Landowner/Builder Obligation to the District: The ability of BI CSIM Coldport Owner LLC, which owns property within the District which is 9.92% of the District's 2024 tax roll; BGM, Woodmere, and Long Lake (defined in this Official Statement under the caption "DEVELOPER"), which own property within the District aggregating 1.93% of the District's 2024 tax roll; or any other principal taxpayer within the District to make full and timely payments of taxes levied against their property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. See "TAX DATA - Principal 2024 Taxpayers." There is no commitment by or legal requirement of Woodmere or any other developer to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of the Builder (see "BUILDER") or any other home building company to proceed at any particular pace with the construction of homes in the District, and there is no restriction on any land owner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See "FUTURE DEVELOPMENT."

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The District's 2024 Assessed Valuation is $376,674,671. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be $2,979,238 (2034) and the Average Annual Debt Service Requirements will be $2,960,251 (2026 through 2054, inclusive). Assuming no increase to nor decrease from the 2024 Assessed Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, tax rates of $0.84 and $0.83 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The District's 2025 Preliminary Valuation is $426,372,114. Assuming no increase to nor decrease from the 2025 Preliminary Valuation, no use of funds on hand, and the issuance of no additional bonds by the District, a tax rate of $0.74 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements.

The District levied a debt service tax of $0.68 per $100 of Assessed Valuation, plus a maintenance tax of $0.46 per $100 of Assessed Valuation for 2024. As the above table indicates, the 2024 debt service rate is not sufficient to pay the Average Annual and Maximum Annual debt service on the Bonds and the Outstanding Bonds, assuming taxable values in the District at the level of the 2025 Preliminary Valuation, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, the District's Debt Service Fund balance was $3,847,188 as of May 5, 2025. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B - FINANICAL REPORT " that is appended to this Official Statement. In addition, as is illustrated under the caption "TAX DATA - Historical Values and Tax Collection History," as of April 30, 2025, the District had collected an average annual percentage of its property taxes of 99.83% for the period 2014 through 2023, and its 2024 tax levy, which was in the process of collection, was 98.06% collected as of such date. Therefore, the District anticipates that it will be able to meet its debt service requirements on the Bonds and the Outstanding Bonds without increasing the District's debt service tax rate above the rate which it levied for 2024 - $0.68 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX PROCEDURES." In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "DISTRICT DEBT - Debt Service Requirement Schedule," "THE SYSTEM" and "Future Debt" below.

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2024 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's rate, is $3.264657 per $100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two years of foreclosure. 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.

Registered Owners' Remedies and Bankruptcy

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

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

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

The District reserved in the Bond Resolution the right to issue the remaining $119,285,000 unlimited tax bonds authorized but unissued for waterworks, wastewater and drainage facilities and for refunding such bonds, $9,200,000 unlimited tax bonds authorized but unissued bonds for recreational facilities and for refunding such bonds, and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. All of the remaining $119,285,000 bonds described above for waterworks, wastewater and drainage facilities and of such $9,200,000 bonds for recreational facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $119,285,000 bonds for waterworks, wastewater and drainage facilities and of such $9,200,000 bonds for recreational facilities is also subject to TCEQ authorization. In addition to the components of the System that the District has financed with the proceeds of the sale of the Prior Bonds and the components of the System and recreational facilities it is financing with the proceeds of the sale of the Bonds, the District expects to finance the acquisition or construction of additional components of the System and recreational facilities, and other items, with portions of the proceeds of the sale of bonds, if any, to be issued by the District in the future. 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. Further, if the District issues bonds payable from taxes for parks and recreational facilities, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt,” “DISTRICT DEBT - Debt Service Requirement Schedule,” and “THE SYSTEM.”

The District's Engineer currently estimates that the aforementioned $119,285,000 authorized bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities to provide service to all of the currently undeveloped portions of the District. See “Maximum Impact on District Tax Rates” above, “THE BONDS,” “DEVELOPMENT AND HOME CONSTRUCTION,” “FUTURE DEVELOPMENT” and “THE SYSTEM.” 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.”

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[s] or homebuilder[s] in the District to estimate costs. The federal administration's immigration policies may additionally impact the State's workforce, particularly in construction. Mass deportations or immigration policies that make it challenging for foreign workers to work in the United States may result in labor shortages that impact the Developer's ability to construct utility and road facilities and a homebuilder's ability to construct homes within the District. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact existing values. The District makes no representations regarding the probability of development or homebuilding continuing in a timely manner or the effects that current or future economic or governmental circumstances may have on any plans of the Developer or Builder.

Competitive Nature of Houston Residential Housing Markets

The housing industry in the Houston metropolitan area is very competitive, and the District can give no assurance that the building programs which are planned by Long Lake, which is constructing homes within the District under the trade name Lake Ridge Builders (see "BUILDER") or any future home builder(s) will be continued or completed. The respective competitive positions of Woodmere (see "DEVELOPER"), and any other developer(s) which might attempt future development projects in the District in the sale of developed lots or Lake Ridge Builders or any other home builder(s) which might attempt future home building projects in the District in the construction and sale of single-family residential units are affected by most of the factors discussed in this section, and such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Extreme Weather Events

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

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

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

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

Potential Effects of Oil Price Volatility on the Houston Area

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

2025 Legislative Session

The 89th Regular Legislative Session convened on January 14, 2025 and concluded on June 2, 2025. The Governor of Texas has called a special session to convene on July 21, 2025. The Governor of Texas may call additional special sessions, at the Governor's discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, elections, and other matters which could adversely affect the District and also affect the marketability or market value of the Bonds. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions. While the enactment of future legislation in Texas could adversely affect the financial condition or operations of the District, the District does not anticipate that the security for payment of the Bonds, specifically, the District's obligation to levy an unlimited annual ad valorem tax, would be adversely affected by any such legislation.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified 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 binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel for the District, to a like effect. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Bond Counsel's opinion also will address the matters described below under "TAX MATTERS."

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for information under the subheadings "Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT - Authority" and - "Bond Counsel," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein, and conforms to the provisions of the order of the TCEQ approving the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson 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 the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

The 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

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

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

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds (i) is excludable from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) is not an item of tax preference for purposes of the alternative minimum tax on individuals.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code that affect the excludability of interest on the Bonds from gross income for federal income tax purposes and, in addition, will rely on representations by the District and other parties involved with the issuance of the Bonds with respect to matters solely within the knowledge of the District and such parties, which Bond Counsel has not independently verified. If the District fails to comply with the covenants in the Bond Resolution or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

Bond Counsel will express no opinion as to the amount or timing of interest on the Bonds or, except as stated above, any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership or disposition of, the Bonds. Certain actions may be taken or omitted subject to the terms and conditions set forth in the Bond Resolution upon the advice or with the approving opinion of Bond Counsel. Bond Counsel will express no opinion with respect to Bond Counsel's ability to render an opinion that such actions, if taken or omitted, will not adversely affect the excludability of interest of the Bonds from gross income for federal income tax purposes.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer, and the Owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds, regardless of the ultimate outcome of the audit.

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 2025.

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

Additional Federal Income Tax Considerations

<u>Collateral Tax Consequences:</u> Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences, including but not limited those noted below. Therefore, prospective purchasers of the Bonds should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the Bonds.

An "applicable corporation" (as defined in section 59(k) of the Code) may be subject to a 15 percent alternative minimum tax imposed under section 55 of the Code on its "adjusted financial statement income" (as defined in section 56A of the Code) for such taxable year. Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted financial statement income," ownership of the Bonds could subject certain corporations to alternative minimum tax consequences.

Ownership of tax-exempt obligations also may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds.

Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

<u>Tax Accounting Treatment of Original Issue Premium:</u> If the issue price of any maturity of the Bonds exceeds the stated redemption price payable at maturity of such Bonds, such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Premium Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

<u>Tax Accounting Treatment of Original Issue Discount:</u> If the issue price of any maturity the Bonds is less than the stated redemption price payable at maturity of such Bonds (the "OID Bonds"), the difference between (i) the amount payable at the maturity of each OID Bond, and (ii) the initial offering price to the public of such OID Bond constitutes original issue discount with respect to such OID Bond in the hands of any owner who has purchased such OID Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such OID Bond equal to that portion of the amount of such original issue discount allocable to the period that such OID Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations – Collateral Tax Consequences" and "—Tax Legislative Changes" generally apply and should be considered in connection with the discussion in this portion of the Official Statement.

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

The foregoing discussion assumes that (i) the Underwriter has purchased the Bonds for contemporaneous sale to the public and (ii) all of the OID Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover pages of this Official Statement. Neither the District nor Bond Counsel has made any investigation or offers any assurance that the OID Bonds will be offered and sold in accordance with such assumptions.

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

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of OID Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of OID Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such OID Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such OID Bonds.

Tax Legislative Changes: Current law may change so as to directly or indirectly reduce or eliminate the benefit of the excludability of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any recently enacted, proposed, pending or future legislation.

OFFICIAL STATEMENT

General

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

The District's financial statements for the fiscal year ended May 31, 2024, were audited by McGrath & Co., PLLC, Certified Public Accountants, and have been included herein as "APPENDIX B." McGrath & Co., PLLC, Certified Public Accountants, has agreed to the publication of such financial statements in this Official Statement.

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE BONDS - Use and Distribution of Bond Proceeds," "THE DISTRICT" and "THE SYSTEM" has been provided by IDS Engineering Group, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "DISTRICT DEBT" and "TAX DATA" was provided by Bob Leared Interests and the Appraisal District. Such information has been included herein in reliance upon Bob Leared Interests' authority as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

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

Official Statement "Deemed Final"

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

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," and in "APPENDIX B." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025. The District will provide the updated information to the MSRB or any successor to its functions as a repository.

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

The District's current fiscal year end is May 31. Accordingly, it must provide updated information by November 30, in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determination of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

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

This Official Statement was approved by the Board of Directors of Northeast Harris County Municipal Utility District No. 1 as of the date shown on the first page hereof.

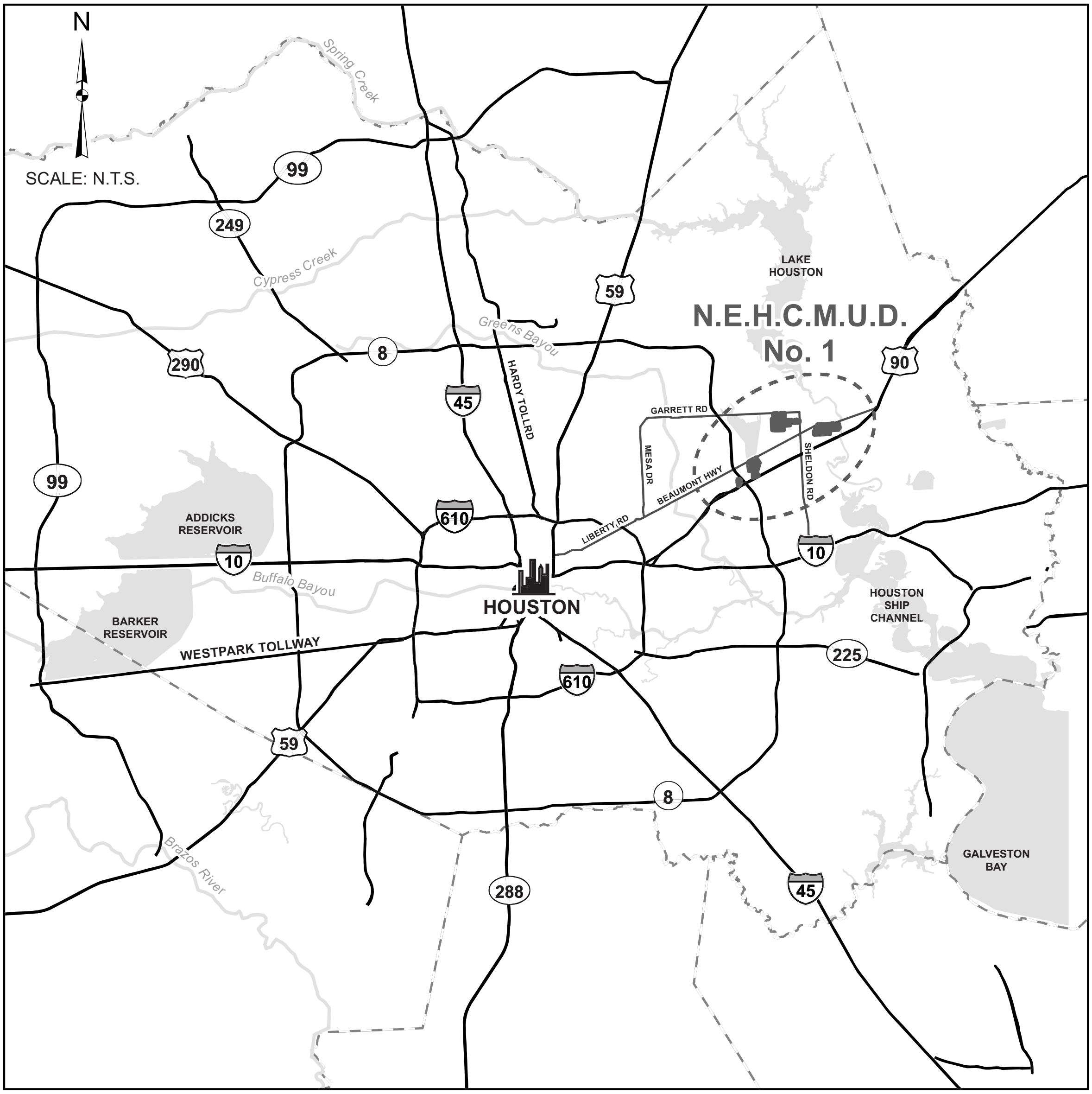
President, Board of Directors
Northeast Harris County Municipal Utility District No. 1

ATTEST:

Secretary, Board of Directors
Northeast Harris County Municipal Utility District No. 1

APPENDIX A

LOCATION MAP



HARRIS COUNTY AREA MAP

LOCATION MAP
OF
NORTHEAST HARRIS COUNTY
M.U.D. No. 1
HARRIS COUNTY, TEXAS
JULY 2017

IDS Engineering Group
13430 NW. Freeway, Suite 700 Houston, Texas 77040 Phone: 713-462-3178 TBPE F-002726 | TBPLS 10110700

APPENDIX B

NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

HARRIS COUNTY, TEXAS

FINANICAL REPORT

MAY 31, 2024

NORTHEAST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 1

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

May 31, 2024

Table of Contents

McGRATH & CO., PLLC
Certified Public Accountants
2900 North Loop West, Suite 880
Houston, Texas 77092

Independent Auditor's Report

Board of Directors
Northeast Harris County Municipal Utility District No. 1
Harris County, Texas

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Northeast Harris County Municipal Utility District No. 1 (the "District"), as of and for the year ended May 31, 2024, 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 Northeast Harris County Municipal Utility District No. 1, as of May 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

McGrath & Co, PLLC

Houston, Texas
October 7, 2024

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Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Northeast Harris County Municipal Utility District No. 1 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2024. This analysis should be read in conjunction with the independent auditor's report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at May 31, 2024, was negative $7,254,998. A comparative summary of the District's overall financial position, as of May 31, 2024 and 2023, is as follows:

	2024	2023
Current and other assets	$ 8,677,001	$ 6,235,833
Capital assets	27,540,485	24,867,145
Total assets	36,217,486	31,102,978
Total deferred outflows of resources	88,901	95,740
Current liabilities	5,066,689	4,465,179
Long-term liabilities	38,494,696	33,919,795
Total liabilities	43,561,385	38,384,974
Net position		
Net investment in capital assets	(13,046,482)	(11,650,226)
Restricted	3,010,616	2,249,950
Unrestricted	2,780,868	2,214,020
Total net position	$ (7,254,998)	$ (7,186,256)

The total net position of the District decreased during the current fiscal year by $68,742. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2024	2023
Revenues		
Property taxes, penalties and interest	$ 4,036,108	$ 3,355,874
Water and sewer service	1,027,081	900,569
Other	444,217	249,541
Total revenues	5,507,406	4,505,984
Expenses		
Current service operations	2,538,342	2,332,996
Debt interest and fees	1,390,674	1,093,745
Developer interest	422,268	720,547
Debt issuance costs	661,821	572,049
Depreciation and amortization	563,043	519,844
Total expenses	5,576,148	5,239,181
Change in net position	(68,742)	(733,197)
Net position, beginning of year	(7,186,256)	(6,453,059)
Net position, end of year	$ (7,254,998)	$ (7,186,256)

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2024, were $7,979,925, which consists of $2,778,737 in the General Fund, $3,342,710 in the Debt Service Fund and $1,858,478 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 3,361,337	$ 2,845,559
Total liabilities	$ 541,700	$ 495,670
Total deferred inflows	40,900	38,689
Total fund balance	2,778,737	2,311,200
Total liabilities, deferred inflows and fund balance	$ 3,361,337	$ 2,845,559

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

	2024	2023
Total revenues	$ 2,883,851	$ 2,553,887
Total expenditures	(2,514,652)	(2,267,741)
Revenues over expenditures	369,199	286,146
Other changes in fund balance	98,338	
Net change in fund balance	$ 467,537	$ 286,146

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District and tap connection fees charged to homebuilders in the District. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water and sewer revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of May 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 3,456,908	$ 2,580,905
Total liabilities	$ 31,308	$ 5,391
Total deferred inflows	82,890	69,577
Total fund balance	3,342,710	2,505,937
Total liabilities, deferred inflows and fund balance	$ 3,456,908	$ 2,580,905

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

	2024	2023
Total revenues	$ 2,517,219	$ 1,894,127
Total expenditures	(1,680,446)	(1,411,129)
Revenues over expenditures	$ 836,773	$ 482,998

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

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of May 31, 2024 and 2023, is as follows:

	2024	2023
Total assets	$ 1,858,756	$ 809,369
Total liabilities	$ 278	$ 135
Total fund balance	1,858,478	809,234
Total liabilities and fund balance	$ 1,858,756	$ 809,369

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

	2024	2023
Total revenues	$ 90,812	$ 25,945
Total expenditures	(5,686,130)	(5,383,583)
Revenues under expenditures	(5,595,318)	(5,357,638)
Other changes in fund balance	6,644,562	5,604,200
Net change in fund balance	$ 1,049,244	$ 246,562

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2023 Unlimited Tax Bonds and Series 2023 Bond Anticipation Note in the current fiscal year and issuance of its Series 2022 Unlimited Tax Bonds and Series 2022 Bond Anticipation Note in the prior fiscal year.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $260,138 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at May 31, 2024 and 2023, are summarized as follows:

	2024	2023
Capital assets not being depreciated		
Land and improvements	$ 8,099,315	$ 6,566,387
Construction in progress	553,035	553,035
	8,652,350	7,119,422
Capital assets being depreciated/amortized		
Infrastructure	20,626,418	18,922,963
Interest in joint facilities	1,866,632	1,866,632
Landscaping improvements	1,017,754	1,017,754
	23,510,804	21,807,349
Less accumulated depreciation/amortization		
Infrastructure	(3,986,309)	(3,520,645)
Interest in joint facilities	(408,330)	(365,805)
Landscaping improvements	(228,030)	(173,176)
	(4,622,669)	(4,059,626)
Depreciable capital assets, net	18,888,135	17,747,723
Capital assets, net	$ 27,540,485	$ 24,867,145

Capital asset additions during the current year include the following:

- Boomerang detention – land acquisition
- Sheldon Ridge community park – utilities and paving
- Sheldon Ridge, Section 14 – clearing and grubbing
- Sheldon Ridge drainage channel improvement
- Edgewood Village, Section 9 – utilities

The District's construction in progress is for the joint interest in the Rolling Hills Wastewater Treatment Plant with Sheldon Road Municipal Utility District.

Long-Term Debt and Related Liabilities

As of May 31, 2024, the District owes approximately $3,233,144 to its developers for completed projects and operating advances. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. As discussed in Note 7, the District has an additional commitment in the amount of $4,777,758 for projects under construction by the developers. As noted, the District will owe its developers for these projects upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds. The estimated cost of amounts owed to the developers are trued up when the developers are reimbursed.

At May 31, 2024 and 2023, the District had total bonded debt outstanding as shown below:

Series	2024	2023
2015	$ 1,200,000	$ 1,225,000
2016	1,550,000	1,575,000
2017	2,475,000	2,530,000
2017 Refunding	2,340,000	2,455,000
2018	3,320,000	3,370,000
2019	3,050,000	3,100,000
2020	3,395,000	3,450,000
2021 Refunding	2,445,000	2,495,000
2021	4,000,000	4,000,000
2022	5,540,000	5,540,000
2023	6,570,000	
	$ 35,885,000	$ 29,740,000

During the current year, the District issued $6,570,000 in unlimited tax bonds. At May 31, 2024, the District had $129,915,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and the refunding for such bonds and $14,000,000 for parks and recreational facilities and the refunding for such bonds.

During the current year, the District issued a $3,470,000 bond anticipation note (the "BAN") to provide short-term financing for developer reimbursements. The District repaid the BAN subsequent to year end with proceeds from the issuance of long-term debt. See Note 6 and 13 for additional information.

Next Year's Budget

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

	2024 Actual	2025 Budget
Total revenues	$ 2,883,851	$ 2,838,286
Total expenditures	(2,514,652)	(2,750,167)
Revenues over expenditures	369,199	88,119
Other changes in fund balance	98,338	
Net change in fund balance	467,537	88,119
Beginning fund balance	2,311,200	2,778,737
Ending fund balance	$ 2,778,737	$ 2,866,856

Property Taxes

The District's property tax base decreased approximately $1,259,000 for the 2024 tax year from $348,814,134 to $347,554,682. For the 2024 tax year, the District has levied a maintenance tax rate of $0.46 per $100 of assessed value and a debt service tax rate of $0.68 per $100 of assessed value, for a total combined tax rate of $1.14 per $100 of assessed value. These are the same rates levied for the 2023 tax year.

Basic Financial Statements

Northeast Harris County Municipal Utility District No. 1
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 128,077	$ 40,629	$ 6,863	$ 175,569	$ -	$ 175,569
Investments	3,085,124	3,322,841	1,851,893	8,259,858		8,259,858
Taxes receivable	40,900	82,890		123,790		123,790
Customer service receivables, net	101,742			101,742		101,742
Internal balances	(10,548)	10,548				
Prepaid items	6,970			6,970		6,970
Operating reserve - joint repressurization plant	9,072			9,072		9,072
Capital assets not being depreciated					8,652,350	8,652,350
Capital assets, net					18,888,135	18,888,135
Total Assets	$ 3,361,337	$ 3,456,908	$ 1,858,756	$ 8,677,001	27,540,485	36,217,486
Deferred Outflows of Resources						
Deferred difference on refunding					88,901	88,901
Liabilities						
Accounts payable	$ 446,476	$ -	$ 278	$ 446,754		446,754
Other payables	3,024	31,308		34,332		34,332
Customer deposits	86,800			86,800		86,800
Unearned revenue	5,400			5,400		5,400
Accrued interest payable					428,403	428,403
Bond anticipation note payable					3,470,000	3,470,000
Due to developers					3,233,144	3,233,144
Long-term debt						
Due within one year					595,000	595,000
Due after one year					35,261,552	35,261,552
Total Liabilities	541,700	31,308	278	573,286	42,988,099	43,561,385
Deferred Inflows of Resources						
Deferred property taxes	40,900	82,890		123,790	(123,790)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	16,042			16,042	(16,042)	
Restricted		3,342,710	1,858,478	5,201,188	(5,201,188)	
Unassigned	2,762,695			2,762,695	(2,762,695)	
Total Fund Balances	2,778,737	3,342,710	1,858,478	7,979,925	(7,979,925)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 3,361,337	$ 3,456,908	$ 1,858,756	$ 8,677,001		
Net Position						
Net investment in capital assets					(13,046,482)	(13,046,482)
Restricted for debt service					3,010,616	3,010,616
Unrestricted					2,780,868	2,780,868
Total Net Position					$ (7,254,998)	$ (7,254,998)

See notes to basic financial statements.

Northeast Harris County Municipal Utility District No. 1
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 441,225	$ -	$ -	$ 441,225	$ -	$ 441,225
Sewer service	585,856			585,856		585,856
Property taxes	1,600,007	2,360,577		3,960,584	10,374	3,970,958
Penalties and interest	34,067	25,933		60,000	5,150	65,150
Tap connection and inspection	93,209			93,209		93,209
Miscellaneous		3,033		3,033		3,033
Investment earnings	129,487	127,676	90,812	347,975		347,975
Total Revenues	2,883,851	2,517,219	90,812	5,491,882	15,524	5,507,406
Expenditures/Expenses						
Current service operations						
Purchased services	963,973			963,973		963,973
Professional fees	150,271		21,000	171,271		171,271
Contracted services	633,654	59,684		693,338		693,338
Repairs and maintenance	589,229			589,229		589,229
Utilities	39,682			39,682		39,682
Administrative	49,740	11,061	100	60,901		60,901
Other	19,403		545	19,948		19,948
Capital outlay	68,700		4,469,789	4,538,489	(4,538,489)	
Debt service						
Principal		425,000		425,000	(425,000)	
Interest and fees		1,184,701	110,607	1,295,308	95,366	1,390,674
Developer interest			422,268	422,268		422,268
Debt issuance costs			661,821	661,821		661,821
Depreciation and amortization					563,043	563,043
Total Expenditures/Expenses	2,514,652	1,680,446	5,686,130	9,881,228	(4,305,080)	5,576,148
Revenues Over/(Under) Expenditures	369,199	836,773	(5,595,318)	(4,389,346)	4,389,346	
Other Financing Sources/(Uses)						
Proceeds from sale of bonds			6,570,000	6,570,000	(6,570,000)	
Proceeds from bond anticipation note			3,470,000	3,470,000	(3,470,000)	
Repayment of bond anticipation note			(3,200,000)	(3,200,000)	3,200,000	
Repayment of developer advances			(97,100)	(97,100)	97,100	
Internal transfers	98,338		(98,338)			
Net Change in Fund Balances	467,537	836,773	1,049,244	2,353,554	(2,353,554)	
Change in Net Position					(68,742)	(68,742)
Fund Balance/Net Position						
Beginning of the year	2,311,200	2,505,937	809,234	5,626,371	(12,812,627)	(7,186,256)
End of the year	$ 2,778,737	$ 3,342,710	$ 1,858,478	$ 7,979,925	$ (15,234,923)	$ (7,254,998)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Northeast Harris County Municipal Utility District No. 1 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the most significant policies:

Creation

The District was organized, created and established pursuant to an order of the Texas Water Commission, statutory predecessor to the Texas Commission on Environmental Quality, dated July 18, 1978, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on October 26, 2006, and the first bonds were issued on March 9, 2010.

The District's primary activities include construction, maintenance and operation of water, sewer and drainage facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The GASB has established the criteria for determining the reporting entity for financial statement reporting purposes. To qualify as a primary government, a government must have a separately elected governing body, be legally separate, and be fiscally independent of other state and local governments, while a component unit is a legally separate government for which the elected officials of a primary government are financially accountable. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has three governmental funds, which are all considered major funds.

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

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

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

Measurement Focus and Basis of Accounting

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Use of Restricted Resources

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

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At May 31, 2024, an allowance of $4,000 was provided for possible uncollectible water/sewer accounts. An allowance for possible uncollectible property taxes was not considered necessary.

Interfund Activity

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

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $50,000 or more and an estimated useful life in excess of one year. Capital assets that individually are below the capitalization threshold but, in the aggregate, are above the threshold are capitalized. Subsequent replacements of these assets are not capitalized. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire the asset on the acquisition date. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated (or amortized in the case of intangible assets) using the straight-line method as follows:

Assets	Useful Life
Infrastructure	10 - 45 years
Interest in joint facilities	45 years [max]
Landscaping improvements	15 years

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

Deferred Inflows and Outflows of Financial Resources

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

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

Deferred outflows of financial resources at the government-wide level are from a refunding bond transaction in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and operating reserves paid to Harris County Municipal Utility District No. 421 for the joint repressurization plant.

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

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

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 7,979,925
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 32,163,154	
Less accumulated depreciation/amortization	(4,622,669)	
Change due to capital assets		27,540,485
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		88,901
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(35,856,552)	
Bond anticipation note payable	(3,470,000)	
Interest payable on bonds	(428,403)	
Change due to long-term debt		(39,754,955)
Amounts due to the District's developer for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(3,233,144)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		
Property taxes receivable	88,982	
Penalty and interest receivable	34,808	
Change due to property taxes		123,790
Total net position - governmental activities		$ (7,254,998)

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

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

Net change in fund balances - total governmental funds		$ 2,353,554
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		15,524
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 4,538,489	
Depreciation and amortization	(563,043)	
		3,975,446
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government-wide statements.		
Issuance of long-term debt	(6,570,000)	
Proceeds from bond anticipation note	(3,470,000)	
Principal payments	425,000	
Retirement of bond anticipation note	3,200,000	
Interest expense accrual	(95,366)	
		(6,510,366)
Amounts repaid to the developer for operating advances use current financial resources in the governmental funds but reduce the liability in the *Statement of Net Position.*		97,100
Change in net position of governmental activities		$ (68,742)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third-party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

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

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

As of May 31, 2024, the District's investments consist of the following:

Type	Fund	Carrying Value	Rating	Weighted Average Maturity
TexPool	General	$ 3,085,124		
	Debt Service	3,322,841		
	Capital Projects	1,851,893		
Total		$ 8,259,858	AAAm	40 days

Note 3 – Deposits and Investments (continued)

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

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

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at May 31, 2024, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
Debt Service Fund	General Fund	$ 10,548	Amounts due to the Debt Service Fund as a result of value adjustments

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

A summary of internal transfers for the current fiscal year is as follows:

Transfers Out	Transfers In	Amounts	Purpose
Capital Projects Fund	General Fund	$ 98,338	Reimbursement of construction related costs paid by General Fund

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2024, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 6,566,387	$ 1,532,928	$ 8,099,315
Construction in progress	553,035		553,035
	7,119,422	1,532,928	8,652,350
Capital assets being depreciated/amortized			
Infrastructure	18,922,963	1,703,455	20,626,418
Interest in joint facilities	1,866,632		1,866,632
Landscaping improvements	1,017,754		1,017,754
	21,807,349	1,703,455	23,510,804
Less accumulated depreciation/amortization			
Infrastructure	(3,520,645)	(465,664)	(3,986,309)
Interest in joint facilities	(365,805)	(42,525)	(408,330)
Landscaping improvements	(173,176)	(54,854)	(228,030)
	(4,059,626)	(563,043)	(4,622,669)
Subtotal depreciable capital assets, net	17,747,723	1,140,412	18,888,135
Capital assets, net	$ 24,867,145	$ 2,673,340	$ 27,540,485

Depreciation/amortization expense for the current fiscal year was $563,043.

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note ("BAN") to provide short-term financing for reimbursements to its developers. Despite its short-term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long-term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of $3,200,000. This BAN was repaid on August 10, 2023, with proceeds from the issuance of the District's Series 2023 Unlimited Tax Bonds.

On November 14, 2023, the District issued a $3,470,000 BAN with an interest rate of 5.26%, which is due on November 12, 2024. This BAN was repaid subsequent to year end. See Note 13 for additional information.

Note 6 – Bond Anticipation Note (continued)

The effect of these transactions on the District's short-term obligations are as follows:

Beginning balance	$ 3,200,000
Amounts borrowed	3,470,000
Amounts repaid	(3,200,000)
Ending balance	$ 3,470,000

Note 7 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developers are reimbursed.

The District's developers have also advanced funds to the District for operating expenses.

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

Due to developers, beginning of year	$ 4,632,350
Developer reimbursements	(4,469,789)
Developer funded construction and adjustments	3,167,683
Repayment of operating advances	(97,100)
Due to developers, end of year	$ 3,233,144

In addition, the District will owe the developers approximately $4,777,758, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Percentage Completed
Sheldon Ridge, Section 12 - utilities	$ 2,153,883	89%
Sheldon Ridge Park	2,102,875	15%
Edgewood Village, Section 10 - utilities	521,000	0%
	$ 4,777,758	

Note 8 – Long-Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 35,885,000
Unamortized discounts	(124,602)
Unamortized premium	96,154
	$ 35,856,552
Due within one year	$ 595,000

The District's bonds payable at May 31, 2024, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2015	$ 1,200,000	$ 1,370,000	2.00% - 4.125%	September 1, 2017/2044	September 1, March 1	September 1, 2022
2016	1,550,000	1,700,000	2.00% - 3.625%	September 1, 2018/2046	September 1, March 1	September 1, 2023
2017	2,475,000	2,730,000	3.00% - 5.50%	September 1, 2019/2046	September 1, March 1	September 1, 2024
2017 Refunding	2,340,000	2,850,000	2.00% - 4.00%	September 1, 2018/2038	September 1, March 1	September 1, 2024
2018	3,320,000	3,500,000	4.00% - 6.50%	September 1, 2020/2048	September 1, March 1	September 1, 2023
2019	3,050,000	3,150,000	2.00% - 3.00%	September 1, 2022/2049	September 1, March 1	September 1, 2024
2020	3,395,000	3,500,000	3.00%	September 1, 2022/2050	September 1, March 1	September 1, 2025
2021 Refunding	2,445,000	2,510,000	2.00% - 3.00%	September 1, 2022/2042	September 1, March 1	September 1, 2026
2021	4,000,000	4,000,000	2.00% - 4.50%	September 1, 2024/2051	September 1, March 1	September 1, 2026
2022	5,540,000	5,540,000	4.00% - 5.50%	September 1, 2024/2052	September 1, March 1	September 1, 2027
2023	6,570,000	6,570,000	4.00% - 6.50%	September 1, 2026/2053	September 1, March 1	September 1, 2028
	$ 35,885,000					

Note 8 – Long-Term Debt (continued)

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

At May 31, 2024, the District had authorized but unissued bonds in the amount of $129,915,000 for water, sewer and drainage facilities and the refunding of such bonds and $14,000,000 for park and recreational facilities and refunding for such bonds.

On August 10, 2023, the District issued its $6,570,000 Series 2023 Unlimited Tax Bonds at a net effective interest rate of 4.577033%. Proceeds of the bonds were used to reimburse developers for operating advance and the cost of capital assets constructed within the District plus interest expense at the net effective interest rate of the bonds, and to repay a $3,200,000 BAN issued in the previous fiscal year.

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

Bonds payable, beginning of year	$ 29,740,000
Bonds issued	6,570,000
Bonds retired	(425,000)
Bonds payable, end of year	$ 35,885,000

Note 8 – Long-Term Debt (continued)

As of May 31, 2024, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2025	$ 595,000	$ 1,289,256	$ 1,884,256
2026	620,000	1,265,025	1,885,025
2027	725,000	1,237,200	1,962,200
2028	755,000	1,205,590	1,960,590
2029	790,000	1,173,022	1,963,022
2030	820,000	1,140,432	1,960,432
2031	850,000	1,107,720	1,957,720
2032	880,000	1,074,025	1,954,025
2033	915,000	1,040,373	1,955,373
2034	950,000	1,007,816	1,957,816
2035	980,000	975,038	1,955,038
2036	1,015,000	940,944	1,955,944
2037	1,055,000	905,419	1,960,419
2038	1,090,000	868,525	1,958,525
2039	1,130,000	830,192	1,960,192
2040	1,170,000	792,128	1,962,128
2041	1,210,000	754,339	1,964,339
2042	1,250,000	715,092	1,965,092
2043	1,290,000	674,456	1,964,456
2044	1,335,000	628,969	1,963,969
2045	1,385,000	578,283	1,963,283
2046	1,440,000	526,367	1,966,367
2047	1,495,000	473,320	1,968,320
2048	1,550,000	416,659	1,966,659
2049	1,615,000	356,056	1,971,056
2050	1,675,000	297,800	1,972,800
2051	1,735,000	242,138	1,977,138
2052	1,795,000	187,875	1,982,875
2053	1,845,000	124,300	1,969,300
2054	1,925,000	43,313	1,968,313
	$ 35,885,000	$ 22,871,672	$ 58,756,672

Note 9 – Property Taxes

On May 12, 2007, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Note 9 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2024 fiscal year was financed through the 2023 tax levy, pursuant to which the District levied property taxes of $1.14 per $100 of assessed value, of which $0.46 was allocated to maintenance and operations and $0.68 was allocated to debt service. The resulting tax levy was $3,976,481 on the adjusted taxable value of $348,814,134.

Property taxes receivable, at May 31, 2024, consisted of the following:

Current year taxes receivable	$ 48,621
Prior years taxes receivable	40,361
	88,982
Penalty and interest receivable	34,808
Property taxes receivable	$ 123,790

Note 10 – Agreement for Water Supply Facilities

The District and Harris County Municipal Utility District No. 421 ("MUD 421") have entered into an Agreement for Payment of Costs and Use of Joint Facilities (the "Agreement") for the design and construction of facilities to serve both districts with treated surface water purchased from the City of Houston. The facilities were designed and constructed so as to serve 2,100 equivalent single-family connections with MUD 421 receiving 1,150 connections and the District receiving 950. The Agreement shall continue for an unlimited duration. The water supply under this Agreement is intended to serve the portion of the District known as Edgewood Village.

On July 25, 2008, the District and MUD 421 amended the agreement to redistribute the number of equivalent single-family connections with MUD 421 receiving 830 connection and the District receiving 1,270. The new pro-rata share of connections reflects the interest and costs associated with the facilities.

MUD 421 holds title to the facilities and the District owns an equitable interest (based on its prorate share of equivalent single family connections). MUD 421 is responsible for the operation, maintenance, and repair of the facilities, subject to pro-rata payments by the District for its share of these costs. During the current fiscal year, the District recorded $261,173 in expenditures for water purchased from MUD 421. The District has also paid an operating reserve, which is based on its prorate share of a month's worth of MUD 421's budgeted operating expenses, which is $9,072.

Note 11 – Utility Functions and Services Allocation Agreement with Sheldon Road Municipal Utility District

The District and Sheldon Road Municipal Utility District ("Sheldon Road MUD") have entered into a Utility Functions and Services Allocation Agreement, as amended on August 6, 2018, March 4, 2019, June 1, 2020, and February 7, 2022, (the "Utility Agreement") for the purposes of supplying an area of the District known as Sheldon Ridge with water and wastewater services from Sheldon Road MUD. The initial stages of development in the District will be served through Sheldon Road MUD's existing capacity. The District recorded $702,800 in expenditures to Sheldon Road MUD pursuant to the terms of this Utility Agreement during the fiscal year.

On February 24, 2011, the District executed the first supplement to the agreement to include an emergency preparedness plan that Sheldon Road MUD has filed with the TCEQ. Sheldon Road MUD agrees to provide the District with emergency operations during extended power outages resulting from natural disasters.

On August 6, 2018, the District amended the agreement to increase its water connection/capacity from 500 ESFCs to 569 ESFCs. In consideration for the additional capacity, the District agreed to cover the cost of certain improvements to the Sheldon Road MUD system. Sheldon Road MUD may obtain additional capacity from North Channel Water Authority in order to meet the surface water requirements of the Harris-Galveston Coast Subsidence District. The District agrees to pay its pro-rata share of the capital cost to obtain such additional capacity.

On February 7, 2022, the District approved the Fourth Amendment to the agreement as the parties now seek to construct Phase 1 of the expansion facilities. The amendment will accommodate the expansion of the Sheldon Ridge subdivision from 569 ESFCs to 1,016 ESFCs. The amendment stipulates the District's share of costs for the expansion facilities which include a 750-gallons per minute booster pump, a 20,000-gallons hydro-pneumatic tank and a 0.35 MGD permanent phase 1 wastewater treatment plant. The District's share for each of these facilities is $8,323, $71,850, and $3,865,322 (to be paid in different increments and time frames), respectively.

Note 12 – Risk Management

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

Note 13 – Subsequent Event

On August 6, 2024, the District issued its $6,530,000 Series 2024 Unlimited Tax Bonds at a net effective rate of 4.378956%. Proceeds from the bonds were used to repay the District's Series 2023 BAN and reimburse the District's developers for operating advances and the cost of infrastructure improvements in the District.

Required Supplementary Information

Northeast Harris County Municipal Utility District No. 1
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended May 31, 2024

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 402,000	$ 441,225	$ 39,225
Sewer service	541,452	585,856	44,404
Property taxes	1,451,606	1,600,007	148,401
Penalties and interest	20,400	34,067	13,667
Tap connection and inspection	49,980	93,209	43,229
Miscellaneous	7,800		(7,800)
Investment earnings	90,000	129,487	39,487
Total Revenues	2,563,238	2,883,851	320,613
Expenditures			
Current service operations			
Purchased services	876,000	963,973	(87,973)
Professional fees	161,900	150,271	11,629
Contracted services	551,000	633,654	(82,654)
Repairs and maintenance	565,102	589,229	(24,127)
Utilities	69,600	39,682	29,918
Administrative	41,997	49,740	(7,743)
Other	30,240	19,403	10,837
Capital outlay	60,000	68,700	(8,700)
Total Expenditures	2,355,839	2,514,652	(158,813)
Revenues Over Expenditures	207,399	369,199	161,800
Other Financing Sources			
Internal transfers		98,338	98,338
Net Change in Fund Balance	207,399	467,537	260,138
Fund Balance			
Beginning of the year	2,311,200	2,311,200	
End of the year	$ 2,518,599	$ 2,778,737	$ 260,138

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the fiscal year.

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Texas Supplementary Information

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

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

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)

[ ] Other (Specify): ____________________

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 29.00	6,000	N	$ 1.75	6,001	to	10,000
				$ 2.00	10,001	to	15,000
				$ 2.25	15,001	to	20,000
				$ 2.50	20,001	to	no limit
Wastewater:	$ 40.50	6,000	N	$ 1.50	6,001	to	no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 36.00 Wastewater $ 46.50

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	1,212	1,187	x 1.0	1,187
1"	1	1	x 2.5	3
1.5"			x 5.0	
2"	9	9	x 8.0	72
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	1,222	1,197		1,262
Total Wastewater	1,192	1,181	x 1.0	1,181

See accompanying auditor's report.

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

Gallons pumped into system:	52,909,000	From: Sheldon Road MUD/ Harris County MUD 421
		Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	52,849,000	99.89%

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

Does the District have Debt Service standby fees? Yes ☐ No ☒

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

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

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

5. Location of District:

Is the District located entirely within one county? Yes ☒ No ☐

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

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

City(ies) in which the District is located: ____________

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

Entirely ☒ Partly ☐ Not at all ☐

ETJs in which the District is located: City of Houston

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

If Yes, by whom? ____________

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-2. General Fund Expenditures
For the Year Ended May 31, 2024

Purchased services	$	963,973
Professional fees		
Legal		71,326
Audit		16,500
Engineering		62,445
		150,271
Contracted services		
Bookkeeping		28,190
Operator		119,964
Garbage collection		333,630
Tap connection and inspection		56,880
Sludge removal		40,850
Security		54,140
		633,654
Repairs and maintenance		589,229
Utilities		39,682
Administrative		
Directors fees		10,829
Printing and office supplies		7,459
Insurance		12,974
Other		18,478
		49,740
Other		19,403
Capital outlay		68,700
Total expenditures	$	2,514,652

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-3. Investments
May 31, 2024

Fund	Interest Rate	Maturity Date	Balance at End of Year
General			
TexPool	Variable	N/A	$ 3,085,124
Debt Service			
TexPool	Variable	N/A	3,322,841
Capital Projects			
TexPool	Variable	N/A	303,756
TexPool	Variable	N/A	1,548,137
			1,851,893
Total - All Funds			$ 8,259,858

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-4. Taxes Levied and Receivable
May 31, 2024

	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 38,689	$ 39,920	$ 78,609
Adjustments	(2,327)	(3,197)	(5,524)
Adjusted Receivable	36,362	36,723	73,085
2023 Original Tax Levy	1,472,000	2,176,000	3,648,000
Adjustments	132,545	195,936	328,481
Adjusted Tax Levy	1,604,545	2,371,936	3,976,481
Total to be accounted for	1,640,907	2,408,659	4,049,566
Tax collections:			
Current year	1,584,926	2,342,934	3,927,860
Prior years	15,081	17,643	32,724
Total Collections	1,600,007	2,360,577	3,960,584
Taxes Receivable, End of Year	$ 40,900	$ 48,082	$ 88,982
Taxes Receivable, By Years			
2023	$ 19,619	$ 29,002	$ 48,621
2022	5,480	6,775	12,255
2021	2,785	2,703	5,488
2020 and prior	13,016	9,602	22,618
Taxes Receivable, End of Year	$ 40,900	$ 48,082	$ 88,982

	2023	2022	2021	2020
Property Valuations				
Land	$ 74,076,475	$ 62,750,864	$ 55,577,825	$ 54,064,600
Improvements	300,943,480	226,102,571	168,352,808	136,024,910
Personal Property	3,331,267	3,197,550	2,220,896	1,633,513
Exemptions	(29,537,088)	(23,341,063)	(3,940,292)	(4,057,963)
Total Property Valuations	$ 348,814,134	$ 268,709,922	$ 222,211,237	$ 187,665,060
Tax Rates per $100 Valuation				
Maintenance tax rates	$ 0.46	$ 0.55	$ 0.68	$ 0.69
Debt service tax rates	0.68	0.68	0.66	0.66
Total Tax Rates per $100 Valuation	$ 1.14	$ 1.23	$ 1.34	$ 1.35
Adjusted Tax Levy	$ 3,976,481	$ 3,305,132	$ 2,977,631	$ 2,533,478
Percentage of Taxes Collected to Taxes Levied **	98.78%	99.63%	99.82%	99.85%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 12, 2007

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

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2015--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 25,000	$ 47,781	$ 72,781
2026	25,000	47,000	72,000
2027	25,000	46,156	71,156
2028	25,000	45,266	70,266
2029	25,000	44,344	69,344
2030	25,000	43,406	68,406
2031	25,000	42,438	67,438
2032	25,000	41,437	66,437
2033	25,000	40,437	65,437
2034	25,000	39,437	64,437
2035	25,000	38,437	63,437
2036	25,000	37,438	62,438
2037	25,000	36,437	61,437
2038	25,000	35,437	60,437
2039	25,000	34,438	59,438
2040	25,000	33,437	58,437
2041	25,000	32,437	57,437
2042	25,000	31,438	56,438
2043	25,000	30,422	55,422
2044	350,000	22,688	372,688
2045	375,000	7,734	382,734
	$ 1,200,000	$ 778,045	$ 1,978,045

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2016--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 25,000	$ 54,375	$ 79,375
2026	25,000	53,625	78,625
2027	25,000	52,875	77,875
2028	25,000	52,125	77,125
2029	25,000	51,375	76,375
2030	25,000	50,625	75,625
2031	25,000	49,828	74,828
2032	25,000	48,984	73,984
2033	25,000	48,141	73,141
2034	25,000	47,297	72,297
2035	25,000	46,438	71,438
2036	25,000	45,562	70,562
2037	25,000	44,688	69,688
2038	25,000	43,813	68,813
2039	25,000	42,936	67,936
2040	25,000	42,063	67,063
2041	25,000	41,187	66,187
2042	25,000	40,313	65,313
2043	25,000	39,422	64,422
2044	25,000	38,515	63,515
2045	25,000	37,609	62,609
2046	500,000	28,094	528,094
2047	525,000	9,516	534,516
	$ 1,550,000	$ 1,009,406	$ 2,559,406

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 55,000	$ 85,650	$ 140,650
2026	60,000	83,238	143,238
2027	65,000	81,363	146,363
2028	65,000	79,413	144,413
2029	75,000	77,313	152,313
2030	75,000	75,063	150,063
2031	80,000	72,738	152,738
2032	80,000	70,238	150,238
2033	85,000	67,557	152,557
2034	95,000	64,632	159,632
2035	95,000	61,544	156,544
2036	100,000	58,250	158,250
2037	100,000	54,750	154,750
2038	110,000	51,006	161,006
2039	120,000	46,837	166,837
2040	125,000	42,397	167,397
2041	125,000	37,866	162,866
2042	130,000	33,244	163,244
2043	130,000	28,532	158,532
2044	210,000	22,369	232,369
2045	215,000	14,531	229,531
2046	140,000	7,875	147,875
2047	140,000	2,625	142,625
	$ 2,475,000	$ 1,219,031	$ 3,694,031

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2017 Refunding--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 115,000	$ 90,725	$ 205,725
2026	120,000	86,600	206,600
2027	125,000	81,700	206,700
2028	130,000	76,600	206,600
2029	135,000	71,300	206,300
2030	140,000	65,800	205,800
2031	150,000	60,000	210,000
2032	150,000	54,000	204,000
2033	160,000	47,800	207,800
2034	165,000	41,300	206,300
2035	175,000	34,500	209,500
2036	180,000	27,400	207,400
2037	195,000	19,900	214,900
2038	195,000	12,100	207,100
2039	205,000	4,100	209,100
	$ 2,340,000	$ 773,825	$ 3,113,825

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2018--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 50,000	$ 144,119	$ 194,119
2026	55,000	140,706	195,706
2027	55,000	137,200	192,200
2028	60,000	133,606	193,606
2029	55,000	130,081	185,081
2030	65,000	126,481	191,481
2031	65,000	122,581	187,581
2032	65,000	118,681	183,681
2033	70,000	115,331	185,331
2034	65,000	112,631	177,631
2035	70,000	109,931	179,931
2036	70,000	107,131	177,131
2037	75,000	104,231	179,231
2038	75,000	101,231	176,231
2039	75,000	98,231	173,231
2040	80,000	95,131	175,131
2041	85,000	91,831	176,831
2042	85,000	88,378	173,378
2043	90,000	84,769	174,769
2044	95,000	80,953	175,953
2045	95,000	77,034	172,034
2046	100,000	73,013	173,013
2047	100,000	68,888	168,888
2048	790,000	50,531	840,531
2049	830,000	17,121	847,121
	$ 3,320,000	$ 2,529,821	$ 5,849,821

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2019--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 50,000	$ 86,656	$ 136,656
2026	50,000	85,656	135,656
2027	50,000	84,656	134,656
2028	50,000	83,656	133,656
2029	75,000	82,360	157,360
2030	75,000	80,720	155,720
2031	75,000	78,985	153,985
2032	75,000	77,109	152,109
2033	75,000	75,094	150,094
2034	75,000	73,031	148,031
2035	75,000	70,875	145,875
2036	75,000	68,625	143,625
2037	75,000	66,375	141,375
2038	75,000	64,125	139,125
2039	100,000	61,500	161,500
2040	100,000	58,500	158,500
2041	100,000	55,500	155,500
2042	100,000	52,500	152,500
2043	100,000	49,500	149,500
2044	100,000	46,500	146,500
2045	100,000	43,500	143,500
2046	100,000	40,500	140,500
2047	100,000	37,500	137,500
2048	100,000	34,500	134,500
2049	100,000	31,500	131,500
2050	1,000,000	15,000	1,015,000
	$ 3,050,000	$ 1,604,423	$ 4,654,423

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2020--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 65,000	$ 100,875	$ 165,875
2026	65,000	98,925	163,925
2027	65,000	96,975	161,975
2028	70,000	94,950	164,950
2029	60,000	93,000	153,000
2030	55,000	91,275	146,275
2031	60,000	89,550	149,550
2032	70,000	87,600	157,600
2033	75,000	85,425	160,425
2034	85,000	83,025	168,025
2035	90,000	80,400	170,400
2036	95,000	77,625	172,625
2037	95,000	74,775	169,775
2038	110,000	71,700	181,700
2039	90,000	68,700	158,700
2040	75,000	66,225	141,225
2041	80,000	63,900	143,900
2042	85,000	61,425	146,425
2043	85,000	58,875	143,875
2044	95,000	56,175	151,175
2045	100,000	53,250	153,250
2046	105,000	50,175	155,175
2047	115,000	46,875	161,875
2048	130,000	43,200	173,200
2049	130,000	39,300	169,300
2050	110,000	35,700	145,700
2051	1,135,000	17,025	1,152,025
	$ 3,395,000	$ 1,886,925	$ 5,281,925

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2021 Refunding--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 55,000	$ 54,500	$ 109,500
2026	55,000	52,850	107,850
2027	60,000	51,125	111,125
2028	65,000	49,250	114,250
2029	65,000	47,300	112,300
2030	65,000	45,675	110,675
2031	65,000	44,375	109,375
2032	75,000	42,975	117,975
2033	75,000	41,475	116,475
2034	75,000	39,975	114,975
2035	80,000	38,425	118,425
2036	80,000	36,825	116,825
2037	85,000	35,175	120,175
2038	90,000	33,425	123,425
2039	85,000	31,675	116,675
2040	320,000	27,225	347,225
2041	335,000	19,858	354,858
2042	350,000	12,150	362,150
2043	365,000	4,105	369,105
	$ 2,445,000	$ 708,363	$ 3,153,363

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2021--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 65,000	$ 99,650	$ 164,650
2026	65,000	96,725	161,725
2027	70,000	93,687	163,687
2028	70,000	90,537	160,537
2029	70,000	87,387	157,387
2030	75,000	84,312	159,312
2031	80,000	81,612	161,612
2032	80,000	79,213	159,213
2033	80,000	76,813	156,813
2034	85,000	74,763	159,763
2035	85,000	73,063	158,063
2036	95,000	71,263	166,263
2037	95,000	69,363	164,363
2038	95,000	67,463	162,463
2039	100,000	65,450	165,450
2040	100,000	63,325	163,325
2041	105,000	61,147	166,147
2042	110,000	58,863	168,863
2043	115,000	56,400	171,400
2044	115,000	53,813	168,813
2045	120,000	51,169	171,169
2046	125,000	48,413	173,413
2047	130,000	45,544	175,544
2048	130,000	42,619	172,619
2049	135,000	39,635	174,635
2050	140,000	36,456	176,456
2051	145,000	33,072	178,072
2052	1,320,000	15,675	1,335,675
	$ 4,000,000	$ 1,817,432	$ 5,817,432

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2022--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 90,000	$ 226,300	$ 316,300
2026	100,000	221,075	321,075
2027	105,000	215,438	320,438
2028	110,000	209,525	319,525
2029	110,000	203,750	313,750
2030	120,000	198,600	318,600
2031	120,000	193,800	313,800
2032	130,000	188,800	318,800
2033	130,000	183,600	313,600
2034	135,000	178,300	313,300
2035	135,000	172,900	307,900
2036	140,000	167,400	307,400
2037	145,000	161,700	306,700
2038	145,000	155,900	300,900
2039	155,000	149,900	304,900
2040	160,000	143,600	303,600
2041	160,000	137,200	297,200
2042	165,000	130,700	295,700
2043	170,000	124,000	294,000
2044	150,000	117,600	267,600
2045	150,000	111,600	261,600
2046	155,000	105,500	260,500
2047	160,000	99,200	259,200
2048	165,000	92,700	257,700
2049	170,000	86,000	256,000
2050	165,000	79,300	244,300
2051	180,000	72,400	252,400
2052	185,000	65,100	250,100
2053	1,535,000	30,700	1,565,700
	$ 5,540,000	$ 4,222,588	$ 9,762,588

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
Series 2023--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ -	$ 298,625	$ 298,625
2026		298,625	298,625
2027	80,000	296,025	376,025
2028	85,000	290,662	375,662
2029	95,000	284,812	379,812
2030	100,000	278,475	378,475
2031	105,000	271,813	376,813
2032	105,000	264,988	369,988
2033	115,000	258,700	373,700
2034	120,000	253,425	373,425
2035	125,000	248,525	373,525
2036	130,000	243,425	373,425
2037	140,000	238,025	378,025
2038	145,000	232,325	377,325
2039	150,000	226,425	376,425
2040	160,000	220,225	380,225
2041	170,000	213,413	383,413
2042	175,000	206,081	381,081
2043	185,000	198,431	383,431
2044	195,000	190,356	385,356
2045	205,000	181,856	386,856
2046	215,000	172,797	387,797
2047	225,000	163,172	388,172
2048	235,000	153,109	388,109
2049	250,000	142,500	392,500
2050	260,000	131,344	391,344
2051	275,000	119,641	394,641
2052	290,000	107,100	397,100
2053	310,000	93,600	403,600
2054	1,925,000	43,313	1,968,313
	$ 6,570,000	$ 6,321,813	$ 12,891,813

See accompanying auditor's report.

Northeast Harris County Municipal Utility District No. 1
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
May 31, 2024

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2025	$ 595,000	$ 1,289,256	$ 1,884,256
2026	620,000	1,265,025	1,885,025
2027	725,000	1,237,200	1,962,200
2028	755,000	1,205,590	1,960,590
2029	790,000	1,173,022	1,963,022
2030	820,000	1,140,432	1,960,432
2031	850,000	1,107,720	1,957,720
2032	880,000	1,074,025	1,954,025
2033	915,000	1,040,373	1,955,373
2034	950,000	1,007,816	1,957,816
2035	980,000	975,038	1,955,038
2036	1,015,000	940,944	1,955,944
2037	1,055,000	905,419	1,960,419
2038	1,090,000	868,525	1,958,525
2039	1,130,000	830,192	1,960,192
2040	1,170,000	792,128	1,962,128
2041	1,210,000	754,339	1,964,339
2042	1,250,000	715,092	1,965,092
2043	1,290,000	674,456	1,964,456
2044	1,335,000	628,969	1,963,969
2045	1,385,000	578,283	1,963,283
2046	1,440,000	526,367	1,966,367
2047	1,495,000	473,320	1,968,320
2048	1,550,000	416,659	1,966,659
2049	1,615,000	356,056	1,971,056
2050	1,675,000	297,800	1,972,800
2051	1,735,000	242,138	1,977,138
2052	1,795,000	187,875	1,982,875
2053	1,845,000	124,300	1,969,300
2054	1,925,000	43,313	1,968,313
	$ 35,885,000	$ 22,871,672	$ 58,756,672

See accompanying auditor's report.

TSI-6. Change in Long-Term Bonded Debt

May 31, 2024

	Bond Issue			
	Series 2015	Series 2016	Series 2017	Series 2017 Refunding
Interest rate	2.00% - 4.125%	2.00% - 3.625%	3.00% - 5.50%	2.00% - 4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/17 - 9/1/44	9/1/18 - 9/1/46	9/1/19 - 9/1/46	9/1/18 - 9/1/38
Beginning bonds outstanding	$ 1,225,000	$ 1,575,000	$ 2,530,000	$ 2,455,000
Bonds issued				
Bonds retired	(25,000)	(25,000)	(55,000)	(115,000)
Ending bonds outstanding	$ 1,200,000	$ 1,550,000	$ 2,475,000	$ 2,340,000
Interest paid during fiscal year	$ 48,531	$ 55,125	$ 88,675	$ 94,175
Paying agent's name and city				
All Series	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas			

Bond Authority	Water, Sewer and Drainage and Refunding Bonds	Park and Recreational Facilities and Refunding Bonds
Amount Authorized by Voters	$ 168,000,000	$ 14,000,000
Amount Issued	(38,085,000)	
Remaining To Be Issued	$ 129,915,000	$ 14,000,000

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

Debt Service Fund cash and investment balances as of May 31, 2024:	$ 3,363,470
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,958,556

See accompanying auditor's report.

	Bond Issue			
	Series 2018	Series 2019	Series 2020	Series 2021 Refunding
Interest rate	4.00% - 6.50%	2.00% - 3.00%	3.00%	2.00% - 3.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/20 - 9/1/48	9/1/22 - 9/1/49	9/1/22 - 9/1/50	9/1/22 - 9/1/42
Beginning bonds outstanding	$ 3,370,000	$ 3,100,000	$ 3,450,000	$ 2,495,000
Bonds issued				
Bonds retired	(50,000)	(50,000)	(55,000)	(50,000)
Ending bonds outstanding	$ 3,320,000	$ 3,050,000	$ 3,395,000	$ 2,445,000
Interest paid during fiscal year	$ 147,369	$ 87,656	$ 102,675	$ 56,075

See accompanying auditor's report.

Bond Issue			
Series 2021	Series 2022	Series 2023	Total
2.00% - 4.50% 9/1; 3/1 9/1/24 - 9/1/51	4.00% - 5.50% 9/1; 3/1 9/1/24 - 9/1/52	4.00% - 6.50% 9/1; 3/1 9/1/26 - 9/1/53	
$ 4,000,000	$ 5,540,000	$ -	$ 29,740,000
		6,570,000	6,570,000
			(425,000)
$ 4,000,000	$ 5,540,000	$ 6,570,000	$ 35,885,000
$ 101,112	$ 228,775	$ 166,732	$ 1,176,900

Northeast Harris County Municipal Utility District No. 1
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Water service	$ 441,225	$ 381,302	$ 388,021	$ 344,739	$ 314,716
Sewer service	585,856	519,267	504,637	476,547	387,631
Property taxes	1,600,007	1,472,798	1,511,097	1,314,740	1,080,316
Penalties and interest	34,067	21,215	17,898	8,388	14,454
Tap connection and inspection	93,209	70,827	212,153	150,088	80,396
Miscellaneous		20,288	10,434	28,587	1,205
Investment earnings	129,487	68,190	2,147	1,208	15,688
Total Revenues	2,883,851	2,553,887	2,646,387	2,324,297	1,894,406
Expenditures					
Current service operations					
Purchased services	963,973	886,677	800,580	642,025	531,676
Professional fees	150,271	135,518	184,870	265,062	126,733
Contracted services	633,654	499,478	557,051	452,391	352,626
Repairs and maintenance	589,229	573,665	579,714	385,700	803,245
Utilities	39,682	65,641	24,324	23,459	15,934
Administrative	49,740	35,829	40,854	58,820	52,795
Other	19,403	17,225	18,147	13,557	43,023
Capital outlay	68,700	53,708	24,436		
Total Expenditures	2,514,652	2,267,741	2,229,976	1,841,014	1,926,032
Revenues Over/(Under) Expenditures	$ 369,199	$ 286,146	$ 416,411	$ 483,283	$ (31,626)
Total Active Retail Water Connections	1,197	1,109	1,056	966	859
Total Active Retail Wastewater Connections	1,181	1,094	1,043	955	854

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
16%	15%	15%	15%	17%
21%	20%	19%	21%	20%
55%	57%	57%	57%	57%
1%	1%	1%	*	1%
3%	3%	8%	6%	4%
	1%	*	1%	*
4%	3%	*	*	1%
100%	100%	100%	100%	100%
33%	35%	30%	28%	28%
5%	5%	7%	11%	7%
22%	20%	21%	19%	19%
20%	22%	22%	17%	42%
1%	3%	1%	1%	1%
2%	1%	2%	3%	3%
1%	1%	1%	1%	2%
2%	2%	1%		
86%	89%	85%	80%	102%
14%	11%	15%	20%	(2%)

Northeast Harris County Municipal Utility District No. 1
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2024	2023	2022	2021	2020
Revenues					
Property taxes	$ 2,360,577	$ 1,817,721	$ 1,466,458	$ 1,257,410	$ 1,019,485
Penalties and interest	25,933	12,115	15,007	10,893	10,804
Miscellaneous	3,033		2,405	390	
Investment earnings	127,676	64,291	2,151	1,185	17,050
Total Revenues	2,517,219	1,894,127	1,486,021	1,269,878	1,047,339
Expenditures					
Tax collection services	70,745	52,546	47,929	40,273	35,201
Debt service					
Principal	425,000	410,000	280,000	270,000	220,000
Interest and fees	1,184,701	948,583	793,999	738,840	623,389
Debt issuance costs			184,496		
Total Expenditures	1,680,446	1,411,129	1,306,424	1,049,113	878,590
Revenues Over Expenditures	$ 836,773	$ 482,998	$ 179,597	$ 220,765	$ 168,749

*Percentage is negligible

See accompanying auditor's report.

Percent of Fund Total Revenues				
2024	2023	2022	2021	2020
94%	96%	99%	99%	97%
1%	1%	1%	1%	1%
*		*	*	
5%	3%	*	*	2%
100%	100%	100%	100%	100%
3%	3%	3%	3%	3%
17%	22%	19%	21%	21%
47%	50%	53%	58%	60%
		12%		
67%	75%	87%	82%	84%
33%	25%	13%	18%	16%

Northeast Harris County Municipal Utility District No. 1
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2024

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	May 6, 2024
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.060)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Jim Moffatt	5/22 - 5/26	$ 2,210	$ 106	President
Keith Jaehne	5/22 - 5/26	2,210	159	Vice President
Ellen Crocker	5/22 - 5/26	2,652	538	Secretary
Tonya Nunez	5/24 - 5/28	1,547	278	Assistant Vice President
Ted Gaylord	5/24 - 5/28	2,210	1,048	Assistant Secretary
Consultants		Amounts Paid		
Allen Boone Humphries Robinson, LLP	2007			Attorney
General legal fees		$ 75,164		
Bond counsel		212,724		
Municipal Operations & Consulting, Inc.	2016	541,286		Operator
McLennan & Associates, LP	2007	31,514		Bookkeeper
Bob Leared Interests, Inc.	2008	22,135		Tax Collector
Harris Central Appraisal District	Legislation	29,178		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2010	9,871		Delinquent Tax Attorney
IDS Engineering Group	2007	82,894		Engineer
McGrath & Co., PLLC	2011	30,250		Auditor
Rathmann & Associates, L.P.	2008	167,600		Financial Advisor

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

See accompanying auditor's report.

RATHMANN & ASSOCIATES

Financial Advisor to the District