

**OFFICIAL STATEMENT DATED OCTOBER 24, 2024**

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

THE BONDS HAVE NOT BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

**NEW ISSUE - Book-Entry-Only**

Insured Rating (BAM): S&P "AA" (stable outlook)  
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

**\$9,000,000**

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**

*(A political subdivision of the State of Texas located within Harris County)*

**UNLIMITED TAX ROAD BONDS, SERIES 2024**

**Dated: November 1, 2024**

**Due: August 1, as shown below**

**Interest Accrual Date: Date of Delivery**

Principal of the bonds described above (the "Bonds") will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrars, initially The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent/Registrar," "Paying Agent" or "Registrar") in Houston, Texas. Interest on the Bonds will accrue from the date of initial delivery (expected to be on or about November 26, 2024) (the "Date of Delivery") and be payable on August 1, 2025 and on each February 1 and August 1 thereafter until the earlier of stated maturity or redemption. Interest will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof. The Bonds are subject to redemption prior to maturity as shown below.

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 "BOOK-ENTRY-ONLY SYSTEM."



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "MUNICIPAL BOND INSURANCE" herein.

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS**

Due (August 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)	Due (August 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number (b)
2026	\$ 200,000	6.500%	3.35%	41430W CC5	2039	\$ 360,000 (c)	4.000%	4.10%	41430W CR2
2027	210,000	6.500	3.30	41430W CD3	2040	375,000 (c)	4.000	4.15	41430W CS0
2028	220,000	6.500	3.30	41430W CE1	2041	390,000 (c)	4.000	4.20	41430W CT8
2029	230,000	6.500	3.35	41430W CF8	2042	410,000 (c)	4.000	4.25	41430W CU5
2030	240,000	6.500	3.40	41430W CG6	2043	425,000 (c)	4.000	4.29	41430W CV3
2031	250,000	6.500	3.45	41430W CH4	2044	445,000 (c)	4.125	4.33	41430W CW1
2032	265,000 (c)	6.375	3.50	41430W CJ0	2045	465,000 (c)	4.125	4.36	41430W CX9
2033	275,000 (c)	4.000	3.65	41430W CK7	2046	490,000 (c)	4.125	4.38	41430W CY7
2034	285,000 (c)	4.000	3.75	41430W CL5	2047	510,000 (c)	4.250	4.40	41430W CZ4
2035	300,000 (c)	4.000	3.85	41430W CM3	2048	530,000 (c)	4.250	4.42	41430W DA8
***	***	***	***	***	2049	555,000 (c)	4.250	4.44	41430W DB6
2038	345,000 (c)	4.000	4.05	41430W CQ4	2050	580,000 (c)	4.250	4.46	41430W DC4

\$645,000 Term Bonds due August 1, 2037 (c), 41430W CP6 (b), 4.000% Interest Rate, 4.00% Yield (a)

- (a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Initial Purchaser for offers to the public and which may be subsequently changed by the Initial Purchaser and is the sole responsibility of the Initial Purchaser. The initial reoffering yields indicated above represent the lower of the yields resulting when priced at maturity or to the first call date.
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Initial Purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (c) Bonds maturing on or after August 1, 2032, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on August 1, 2031, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

The Bonds, when issued, will constitute valid and legally binding obligations of Harris County Municipal Utility District No. 547 (the "District") and will be 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. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Bond Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about November 26, 2024.

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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 representation must not be relied upon as having been authorized by the District.

This Official Statement is not to be used in an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027, upon payment of duplication costs.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “MUNICIPAL BOND INSURANCE” and “APPENDIX B—Specimen Municipal Bond Insurance Policy.”

## OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

### THE BONDS

<i>The Issuer</i> .....	Harris County Municipal Utility District No. 547 (the “District”), a political subdivision of the State of Texas, is located in Harris County, Texas. See “THE DISTRICT.”
<i>The Issue</i> .....	\$9,000,000 Unlimited Tax Road Bonds, Series 2024 (the “Bonds”) are issued pursuant to a resolution (the “Bond Resolution”) of the District's Board of Directors (the “Board”) and are authorized pursuant to an election held within the District on November 2, 2021. See “THE BONDS—Authority for Issuance.” The Bonds will be issued as fully registered bonds maturing serially on August 1 in each of the years 2026 through 2035, both inclusive, and 2038 through 2050, both inclusive, and as term bonds maturing on August 1, 2037 (the “Term Bonds”) in the amounts and paying interest at the rates shown on the cover hereof. Interest on the Bonds accrues from the Date of Delivery and is payable on August 1, 2025, and on each February 1 and August 1 thereafter until the earlier of stated maturity or prior redemption. See “THE BONDS.”
<i>Redemption</i> .....	Bonds maturing on or after August 1, 2032, are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on August 1, 2031, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS.”
<i>Source of and Security for Payment</i> .....	The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See “TAX PROCEDURES.” The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any other political subdivision or agency other than the District. See “THE BONDS—Source of and Security for Payment.”
<i>Payment Record</i> .....	The District has previously issued \$5,195,000 principal amount of unlimited tax bonds for water, wastewater and drainage facilities in one series and \$6,300,000 principal amount of unlimited tax bonds for road facilities in one series, all of which remains outstanding (the “Outstanding Bonds”) as of the date hereof. The Bonds are the District’s second issuance of unlimited tax bonds for road facilities. The District capitalized \$562,100 of interest from the Outstanding Bonds. The District will capitalize twelve (12) months of interest from Bond proceeds. The District has never defaulted on its debt obligations. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Future Debt</i> .....	The District anticipates selling additional bonds in the future. The District has authorized preparation of a bond application in the approximate amount of \$5,750,000 which will be submitted to the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”) for review and approval. The District expects TCEQ approval and issuance of such bonds in summer 2025. See “THE BONDS—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”
<i>Use of Proceeds</i> .....	Proceeds from the Bonds will be used to pay for items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds also will be used to capitalize twelve (12) months of interest, to pay Developer interest and to pay certain costs associated with the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”
<i>Not Qualified Tax-Exempt Obligations</i> .....	The Bonds have not been designated as “qualified tax-exempt obligations” for financial institutions.

<i>Municipal Bond Rating and Municipal Bond Insurance</i> .....	S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) has assigned a municipal bond rating of “AA” (stable outlook) to this issue of Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM” or the “Insurer”). No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”
<i>Authority for Issuance</i> .....	At the District’s bond election held on November 2, 2021, the voters of the District authorized the issuance of a total of \$121,400,000 principal amount of unlimited tax bonds for the purpose of constructing and/or acquiring road facilities. The Bonds are issued by the District pursuant to the Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, the terms and conditions of the Bond Resolution, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See “THE BONDS—Authority for Issuance,” “—Issuance of Additional Debt” and “INVESTMENT CONSIDERATIONS—Future Debt.”
<i>Book-Entry-Only System</i> .....	The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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 Bond 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. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Bond Counsel</i> .....	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See “MANAGEMENT OF THE DISTRICT,” “LEGAL MATTERS,” and “TAX MATTERS.”
<i>Financial Advisor</i> .....	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT.”
<i>District Engineer</i> .....	Quiddity Engineering, LLC, Houston, Texas.
<i>Disclosure Counsel</i> .....	McCall, Parkhurst & Horton L.L.P., Houston, Texas.

**THE DISTRICT**

<i>Description and Location</i> .....	The District was created by Order of the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”), dated April 5, 2017. The District contains approximately 635 acres of land and is located in the northwestern portion of Harris County approximately 35 miles from downtown Houston, Texas. The District is located northwest of the intersection of US Highway 99 (Grand Parkway) and State Highway 290 and can be accessed from State Highway 290 via Becker Road to FM 2920. The District lies entirely within the extraterritorial jurisdiction of the City of Houston and the Waller Independent School District. See “THE DISTRICT” and “AERIAL PHOTOGRAPH.”
<i>Status of Development</i> .....	The development of land within the District is being marketed as Cypress Green. Water, sanitary sewer and drainage facilities have been constructed to serve Cypress Green, Sections 1 through 11 (839 completed single-family residential lots on approximately 190 acres). As of September 2, 2024, the District contained 395 single-family homes completed and occupied, 3 single-family homes completed and unoccupied, 7 completed model homes, 79 single-family homes in various stages of construction, and 355 vacant developed lots available for home construction, of which 20 are owned by the Developer. In addition, water, sanitary sewer and drainage facilities are under construction to serve 154 lots on approximately 37 acres of land in the District. Utility construction recently commenced, and paving is expected to be complete near the end of 2024.

In addition to the development described above, the District contains approximately 335 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Approximately 73 undevelopable acres in the District are contained in drainage easements, rights-of-way and utility sites. See “THE DISTRICT—Land Use,” “—Status of Development” and “—Homebuilding.”

*The Developer*.....The developer of Cypress Green is Astro Cypress Green, LP, a Delaware limited partnership (the “Developer”), which is a special purpose entity created by Mr. Al Brende of Land Tejas Companies and Starwood Land Astro Ventures LP solely for the purpose of developing and marketing the land in the District. The Developer has entered into a management agreement with Land Tejas Companies, Ltd. for the purpose of managing the day-to-day development activities in the District. The Developer owns approximately 335 acres of undeveloped land in the District. See “THE DEVELOPER,” “TAX DATA—Principal Taxpayers” and “INVESTMENT CONSIDERATIONS—Dependence on Major Taxpayers and the Developer.”

*Homebuilders*.....Homebuilding in the District began in late 2022. Adams Homes Lone Star LLC, Brightland Homes, CastleRock Communities, Colina Homes, DR Horton, Brighton Homes, Lennar Homes, and Long Lake, Ltd. (collectively, the “Homebuilders”) are building homes in Cypress Green, Sections 1 through 11 which range in sales price from approximately \$250,000 to \$475,000. See “THE DISTRICT—Homebuilding.”

### INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY PARTICULARLY THE SECTION CAPTIONED “INVESTMENT CONSIDERATIONS.”

**SELECTED FINANCIAL INFORMATION (UNAUDITED)**

2024 Taxable Assessed Valuation .....	\$127,460,844	(a)
Estimated Taxable Assessed Valuation as of August 1, 2024.....	\$157,512,920	(b)
 Gross Debt Outstanding (after the issuance of the Bonds) .....	 \$20,495,000	 (c)
Ratios of Gross Debt to:		
2024 Taxable Assessed Valuation .....	16.08%	
Estimated Taxable Assessed Valuation as of August 1, 2024 .....	13.01%	
2024 Tax Rate:		
Debt Service.....	\$0.80	
Maintenance and Operations.....	<u>0.70</u>	
Total .....	\$1.50/\$100 A.V.	
Maximum Annual Debt Service Requirements (2026)		
of the Bonds and the Outstanding Bonds (“Maximum Annual Requirement”).....	\$1,440,681	(d)
Average Annual Debt Service Requirements (2026-2050)		
of the Bonds and the Outstanding Bonds (“Average Annual Requirement”).....	\$1,373,606	(d)
Tax rates required to pay Maximum Annual Requirement based upon:		
2024 Taxable Assessed Valuation at a 95% collection rate.....	\$1.19/\$100 A.V.	(e)
Estimated Taxable Assessed Valuation as of August 1, 2024 at a 95% collection rate.....	\$0.97/\$100 A.V.	(e)
Tax rates required to pay Average Annual Requirement based upon:		
2024 Taxable Assessed Valuation at a 95% collection rate.....	\$1.14/\$100 A.V.	(e)
Estimated Taxable Assessed Valuation as of August 1, 2024 at a 95% collection rate.....	\$0.92/\$100 A.V.	(e)
Status of Home Construction as of September 2, 2024 (f):		
Single-family residential – completed and occupied.....	395	
Single-family residential – completed and unoccupied.....	3	
Single-family residential – under construction.....	79	
Model Homes .....	7	
Vacant Developed Lots.....	<u>355</u>	
Total .....	839	

Estimated 2024 Population — 1,382 (g)

- (a) The Harris Central Appraisal District (the “Appraisal District”) has certified \$106,026,624 of taxable value and an additional \$21,434,220 of taxable value remains uncertified. According to the Appraisal District, the uncertified value represents the landowner’s opinion of the taxable value; however, such value could be subject to downward revision. No tax will be levied on the uncertified value until it is certified. The 2024 Taxable Assessed Valuation shown throughout this Official Statement is the certified value plus the uncertified value. See “TAX PROCEDURES.”
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on August 1, 2024. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. “TAX PROCEDURES.”
- (c) Includes the Bonds and the Outstanding Bonds. See “FINANCIAL STATEMENT—Outstanding Bonds.”
- (d) See “DEBT SERVICE REQUIREMENTS.”
- (e) See “TAX DATA—Tax Adequacy for Debt Service.”
- (f) See “THE DISTRICT—Status of Development.”
- (g) Estimate based on 3.5 persons per occupied single-family connection.

## OFFICIAL STATEMENT

**\$9,000,000**

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
*(A political subdivision of the State of Texas located within Harris County)*

### UNLIMITED TAX ROAD BONDS SERIES 2024

This Official Statement provides certain information in connection with the issuance by Harris County Municipal Utility District No. 547 (the “District”) of its \$9,000,000 Unlimited Tax Road Bonds, Series 2024 (the “Bonds”).

The Bonds are issued pursuant to an election held within the District, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, terms and conditions of a resolution authorizing the Bonds (the “Bond Resolution”) adopted by the Board of Directors of the District (the “Board”), and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, the Developer (defined herein), and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from the District upon payment of the costs of duplication therefor.

### THE BONDS

#### **General**

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated November 1, 2024, with interest accruing from the Date of Delivery, and are payable on each February 1 and August 1 commencing August 1, 2025, until the earlier of stated maturity or prior redemption. The Bonds mature on August 1 in the amounts and years and accrue interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in \$5,000 denominations or integral multiples thereof.

#### **Authority for Issuance**

At the District’s bond election held on November 2, 2021, the voters of the District authorized the issuance of a total of \$121,400,000 principal amount of unlimited tax bonds for the purpose of constructing and/or acquiring road facilities. The Bonds are being issued pursuant to such election and for the purposes described in “USE AND DISTRIBUTION OF BOND PROCEEDS.”

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, Article III, Section 52 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

#### **Source of and Security for Payment**

The Bonds, together with the Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See “TAX PROCEDURES.” In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest on and principal of the Bonds and to no other purpose. Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See “INVESTMENT CONSIDERATIONS.”

The Bonds are obligations 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.

### **Method of Payment of Principal and Interest**

In the Bond Resolution, the Board has appointed The Bank of New York Mellon Trust Company N.A., Houston, Texas as the initial Paying Agent/Registrar for the Bonds. The principal of the Bonds shall be payable, without exchange or collection charges, in any coin or currency of the United States of America, which, on the date of payment, is legal tender for the payment of debts due the United States of America. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the January 15 or July 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

If the date for payment of the principal of or interest on any Bond is not a business day, then the date for such payment shall be the next succeeding business day, as defined in the Bond Resolution.

### **Funds**

In the Bond Resolution, the Road Debt Service Fund is confirmed, and the proceeds from all taxes levied, appraised and collected for and on account of the Bonds authorized by the Bond Resolution shall be deposited, as collected, in such fund.

The Road Debt Service Fund is available for payment of principal of and interest on bonds issued for road facilities, including the Bonds. It is not available to pay principal or interest on bonds issued for water, sewer and drainage facilities.

The District maintains a Water/Sewer/Drainage Debt Service Fund that is available for payment of debt service on bonds issued for water, sewer and drainage facilities. It is not available to pay principal or interest on bonds issued for road facilities, including the Bonds.

Twelve (12) months of capitalized interest will be deposited into the Road Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Road Capital Projects Fund, for paying the costs of acquiring or constructing road facilities, engineering fees, administration costs, paying Developer interest and costs of issuance of the Bonds. Any monies remaining in the Road Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Road Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bond Resolution also confirms the previous establishment of the District's General Fund. The District deposits, as collected, all revenues derived from operation of the District's water and sanitary sewer system and from maintenance taxes into the General Fund. From the General Fund, the District pays all administration, operation, and maintenance expenses of the water and sanitary sewer system and the District's storm drainage system. Any funds remaining in the General Fund after payment of maintenance and operating expenses, and to the extent they are ever necessary, after any payments pledged pursuant to the requirements of the Bonds, may be used by the District for any lawful purposes.

### **No Arbitrage**

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates then known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution 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.



**Redemption Provisions**

*Mandatory Redemption:* The Bonds maturing on August 1, 2037 (the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Mandatory Redemption Date”), on August 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

<b>\$645,000 Term Bonds</b>	
<b>Due August 1, 2037</b>	
<b><u>Mandatory</u></b>	<b><u>Principal</u></b>
<b><u>Redemption Date</u></b>	<b><u>Amount</u></b>
2036	\$ 315,000
2037 (maturity)	330,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

*Optional Redemption:* The District reserves the right, at its option, to redeem Bonds maturing on or after August 1, 2032, prior to their scheduled maturities, in whole or in part, in integral multiples of \$5,000, on August 1, 2031, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for redemption by sending written 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 register. Such notices shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

**Registration and Transfer**

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See “BOOK-ENTRY-ONLY SYSTEM.”

### **Lost, Stolen or Destroyed Bonds**

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

### **Replacement of Paying Agent/Registrar**

Provision is made in the Bond Resolution for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new paying agent/registrar shall act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a national or state banking institution, a corporation 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, to act as Paying Agent/Registrar for the Bonds.

### **Issuance of Additional Debt**

The District may issue additional bonds necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have (i) \$152,930,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, (ii) \$106,100,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing road facilities, (iii) \$32,585,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing recreational facilities, (iv) \$47,437,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding outstanding bonds for water, sanitary sewer and drainage facilities, (v) \$36,420,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding outstanding bonds for road facilities, and (vi) \$9,775,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding outstanding bonds for recreational facilities. The District anticipates selling additional bonds in the future. The District has authorized preparation of a bond application in the approximate amount of \$5,750,000 which will be submitted to the Texas Commission on Environmental Quality (the "Commission" or "TCEQ") for review and approval. The District expects TCEQ approval and issuance of such bonds in summer 2025. 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 issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue.

The District is also authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, 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 greater than three percent of the value of the taxable property in the District. The District has approved a park plan and, at an election held of November 2, 2021, voters of the District authorized the issuance of \$32,585,000 in unlimited tax bonds for the purposes of purchasing or constructing parks and recreational facilities, all of which remains authorized but unissued.

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

The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See “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. Issuance of additional bonds could increase gross debt/property rates and might dilute the investment security for the Bonds.

### **Annexation by the City of Houston**

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

If the District is annexed, the City will assume the District’s assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City 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 will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City 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 assets (such as cash and the utility system) and liabilities (such as the Bonds), with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

### **Remedies in Event of Default**

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

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages. 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 judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District’s property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See “INVESTMENT CONSIDERATIONS—Registered Owners’ Remedies and Bankruptcy Limitations.”

## **Legal Investment and Eligibility to Secure Public Funds in Texas**

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

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

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

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

No representation is made that the Bonds will be suitable for or acceptable to financial or public entities for investment or collateral purposes. No representation is made concerning other laws, rules, regulations, or investment criteria which might 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 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.

## BOOK-ENTRY-ONLY SYSTEM

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof. The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants are on file with DTC.*

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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. With respect to the Bonds, one fully-registered Bond 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 3.6 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 rating of "AA+" from S&P Global Ratings. 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](http://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 a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding 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 Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent/Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. 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-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but neither the District nor the Initial Purchaser take any responsibility for the accuracy thereof.

## **THE DISTRICT**

### **General**

Harris County Municipal Utility District No. 547 (the "District") is a municipal utility district created by order of the Commission, dated April 5, 2017, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts. The District is located wholly within the exclusive extraterritorial jurisdiction of the City of Houston, Texas ("Houston" or the "City").

The District is empowered, among other things, to 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 is also empowered to establish parks and recreational facilities for the residents of the District, to contract for or employ its own peace officers and, after approval by the City, the TCEQ and the voters of the District, to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and roads. See the "THE BONDS—Issuance of Additional Debt."

The Commission exercises continuing supervisory jurisdiction over 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, drainage, road, parks and recreation, and firefighting 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 platted lots and reserves which have been approved by the Planning Commission of the City of Houston. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional government agencies. See "WATER SUPPLY AND WASTEWATER TREATMENT."

### **Description and Location**

The District contains approximately 635 acres of land. The District is located approximately 35 miles northwest of downtown Houston. The District is located northwest of the intersection of US Highway 99 (Grand Parkway) and State Highway 290 in northwest Harris County. The District can be accessed from State Highway 290 via Becker Road to FM 2920. The District is located wholly within the Waller Independent School District. See "AERIAL PHOTOGRAPH."

**Land Use**

The following table has been provided by the Engineer and represents the current land use within the District.

<u>Single-Family Residential</u>	Approximate	
	<u>Acres</u>	<u>Lots</u>
Cypress Green		
Section 1.....	20	123
Section 2.....	21	94
Section 3.....	28	128
Section 4.....	14	57
Section 5.....	10	39
Section 6.....	8	27
Section 7.....	11	56
Section 8.....	20	75
Section 9.....	23	79
Section 10.....	13	59
Section 11.....	22	102
Section 13 (a).....	16	54
Section 14 (a).....	<u>21</u>	<u>100</u>
Subtotal.....	227	993
<i>Future Development</i> .....	335	---
<i>Non-Developable (b)</i> .....	<u>73</u>	<u>---</u>
	635	993

- (a) Under construction with estimated completion date near end of 2024.
- (b) Consisting of drainage easements, rights-of-way and utility sites.

**Status of Development**

The development of land within the District is being marketed as Cypress Green. Water, sanitary sewer and drainage facilities have been constructed to serve Cypress Green, Sections 1 through 11 (839 completed single-family residential lots on approximately 190 acres). In addition, water, sanitary sewer and drainage facilities are under construction to serve 154 lots on approximately 37 acres of land in the District. Utility construction recently commenced, and paving is expected to be complete near the end of the year.

Status of Home Construction as of September 2, 2024:	
Single-family residential – completed and occupied.....	395
Single-family residential – completed and unoccupied.....	3
Single-family residential – under construction.....	79
Model Homes.....	7
Vacant Developed Lots.....	<u>355</u>
Total.....	839

In addition to the development described above, the District presently contains approximately 335 acres of developable land which are not provided with underground water, sanitary sewer and drainage facilities. Approximately 73 undevelopable acres in the District are contained in drainage easements, rights-of-way and utility sites. The District cannot represent that any construction of additional utilities or homes or other taxable improvements will occur in the future. See “INVESTMENT CONSIDERATIONS—Undeveloped Acreage and Vacant Lots.”

**Homebuilding**

Homebuilding in the District began in late 2022. Adams Homes Lone Star LLC, Brightland Homes, CastleRock Communities, Colina Homes, DR Horton, Brighton Homes, Lennar Homes, and Long Lake, Ltd. (collectively, the “Homebuilders”) are building homes in Cypress Green, Sections 1 through 11 which range in sales price from approximately \$250,000 to \$475,000. As of September 2, 2024, the Developer has sold 819 lots to the homebuilders and owns 20 lots.

## MANAGEMENT

### **Board of Directors**

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. Each current Director owns land and/or resides in the District. Directors are elected by the voters within the District for four-year staggered terms. Directors elections are held only in even numbered years. The Directors of the District are listed below:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Joetta Bowie	President	May 2028
Margaret Rowell	Vice President	May 2028
Everett Deao	Assistant Vice President	May 2026
John Michael Rose II	Secretary	May 2026
Nicholas P. Dickerson	Assistant Secretary	May 2028

While the District does not employ any full-time employees, it has contracted for certain services as follows:

### **Tax Assessor/Collector**

Land and improvements within the District are appraised for ad valorem taxation purposes by Harris Central Appraisal District. The District contracts with Utility Tax Service, LLC to serve as Tax Assessor/Collector.

### **Bookkeeper**

The District has engaged Myrtle Cruz, Inc. to serve as the District's bookkeeper.

### **System Operator**

The District contracts with Municipal District Services for maintenance and operation of the District's System.

### **Engineer**

The consulting engineer for the District in connection with the design and construction of the District's facilities is Quiddity Engineering, LLC (the "Engineer").

### **Attorney**

The District engages Allen Boone Humphries Robinson LLP as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid 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 on the sale and delivery of the Bonds.

### **Financial Advisor**

Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fees to be paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds.

### **Disclosure Counsel**

The District has engaged McCall, Parkhurst & Horton L.L.P., Houston, Texas as disclosure counsel. The fees paid to disclosure counsel in connection with the issuance of the Bonds are contingent upon the sale and delivery of the Bonds.



## **Auditor**

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audited financial statements are filed with the TCEQ. The financial statements of the District as of April 30, 2024, and for the year ended, have been audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, as stated in their report appearing herein. See "APPENDIX A" for a copy of the audited financial statements of the District as of April 30, 2024.

## **THE DEVELOPER**

### **Role of a Developer**

In general, the activities of a landowner or developer in an improvement district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. While a developer is required by the TCEQ to pave streets in areas where utilities are to be financed by a district through a specified bond issue, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Neither the Developer nor any of its affiliates, are obligated to pay principal of or interest on the Bonds. Furthermore, the Developer does not have a binding commitment to the District to carry out any plan of development and may sell or otherwise dispose of its property within the District, or any other assets, at any time, and the furnishing of information relating to Developer should not be interpreted as such a commitment. Prospective Bond purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District. See "INVESTMENT CONSIDERATIONS—Landowner Obligation to the District."

Prospective Bond purchasers should note that any prior real estate experience discussed below of the Developer should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. See "INVESTMENT CONSIDERATIONS—Dependence on Major Taxpayers and the Developer."

### **Astro Cypress Green, LP**

The developer of Cypress Green is Astro Cypress Green, LP, a Delaware limited partnership (the "Developer"), which is a special purpose entity created by the Land Tejas Companies and Starwood Land Astro Ventures LP solely for the purpose of developing and marketing the land in the District. The Developer has entered into a management agreement with Land Tejas Companies, Ltd. for the purpose of managing the day-to-day development activities in the District. The Developer owns approximately 335 acres of undeveloped land in the District.

According to the Developer, the Developer is a thinly capitalized entity whose assets consist primarily of the land in the District and the receivables due from the District for development costs. The Developer has minimal net revenues. The development is financed by Astro Cypress Green, LP with cash generated primarily through the sale of residential lots and commercial land. Astro Cypress Green, LP has obtained financing for a portion of the development of the District through the Public Finance Authority of Wisconsin (the "PFA"). The PFA issued \$164,990,000 Special Revenue Bonds (Astro Texas Land Projects, Municipal Utility Districts, Brazoria, Galveston, Harris and Waller Counties, Texas), Series 2024 (the "PFA Bonds"), which are secured in part by the sale and assignment of Astro Cypress Green, LP's right to receive proceeds from the Bonds and the future sale of unlimited tax bonds issued by the District. According to the Developer, they are currently in compliance with all material representations and certifications made with respect to the PFA Bonds and have made the necessary certifications required by the Texas Attorney General ensuring the proceeds of the Bonds are being used for lawful purposes authorized under Texas law. The Developer is not responsible for, liable for, and has not made any commitment for payment of the Bonds or other obligations of the District. Further, the Developer's financial condition is subject to change at any time. Because of the foregoing, financial information concerning the Developer will neither be updated nor provided following issuance of the Bonds. See "INVESTMENT CONSIDERATIONS—Dependence on Major Taxpayers and the Developer."

## THE ROAD SYSTEM

The road system serves the residents of Cypress Green and consists of two (2) major thoroughfares, Holderrieth Road and Mason Road, several collector roads, namely Tuscan Terrace Drive, and an internal street network. Tuscan Terrace Drive serves as the primary access point to the District, connecting the internal streets to the major thoroughfares of Farm-to-Market 2920, forming the northern boundary of the District, and Holderrieth Road, providing secondary access west of the District. Mason Road serves as an alternate point of access providing north-south connection between Farm-to-Market 2920 and Holderrieth Road along the District's northeastern boundary. All of these roads are included in the City of Houston's and/or Harris County's thoroughfare plan and have been or will be accepted for ownership, operation, and maintenance by Harris County.

These roads lie within the public right-of-way. In addition to the roadway, public utilities such as underground water, sewer and drainage facilities are also located within the right-of-way. The right-of-way is also shared by street lights, sidewalks and franchise utilities (power, gas, telephone and cable).

## WATER SUPPLY AND WASTEWATER TREATMENT

### Regulation

According to the Engineer, the District's water distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The Commission exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the Commission and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District, the City of Houston, Harris County and, in some instances, the Commission. Harris County and the City of Houston also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in connection with any permit for the wastewater treatment plant in which the District owns capacity beyond the criteria existing at the time of construction of the plant could result in the need to construct additional facilities in the future. The following descriptions are based upon information supplied by the District's Engineer.

### Wholesale Agreement for Water and Wastewater Service

On March 31, 2021, LT Cypress Green 634 LLC, McCallister Opportunity Fund 2012, L.P., McCallister Opportunity Fund 2014, L.P. and Quadvest, L.P., a Texas Limited Partnership ("Quadvest"), entered into a Wholesale Agreement for Water and Wastewater Service (the "Wholesale Agreement") to provide water supply and wastewater treatment capacity to serve up to 2,500 ESFCs within the District. On December 21, 2021, the Wholesale Agreement was assigned by LT Cypress Green 634 LLC to Astro Cypress Green, L.P. (the "Developer"). On August 25, 2022, the Wholesale Agreement was assigned by the Developer to the District. Under the terms of the Wholesale Agreement, Quadvest is responsible for financing and constructing the water supply and wastewater treatment plants (the "Plant Facilities") to provide water and wastewater service to the District. The District is responsible for financing and constructing the facilities to deliver water and wastewater service to customers within the District. In exchange for constructing and operating the Plant Facilities, Quadvest has received or will receive the following: a) an initial payment from the Developer in the amount of \$500,000, which payment will offset the final Capacity Payments (defined below) and b) Capacity Payments in the amount of \$1,280 per platted lot (the "Capacity Payments"). The Capacity Payments are due the earlier of: a. Receipt of District bond proceeds for such Capacity Payments; or b. Thirty-six (36) months following the recording of the plat for each section. Quadvest is obligated to expand the systems for Water and Wastewater Services and initiate the engineering and financial planning of the expansions to Quadvest Wastewater System or Quadvest Water System when the system reaches 75% of permitted capacity. Quadvest will initiate construction of the expansion of the system when it reaches 90% of the permitted capacity.

### Source of Water Supply and Wastewater Treatment

The District obtains water from Quadvest, which holds Certificate of Convenience and Necessity No. 11612 for water according to the Wholesale Agreement. Quadvest currently provides water supply to the District from Water Plant No. 1, which is located within the boundaries of the District and is owned, operated and maintained by Quadvest. Water Plant No. 1 consists of one (1) 500 gpm water well; one (1) 1,100 gpm water well; one (1) 280,000-gallon ground storage tank; one (1) 15,000-gallon hydro-pneumatic tank; and two (2) 1,000 gpm booster pumps. Water Plant No. 1 has the capacity to serve a total of 571 ESFCs in the District. Currently, approximately 470 ESFCs are being served in the District.

The District obtains wastewater capacity from Quadvest, which holds Certificate of Convenience and Necessity No. 20952 for wastewater according to the Wholesale Agreement. Quadvest currently provides wastewater treatment through its Bauer Road Wastewater Treatment Facility. The TCEQ issued Quadvest a wastewater discharge permit for Bauer Road. Quadvest is currently operating in Phase I of the permit. In Phase I, the average daily flow is limited to 240,000 gpd, and the plant's current average daily flow is approximately 230,000 gpd. Quadvest has started construction on Phase II of the wastewater treatment plant and it is expected to be completed by the second quarter of 2025. Upon completion of phase II, average daily flow in the plant will be increased to 500,000 gpd. Phase I of the wastewater treatment plant has capacity to serve approximately 960 ESFCs of which the District has 510 ESFCs. Currently, approximately 470 ESFCs are being served in the District.

*Subsidence and Conversion to Surface Water Supply:* The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the North Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

The Authority, among other powers, has the power to (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, and charges as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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

*100-Year Flood Plain:* "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 and other improvements 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 no assurance that homes and other improvements built in such area will not be flooded. The District's drainage system has been designed and constructed to the then current standards.

According to the District’s Engineer, there are no developable acres within the District that are included in the 500-year flood plain. No land within the District lies within the 100-year flood plain. See “INVESTMENT CONSIDERATIONS—Extreme Weather Events.”

*Atlas 14:* In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties within the District. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain.

**USE AND DISTRIBUTION OF BOND PROCEEDS**

The estimated use and distribution of Bond proceeds is shown below. Of proceeds to be received from sale of the Bonds, \$7,614,439 is estimated for construction costs, \$1,385,561 is estimated for non-construction costs, including twelve (12) months of capitalized interest on the Bonds.

**CONSTRUCTION COSTS**

Tuscan Terrace Drive and Holderrieth Road Street Dedication Paving...	\$ 1,354,353
Mason Road Segments 1 and 2 Paving.....	958,469
FM 2920 Traffic Signals.....	165,864
Holderrieth Road Street Dedication Section 2 Paving.....	937,769
Cypress Green, Sections 1 and 2 Paving.....	253,069
Cypress Green, Section 11 and Tuscan Terrace Drive Section 1 Paving..	1,653,573
Cypress Green, Section 8 Paving.....	631,331
Cypress Green, Section 9 Paving.....	648,262
Cypress Green, Section 10 Paving.....	526,772
Engineering and Testing.....	484,977

**Total Construction Costs** **\$ 7,614,439**

**NON-CONSTRUCTION COSTS**

Legal Fees.....	\$ 220,000
Fiscal Agent Fees.....	155,000
Capitalized Interest (12 Months).....	407,231
Developer Interest.....	265,332
Bond Discount.....	268,754
Bond Application Report.....	20,000
Bond Issuance Expenses.....	40,244
Attorney General Fee (0.1%).....	9,000

**Total Non-Construction Costs** **\$ 1,385,561**

**TOTAL BOND ISSUE** **\$ 9,000,000**

The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used.

**Future Debt**

The Developer has financed or is financing the engineering and construction costs of underground utilities to serve Cypress Green, Sections 1 through 11, 13 and 14, as well as certain other District improvements including other water and wastewater line extensions. After reimbursement from proceeds of the sale of the Bonds, the Developer will have expended approximately \$33,416,000 (as of September 1, 2024) for design, construction and acquisition of District utilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for these costs to the extent allowed by the Commission. Additionally, the District contains approximately 335 acres of developable land not presently served with water distribution, wastewater collection and storm drainage facilities. It is anticipated that additional bonds will be issued to finance the construction of these facilities to serve this undeveloped acreage. The District can make no representation that any additional development will occur within the District. The Engineer has stated that the District’s authorized but unissued bonds will be adequate, under present land use projections, to finance such improvements.

**UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED**

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Amount Unissued</u>
11/2/2021	Water, Sanitary Sewer and Drainage ("WS&D")	\$158,125,000	\$5,195,000	\$152,930,000
11/2/2021	Recreational	\$32,585,000	\$0	\$32,585,000
11/2/2021	Roads	\$121,400,000	\$15,300,000 *	\$106,100,000
11/2/2021	Refunding of WS&D Bonds	\$47,437,000	\$0	\$47,437,000
11/2/2021	Refunding of Recreational Bonds	\$9,775,000	\$0	\$9,775,000
11/2/2021	Refunding of Road Bonds	\$36,420,000	\$0	\$36,420,000

\* Includes the Bonds.

**FINANCIAL STATEMENT**

2024 Taxable Assessed Valuation .....	\$127,460,844 (a)
Estimated Taxable Assessed Valuation as of August 1, 2024.....	\$157,512,920 (b)
<b>Direct Debt:</b>	
Outstanding Bonds (as of September 1, 2024).....	\$11,495,000
The Bonds .....	<u>9,000,000</u>
Gross Direct Debt (after issuance of the Bonds).....	\$20,495,000
<b>Ratios of Gross Direct Debt to:</b>	
2024 Taxable Assessed Valuation .....	16.08%
Estimated Taxable Assessed Valuation as of August 1, 2024 .....	13.01%

Area of District — 635 acres  
Estimated 2024 Population — 1,382 (c)

- (a) The Harris Central Appraisal District (the "Appraisal District") has certified \$106,026,624 of taxable value and an additional \$21,434,220 of taxable value remains uncertified. According to the Appraisal District, the uncertified value represents the landowner's opinion of the taxable value; however, such value could be subject to downward revision. No tax will be levied on the uncertified value until it is certified. The 2024 Taxable Assessed Valuation shown throughout this Official Statement is the certified value plus the uncertified value. See "TAX PROCEDURES."
- (b) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable appraised value within the District on August 1, 2024. No tax will be levied on such amount. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. See "TAX PROCEDURES."
- (c) Based on 3.5 persons per single family connections.

**Cash and Investment Balances** (unaudited as of September 26, 2024)

General Fund	Cash and Temporary Investments	\$179,914 (a)
WS&D Capital Projects Fund	Cash and Temporary Investments	\$2,039
Road Capital Projects Fund	Cash and Temporary Investments	\$5,258
WS&D Debt Service Fund	Cash and Temporary Investments	\$450,172 (c)
Road Debt Service Fund	Cash and Temporary Investments	\$381,253 (b, c)

- (a) See "INVESTMENT CONSIDERATIONS—Operating Funds."
- (b) Twelve (12) months of capitalized interest will be deposited into such fund from Bond proceeds. Neither the Bond Resolution nor Texas law requires that the District maintain any particular balance in the Debt Service Fund.
- (c) Although all of the District's debt, including the Outstanding Bonds and the Bonds, is payable from an unlimited tax pledge on parity, a pro rata portion of the District's ad valorem tax revenue will be allocated to bonds sold for road facilities, including the Bonds (the "Road Bonds"), and a portion will be allocated to bonds sold for water, sewer and drainage facilities (the Water, Sewer and Drainage Bonds"). See "—Outstanding Bonds" herein. The Road Debt Service Fund is not pledged to the Water, Sewer and Drainage Bonds and the Water, Sewer and Drainage Debt Service Fund is not pledged to the Road Bonds.

**Outstanding Bonds** (as of September 1, 2024)

Series	Original Principal Amount	Outstanding Bonds (as of 9/1/2024)
2023	\$ 5,195,000	\$ 5,195,000
2023A	6,300,000	6,300,000
Total		\$ 11,495,000

**Investments of the District**

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

**ESTIMATED OVERLAPPING DEBT STATEMENT**

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds (“Tax Debt”) was developed from information contained in the “Texas Municipal Reports” published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Harris County.....	\$ 2,577,839,039	8/31/2024	0.020%	\$ 515,568
Harris County Flood Control District.....	991,095,000	8/31/2024	0.020%	198,219
Harris County Department of Education.....	28,960,000	8/31/2024	0.020%	5,792
Harris County Hospital District.....	65,285,000	8/31/2024	0.020%	13,057
Port of Houston Authority.....	426,134,397	8/31/2024	0.020%	85,227
Waller Independent School District.....	703,140,000	8/31/2024	0.670%	4,711,038
Total Estimated Overlapping Debt.....				\$ 5,528,901
The District.....	20,495,000 (a)	Current	100.00%	20,495,000
Total Direct and Estimated Overlapping Debt.....				\$ 26,023,901

Ratios of Gross Debt and Estimated Overlapping Debt to:

2024 Taxable Assessed Valuation.....	20.42%
Estimated Taxable Assessed Valuation as of August 1, 2024.....	16.52%

(a) Includes the Bonds and the Outstanding Bonds.

**Overlapping Tax Rates for 2024**

	<u>2024 Tax Rate per \$100 of Taxable Assessed Valuation</u>
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority) (a).....	\$ 0.535090
Waller Independent School District.....	1.106900
Harris County ESD No. 3 .....	0.100000
Harris County ESD No. 21 .....	<u>0.100000</u>
 Total Overlapping Tax Rate.....	 \$ 1.84199
 The District (b).....	 <u>1.50000</u>
 Total Tax Rate.....	 \$ 3.34199

(a) Represents the 2023 tax rates.  
 (b) See "TAX DATA—Tax Rate Distribution."

**TAX DATA**

**Tax Collections**

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax Year	Certified Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of August 31, 2024 (a)	
				Amount	Percent
2022 (b) \$	626,229	\$ 1.500	\$ 9,393	\$ 9,393	100.00%
2023	44,850,173	1.500	672,753	669,651	99.54%
2024	106,026,624	1.500	1,590,399	(c)	(c)

(a) Unaudited.  
 (b) Initial year of tax levy.  
 (c) In process of collection. Taxes for 2024 are due by January 31, 2025.

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. No split payments are allowed, and no discounts are allowed.

**Tax Rate Distribution**

	2024	2023	2022 (a)
Debt Service	\$ 0.800	\$ 0.750	\$ -
Maintenance and Operations	0.700	0.750	1.500
Total	\$ 1.500	\$ 1.500	\$ 1.500

(a) Initial year of tax levy.

**Tax Rate Limitations**

Debt Service: Unlimited (no legal limit as to rate or amount).  
 Maintenance and Operations: \$1.50 per \$100 of taxable assessed valuation.

## **Debt Service Tax**

The Board covenants in the Bond Resolution to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. The District levied a debt service tax for 2024 at the rate of \$0.80 per \$100 of taxable assessed valuation.

## **Maintenance and Operations 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 vote of the District's electors. On November 2, 2021, the District's voters authorized the Board to levy such a maintenance tax in an amount not to exceed \$1.50 per \$100 of taxable assessed valuation. The District levied a maintenance tax for 2024 at the rate of \$0.70 per \$100 of taxable assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonded indebtedness.

## **Tax Exemptions**

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. For tax year 2024, the District has not granted any residential homestead exemptions.

## **Additional Penalties**

The District has contracted with a delinquent tax attorney to collect certain delinquent taxes. In connection with that contract, the District established 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 Property Tax Code.

## **Principal Taxpayers**

The following list of principal taxpayers was provided by the District's tax assessor/collector and represents the principal taxpayers' value as a percentage of the certified portion (\$106,026,624) of the 2024 Taxable Assessed Valuation of \$127,460,844. This represents ownership as of January 1, 2024. An accurate principal taxpayer list related to the uncertified portion (\$21,434,220) of the 2024 Taxable Assessed Valuation and Estimated Taxable Assessed Valuation as of August 1, 2024, is not yet available as of the date hereof. See "INVESTMENT CONSIDERATIONS—Dependence on Major Taxpayers and the Developer."

<u>Taxpayer</u>	<u>Type of Property</u>	<u>% of</u>	
		<u>2024 Certified</u> <u>Taxable Assessed</u> <u>Valuation</u>	<u>2024 Certified</u> <u>Taxable Assessed</u> <u>Valuation</u>
Astro Cypress Green LP (a)	Land and Lots	\$ 5,078,473	4.79%
Long Lake Ltd (b)	Lots and Homes	2,787,772	2.63%
DR Horton Texas Ltd (b)	Lots and Homes	1,220,917	1.15%
Adams Homes Lone Star LLC (b)	Lots and Homes	725,512	0.68%
Individual	Lots and Homes	419,871	0.40%
Individual	Lots and Homes	412,698	0.39%
Individual	Lots and Homes	406,278	0.38%
Individual	Lots and Homes	402,480	0.38%
Individual	Lots and Homes	392,146	0.37%
Individual	Land & Improvements	384,467	0.36%
Total		\$ 12,230,614	11.54%

(a) See "THE DEVELOPER."

(b) See "THE DISTRICT—Homebuilders."



**Summary of Assessed Valuation**

The following summary of the 2024, 2023 and 2022 Taxable Assessed Valuations is provided by the District’s Tax Assessor/Collector based on information provided by the Appraisal District and contained in the 2024, 2023 and 2022 tax rolls of the District. Accurate breakdowns related to the uncertified portion of the 2024 Taxable Assessed Valuation and the Estimated Taxable Assessed Valuation as of August 1, 2024 are not available from the Appraisal District. Differences in totals may vary slightly from other information herein due to differences in dates of data.

	2024 Taxable <u>Assessed Value</u>	2023 Taxable <u>Assessed Value</u>	2022 Taxable <u>Assessed Value</u>
Land	\$ 24,918,731	\$ 35,265,404	\$ 541,064
Improvements	83,577,244	9,972,722	85,165
Personal Property	312,969	69,844	-
Exemptions	<u>(2,782,320)</u>	<u>(457,797)</u>	-
Total Certified	\$ 106,026,624	\$ 44,850,173	\$ 626,229
Uncertified Value	<u>21,434,220</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 127,460,844</u>	<u>\$ 44,850,173</u>	<u>\$ 626,229</u>

**Tax Adequacy for Debt Service**

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2024 Taxable Assessed Valuation of \$127,460,844, including \$21,434,220 of uncertified value, the Estimated Taxable Assessed Valuation as of August 1, 2024 of \$157,512,920, no use of available funds, and utilize tax rates necessary to pay the District's average and maximum annual debt service requirements on the Outstanding Bonds and the Bonds.

Maximum annual debt service requirement (2026) .....	\$1,440,681
\$1.19 tax rate on the 2024 Taxable Assessed Valuation	
of \$127,460,844 at a 95% collection rate produces .....	\$1,440,945
\$0.97 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2024	
of \$157,512,920 at a 95% collection rate produces .....	\$1,451,482
 Average annual debt service requirement (2026-2050) .....	 \$1,373,606
\$1.14 tax rate on the 2024 Taxable Assessed Valuation	
of \$127,460,844 at a 95% collection rate produces .....	\$1,380,401
\$0.92 tax rate on the Estimated Taxable Assessed Valuation as of August 1, 2024	
of \$157,512,920 at a 95% collection rate produces .....	\$1,376,663

No representation or suggestion is made that the uncertified portion of the 2024 Taxable Assessed Valuation or estimates of values of land and improvements provided by the Appraisal District as of August 1, 2024, for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See “TAX PROCEDURES.”

**TAX 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 Outstanding Bonds, the 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 herein under “THE BONDS—Source of and Security for Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See “TAX DATA—Debt Service Tax” and “—Maintenance and Operations Tax.”

**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 responsibility for reviewing and equalizing the values established by the appraisal district. The Harris Central Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris Central Appraisal Review Board (the "Appraisal Review Board").

### **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 sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous 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, of between \$5,000 and \$12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

*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 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. For tax year 2024, the District has not adopted a general homestead exemption.

*Freeport Goods and Goods-in-Transit Exemptions:* 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 property 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, Harris County, the District, and the City of Houston (if it were to annex the District), at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction 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. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value 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 be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. 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 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 as to 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 (3) years for agricultural use, open space land and timberland.

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 (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The 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 formally to 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 Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which 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.

## **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.

## **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 June 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.

## **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 90% 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 herein.

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

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

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

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

#### **District's Rights in the Event of Tax Delinquencies**

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units. See "ESTIMATED OVERLAPPING DEBT STATEMENT—Overlapping Tax Rates for 2024." A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." 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 cost of suit and sale, 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 two (2) years for residential and agricultural property and six (6) months for commercial property 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. 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. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

## WATER AND SEWER OPERATIONS

### General

The Bonds and the Outstanding Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds and the Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that any significant revenues will be available for the payment of debt service on the Bonds and the Outstanding Bonds. See "INVESTMENT CONSIDERATIONS—Operating Funds."

### Waterworks and Sewer System Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Such summary is based upon information obtained from the District's audited financial statement for fiscal years April 30, 2022 through 2024. Reference is made to such statements and records for further and more complete information.

	Fiscal Year Ended April 30		
	2024	2023	2022 (a)
<b>Revenues</b>			
Property Taxes	\$ 325,118	\$ 9,539	\$ -
Water Service	270,385	55,624	-
Sewer Service	175,136	24,327	-
Regional Water Authority Fee	155,669	10,707	-
Penalty and Interest	14,094	770	-
Tap Connection and Inspection Fees	440,885	514,460	-
Investment Income	14,187	12,014	-
<b>Total Revenues</b>	<b>\$ 1,395,474</b>	<b>\$ 627,441</b>	<b>\$ -</b>
<b>Expenditures</b>			
Professional Fees	\$ 356,305	\$ 145,848	\$ 162,805
Contracted Services	120,401	36,350	5,750
Purchased Water Service	147,878	17,568	-
Purchased Sewer Service	231,385	32,615	-
Repairs and Maintenance	155,884	80,647	-
Water Authority Assessments	193,545	20,730	-
Other Expenditures	358,396	251,403	18,246
<b>Total Expenditures</b>	<b>\$ 1,563,794</b>	<b>\$ 585,161</b>	<b>\$ 186,801</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (168,320)</b>	<b>\$ 42,280</b>	<b>\$ (186,801)</b>
<b>Other Sources (Developer Advances)</b>	<b>\$ 30,000</b>	<b>\$ 200,108</b>	<b>\$ 22,000</b>
<b>Fund Balance (Beginning of Year)</b>	<b>\$ 77,587</b>	<b>\$ (164,801)</b>	<b>\$ -</b>
<b>Fund Balance (End of Year)</b>	<b>\$ (60,733)</b>	<b>\$ 77,587</b>	<b>\$ (164,801)</b>

(a) Initial audited financial statement.

## DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements for the Outstanding Bonds and the Bonds. This schedule does not reflect the fact that twelve (12) months of interest will be capitalized from Bond proceeds to pay debt service on the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

Year	Outstanding Bonds Debt Service Requirements	Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2025	\$ 834,588	\$ -	\$ 277,143	\$ 277,143	\$ 1,111,731
2026	833,450	200,000	407,231	607,231	1,440,681
2027	826,275	210,000	394,231	604,231	1,430,506
2028	823,413	220,000	380,581	600,581	1,423,994
2029	819,525	230,000	366,281	596,281	1,415,806
2030	809,613	240,000	351,331	591,331	1,400,944
2031	809,013	250,000	335,731	585,731	1,394,744
2032	802,038	265,000	319,481	584,481	1,386,519
2033	799,038	275,000	302,588	577,588	1,376,625
2034	797,713	285,000	291,588	576,588	1,374,300
2035	800,713	300,000	280,188	580,188	1,380,900
2036	802,525	315,000	268,188	583,188	1,385,713
2037	803,400	330,000	255,588	585,588	1,388,988
2038	803,075	345,000	242,388	587,388	1,390,463
2039	806,800	360,000	228,588	588,588	1,395,388
2040	809,025	375,000	214,188	589,188	1,398,213
2041	810,056	390,000	199,188	589,188	1,399,244
2042	814,894	410,000	183,588	593,588	1,408,481
2043	817,906	425,000	167,188	592,188	1,410,094
2044	814,469	445,000	150,188	595,188	1,409,656
2045	819,819	465,000	131,831	596,831	1,416,650
2046	823,469	490,000	112,650	602,650	1,426,119
2047	825,419	510,000	92,438	602,438	1,427,856
2048	820,669	530,000	70,763	600,763	1,421,431
2049	828,944	555,000	48,238	603,238	1,432,181
2050	-	580,000	24,650	604,650	604,650
Total	\$ 20,355,844	\$ 9,000,000	\$ 6,096,031	\$ 15,096,031	\$ 35,451,875

Average Annual Debt Service Requirements (2026-2050).....\$1,373,606  
 Maximum Annual Debt Service Requirements (2026).....\$1,440,681

## INVESTMENT CONSIDERATIONS

### **General**

The Bonds are obligations solely of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on all taxable property within the District in an amount sufficient to service the District's bonded debt or in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source of and Security for Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that taxable property within the District will maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "—Registered Owners' Remedies and Bankruptcy Limitations" herein.

### **Dependence on Major Taxpayers and the Developer**

The ten top taxpayers represent \$12,230,614 or 11.54% of the certified portion (\$106,026,624) of the 2024 Taxable Assessed Valuation within the District as of January 1, 2024. The Developer is the principal taxpayer within the District. According to the 2024 tax rolls, as initially certified, the Developer will be responsible for payment of District for approximately 4.79% (\$5,078,473) of the 2024 certified tax roll. See "TAX DATA—Principal Taxpayers." The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay taxes in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes could have a material adverse effect upon the District's ability to pay debt service on the Bonds. See "—Tax Collection Limitations" in this section.

### **Operating Funds**

At this stage of development, the District does not generate adequate operating revenue to pay the operating expenses of the District. The District's current primary source of operating revenue is its maintenance tax revenue and Developer advances. The District levied a 2024 maintenance tax of \$0.70 per \$100 of assessed valuation. The District's General Fund balance as of September 26, 2024 was \$179,914. Continued maintenance of a positive General Fund balance will depend upon continued development, increased amounts of maintenance tax revenue and tap fees and Developer advances. In the event that funds are not available by the Developer, the District could be required to levy a maintenance tax at a rate sufficient to fund its operating expenses. Such a tax, when added to the District's debt service tax, may result in a total District tax in excess of similar developments and could adversely affect continued development of the District, as well as the willingness of taxpayers to pay taxes on their property. See "WATER AND SEWER OPERATIONS."

### **Economic Factors and Interest Rates**

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots. The market value of such homes and lots is related to general economic conditions in the greater Houston region and the national economy and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability (see "—Credit Markets and Liquidity in the Financial Markets" below), construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

### **Credit Markets and Liquidity in the Financial Markets**

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. 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 construction within the District. In addition, since the District is located approximately 35 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and the nation could adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base or reduce it from current levels.



## **Competition**

The demand for and construction of single-family homes in the District, which is approximately 35 miles from downtown Houston, could be affected by competition from other residential developments in the northwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of builders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

## **Impact on District Tax Rates**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2024 Taxable Assessed Valuation is \$127,460,844 (\$106,026,624 of certified value plus \$21,434,220 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be \$1,440,681 (2026) and the average annual debt service requirement will be \$1,373,606 (2026-2050, inclusive). Assuming no increase or decrease from the 2024 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$1.19 and \$1.14 per \$100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of August 1, 2024 is \$157,512,920, subject to change and downward revision prior to certification. Assuming no increase or decrease from the Estimated Taxable Assessed Valuation as of August 1, 2024, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.97 and \$0.92 per \$100 of assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and average annual debt service requirement, respectively. See “DEBT SERVICE REQUIREMENTS.” Although calculations have been made regarding the tax rate necessary to pay the maximum and average annual debt service on the Bonds based upon the 2024 Taxable Assessed Valuation or the Estimated Taxable Assessed Valuation as of August 1, 2024, the District can make no representations regarding the future level of assessed valuation within the District. See “TAX PROCEDURES” and “TAX DATA—Tax Adequacy for Debt Service.”

## **Future Debt**

The District reserves in the Bond Resolution the right to issue the remaining (i) \$152,930,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities, (ii) \$106,100,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing road facilities, (iii) \$32,585,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing recreational facilities, (iv) \$47,437,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding outstanding bonds for water, sanitary sewer and drainage facilities, (v) \$36,420,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding outstanding bonds for road facilities, and (vi) \$9,775,000 principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding outstanding bonds for recreational facilities, and the District may issue additional bonds which may be voted hereafter. After reimbursement to the Developer with proceeds of the Bonds, approximately \$33,416,000 in reimbursements will remain owed to the Developer. The District anticipates selling additional bonds in the future. The District has authorized preparation of a bond application in the approximate amount of \$5,750,000 which will be submitted to the Texas Commission on Environmental Quality (the “Commission” or “TCEQ”) for review and approval. The District expects TCEQ approval and issuance of such bonds in summer 2025. See “THE BONDS—Issuance of Additional Debt.” The issuance of such future obligations may adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water, sanitary sewer and drainage facilities or park facilities must be approved by the TCEQ.

## **Landowner Obligation to the District**

There are no commitments from or obligations of the Developer or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner’s right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots could restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable value.

### **Undeveloped Acreage and Vacant Lots**

There are approximately 335 developable acres of land within the District that have not been provided with water, sanitary sewer, storm sewer, road and other facilities necessary for the construction of taxable improvements and 369 vacant developed lots available for home construction. Failure of the Developer to develop the developable land or of builders to construct taxable improvements on the developed lots could restrict the rate of growth of taxable values in the District. The District makes no representation as to when or if development of the undeveloped acreage will occur or that the lot sales and building program will be successful. See “THE DISTRICT—Land Use” and “—Status of Development.”

### **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 homebuilding activity within the District. The District cannot predict the impact that negative conditions in the oil and gas industry could have on property values in the District.

### **Extreme Weather Events**

The greater Houston area 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 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 25, 2017 and brought historic levels of rainfall during the successive four days.

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 the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

### **Specific Flood Type Risks**

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

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

## **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 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 market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. 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. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES—District's Rights in the Event of Tax Delinquencies."

## **Registered Owners' Remedies and Bankruptcy Limitations**

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, if it fails to make payments into any fund or funds created in the Bond Resolution, or if it defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Resolution. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default, and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, 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 judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901-946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay, or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable 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. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such 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 a petitioning district were allowed to proceed voluntarily under Chapter 9 of the Federal Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect Registered Owners by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district may not be forced into bankruptcy involuntarily.

## **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 Service Area. 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 Polyfluoroalkyl Substances (“PFAS”), which requires public water systems to perform certain monitoring and remediation measures. Public water systems may be subject to additional PFAS regulation in the future, which could increase the cost of constructing, operating, and maintaining water production and distribution facilities.

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

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

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

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

While the *Sackett* decision 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.

### **Continuing Compliance with Certain Covenants**

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Resolution 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.”

### **Marketability**

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

## **Changes in Tax Legislation**

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers should consult with their own tax advisors with respect to any proposed, pending or future legislation.

## **Risk Factors Related to the Purchase of Municipal Bond Insurance**

The Initial Purchaser has entered into an agreement with Build America Mutual Assurance Company (“BAM” or the “Insurer”) for the purchase of a municipal bond insurance policy (the “Policy”). At the time of entering into the agreement, the Insurer was rated “AA” (stable outlook) by S&P. See “MUNICIPAL BOND INSURANCE.”

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer’s financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE.”

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

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

## **LEGAL MATTERS**

### **Legal Proceedings**

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, payable from the proceeds of an annual ad valorem tax levied, without limit as to rate or amount, upon all taxable property within the District, and, based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds, the approving legal opinion of Bond Counsel, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” “THE DISTRICT—General,” “WATER SUPPLY AND WASTEWATER TREATMENT—Wholesale Agreement for Water and Wastewater Service,” “TAX PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. 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.

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 legal fees paid to Allen Boone Humphries Robinson LLP in its capacity as General Counsel are based on time charges actually incurred.

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 Material Adverse Change**

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

### **No-Litigation Certificate**

The District will furnish the Initial Purchaser a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation 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, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

## **TAX MATTERS**

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of determining the alternative minimum tax imposed on corporations.

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 proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service. The District has covenanted in the Bond Resolution that they 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 which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the Initial Purchaser with respect to matters solely within the knowledge of the District, the and the Initial Purchaser, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

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. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations 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, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income 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. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

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 hereof. 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 Internal Revenue Service (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 whether or not 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 during the pendency of the audit regardless of the ultimate outcome of the audit.

### **Tax Accounting Treatment of Original Issue Discount Bonds**

The issue price of certain of the Bonds (the "Original Issue Discount Bonds") is less than the stated redemption price at maturity. In such case, under existing law, and based upon the assumptions hereinafter stated (a) the difference between (i) the stated amount payable at the maturity of each Original Issue Discount Bond and (ii) the issue price of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond at the initial public offering price in the initial public offering of the Bonds; and (b) such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Bond was held by such initial owner) is includable in gross income. (Because original issue discount is treated as interest for federal income tax purposes, the discussion regarding interest on the Bonds under the caption "TAX MATTERS" generally applies, except as otherwise provided below, to original issue discount on an Original Issue Discount Bond held by an owner who purchased such Bond at the initial offering price in the initial public offering of the Bonds, and should be considered in connection with the discussion in this portion of the Official Statement.)

The foregoing is based on the assumptions that (a) the Initial Purchaser has purchased the Bonds for contemporaneous sale to the general public and not for investment purposes, and (b) all of the Original Issue Discount Bonds have been offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a cash price (and with no other consideration being included) equal to the initial offering prices thereof stated on the cover page of this Official Statement, and (c) the respective initial offering prices of the Original Issue Discount Bonds to the general public are equal to the fair market value thereof. Neither the District nor Bond Counsel warrants that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

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

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

### **Not Qualified Tax-Exempt Obligations**

The Bonds have not been designated as "qualified tax-exempt obligations" for financial institutions within the meaning of Section 265(b) of the Code.



## SALE AND DISTRIBUTION OF THE BONDS

### **Award of the Bonds**

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net interest cost, which bid was tendered by SAMCO Capital Markets, Inc. (the “Initial Purchaser”) bearing the interest rates shown on the cover page hereof, at a price of 97.0138% of the principal amount thereof which resulted in a net effective interest rate of 4.439877% as calculated pursuant to Chapter 1204 of the Texas Government Code.

### **Prices and Marketability**

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above those that might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

### **Securities Laws**

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

## MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) assigned a municipal bond insured rating of “AA” (stable outlook) to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company (“BAM”). An explanation of the rating may be obtained from S&P. No application has been made to a municipal rating company for an underlying rating on the Bonds, nor is it expected that the District would have received an investment grade rating if application had been made.

There is no assurance that such rating will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P, if in its judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance” and “MUNICIPAL BOND INSURANCE.”

## MUNICIPAL BOND INSURANCE

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its municipal bond insurance policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this Official Statement.

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

## **Build America Mutual Assurance Company**

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: <https://bambonds.com>.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

### *Capitalization of BAM*

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$486.0 million, \$232.7 million and \$253.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at <https://bambonds.com>, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

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

### *Additional Information Available from BAM*

*Credit Insights Videos:* For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Credit Profiles:* Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any presale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

*Disclaimers:* The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise. The District has not applied for an underlying rating nor is it expected that the District would have received an investment grade rating had such application been made.

## PREPARATION OF OFFICIAL STATEMENT

### **Sources and Compilation of Information**

The financial data and other information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, the Appraisal District and information from certain other sources. All of these sources are believed to be reliable, but no guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

### **Financial Advisor**

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

### **Consultants**

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

**Engineer:** The information contained in this Official Statement relating to engineering matters and to the description of the System and in particular that information included in the sections entitled "THE DISTRICT" and "WATER SUPPLY AND WASTEWATER TREATMENT" has been provided by Quiddity Engineering, LLC, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

**Appraisal District:** The information contained in this Official Statement relating to the assessed valuations has been provided by the Harris Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in Harris County, including the District.

**Tax Assessor/Collector:** The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by Utility Tax Service, LLC, and is included herein in reliance upon the authority of said firm as an expert in assessing and collecting taxes.

**Auditor:** The financial statements of the District as of April 30, 2024, and for the year then ended, have been audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, as stated in their report appearing herein. See APPENDIX A for a copy of the District's audited financial statements for the fiscal year ended April 30, 2024.

### **Updating the Official Statement**

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

### **Certification of Official Statement**

The District, acting through its Board of Directors in its official capacity, hereby certifies, as of the date hereof, that the information, statements, and descriptions or any addenda, supplement and amendment thereto pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statement 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 are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the District has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in the light of the circumstances under which they are made, not misleading; however, the Board has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. In rendering such certificate, the official executing this certificate may state that he has relied in part on his examination of records of the District relating to matters within his own area of responsibility, and his discussions with, or certificates or correspondence signed by, certain other officials, employees, consultants and representatives of the District.

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Resolutions, the District has made the following agreement for the benefit of the Registered 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"). The MSRB has established the Electronic Municipal Market Access ("EMMA") System.

### **Annual Reports**

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided 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 "FINANCIAL STATEMENT," "TAX DATA," "WATER AND SEWER OPERATIONS," and "DEBT SERVICE REQUIREMENTS" and in APPENDIX A (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years ending in or after 2025. Any financial statements provided by the District shall be prepared in accordance with generally accepted accounting principles or other such principles as the District may be required to employ from time to time pursuant to state law or regulation and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable year to the MSRB within such six-month period and audited financial statements when the audit report becomes available.

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

### **Event Notices**

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District 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 an 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, operational data, or financial statements in accordance with its agreement described above under “Annual Reports.”

### **Availability of Information from MSRB**

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through the EMMA internet portal at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Limitations and Amendments**

The District has agreed to update information and to provide notices of 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 Registered 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 the 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 Registered 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 Initial Purchaser 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**

Since its first issuance of bonds in 2023, the District has complied in all material respects with its continuing disclosure agreements made in accordance with SEC Rule 15c2-12.

**MISCELLANEOUS**

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

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 547, as of the date shown on the cover page.

/s/ Joetta Bowie  
President, Board of Directors  
Harris County Municipal Utility District No. 547

ATTEST:

/s/ John Michael Rose II  
Secretary, Board of Directors  
Harris County Municipal Utility District No. 547

**AERIAL PHOTOGRAPH**  
**(Approximate boundaries of the District as of August 2024)**





**HARRIS COUNTY MUNICIPAL  
UTILITY DISTRICT No. 547**



**PHOTOGRAPHS OF THE DISTRICT**  
**(Taken August 2024)**



















**APPENDIX A**

**Independent Auditor's Report and Financial Statements for the fiscal year ended April 30, 2024**

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**APRIL 30, 2024**

**McCALL GIBSON SWEDLUND BARFOOT PLLC**  
Certified Public Accountants





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INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Harris County Municipal Utility District No. 547  
Harris County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 547 (the "District") as of and for the year ended April 30, 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 the District as of April 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

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



### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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



Board of Directors  
Harris County Municipal  
Utility District No. 547

### Supplementary Information

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



McCall Gibson Swedlund Barfoot PLLC  
Certified Public Accountants  
Houston, Texas

August 22, 2024





**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

Management’s discussion and analysis of Harris County Municipal Utility District No. 547’s (the “District”) financial performance provides an overview of the District’s financial activities for the fiscal year ended April 30, 2024. Please read it in conjunction with the District’s financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for service revenues, property tax revenues, developer advances, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed, or assigned for acquisition or construction of facilities and related costs.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District’s financial position. In the case of the District, liabilities exceeded assets by \$13,133,201 as of April 30, 2024. A portion of the District’s net position reflects its net investment in capital assets (land, water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	Summary of Changes in the Statement of Net Position		
	2024	2023	Change Positive (Negative)
Current and Other Assets	\$ 1,404,576	\$ 253,621	\$ 1,150,955
Capital Assets (Net of Accumulated Depreciation)	19,575,704	6,595,514	12,980,190
Total Assets	\$ 20,980,280	\$ 6,849,135	\$ 14,131,145
Due to Developer	\$ 22,010,781	\$ 10,556,345	\$ (11,454,436)
Long -Term Liabilities	11,629,039		(11,629,039)
Other Liabilities	473,661	176,034	(297,627)
Total Liabilities	\$ 34,113,481	\$ 10,732,379	\$ (23,381,102)
Net Position:			
Net Investment in Capital Assets	\$ (14,058,836)	\$ (3,960,831)	\$ (10,098,005)
Restricted	975,255		975,255
Unrestricted	(49,620)	77,587	(127,207)
Total Net Position	\$ (13,133,201)	\$ (3,883,244)	\$ (9,249,957)

The following table provides a summary of the District's operations for the year ended April 30, 2024, and April 30, 2023.

	Summary of Changes in the Statement of Activities		
	2024	2023	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 672,607	\$ 9,539	\$ 663,068
Charges for Services	1,056,169	605,888	450,281
Other Revenues	35,956	12,014	23,942
Total Revenues	\$ 1,764,732	\$ 627,441	\$ 1,137,291
Expenses for Services	11,014,689	4,323,884	(6,690,805)
Change in Net Position	\$ (9,249,957)	\$ (3,696,443)	\$ (5,553,514)
Net Position, Beginning	(3,883,244)	(186,801)	(3,696,443)
Net Position, Ending	\$ (13,133,201)	\$ (3,883,244)	\$ (9,249,957)

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUND**

The District's combined fund balances as of April 30, 2024, were \$1,058,586, an increase of \$980,999 from the prior year.

The General Fund fund balance decreased by \$138,320, primarily due to current year expenditures exceeding property tax revenues, service revenues and developer advances.

The Debt Service Fund fund balance increased by \$1,114,039, primarily due to the structure of the District's debt service requirements and the receipt of capitalized interest from current year bond sales.

The Capital Projects Fund fund balance increased by \$5,280. The District sold Series 2023 and Series 2023A Road Bonds to reimburse its developers for construction and engineering costs. See Note 12 for more information.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors adopted an unappropriated budget for the current year. The District amended the budget to increase revenues and expenditures across most categories. Actual revenues were \$28,674 more than budgeted, actual expenditures were \$392,485 more than budgeted expenditures and actual advances were \$30,000 more than budgeted. This resulted in a negative budget variance of \$333,811. See the budget to actual comparison for more information.

**CAPITAL ASSETS**

Capital assets as of April 30, 2024, total \$19,575,704 (net of accumulated depreciation) and include the water, wastewater and drainage systems. Additional information on the District's capital assets can be found in Note 6 of this report.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2024	2023	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 1,200,680	\$	\$ 1,200,680
Capital Assets, Net of Accumulated Depreciation:			
Water Facilities	2,367,155	1,348,664	1,018,491
Wastewater Facilities	2,875,249	2,346,752	528,497
Drainage Facilities	13,132,620	2,900,098	10,232,522
Total Net Capital Assets	\$ 19,575,704	\$ 6,595,514	\$ 12,980,190

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED APRIL 30, 2024**

**LONG-TERM DEBT**

As of April 30, 2024, the District recorded an amount due to Developer of \$22,010,781 which consists of advances made and construction costs funded by the Developer.

At the end of the current fiscal year, the District had total long-term debt payable of \$11,495,000. The changes in the debt position of the District during the fiscal year ended April 30, 2024, are summarized as follows:

Bond Debt Payable, May 1, 2023	\$ - 0 -
Add: Bond Sales	<u>11,495,000</u>
Bond Debt Payable, April 30, 2024	<u>\$ 11,495,000</u>

The District’s bonds do not carry an underlying rating. The District’s Series 2023 and Series 2023A Road bonds have an insured rating of “AA” based on bond insurance issued by Build America Mutual Assurance Company and Assured Guaranty Municipal Corporation, respectively. The above ratings are as of April 30, 2024 and reflect all ratings changes through that date.

**CONTACTING THE DISTRICT’S MANAGEMENT**

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 547, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**APRIL 30, 2024**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 61,207	\$ 8,824
Investments	81,303	1,108,693
Receivables:		
Property Taxes	11,113	11,113
Service Accounts	111,847	
Due from Other Funds	4,975	
Prepaid Costs	3,121	
Land		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 273,566</b>	<b>\$ 1,128,630</b>
<b>LIABILITIES</b>		
Accounts Payable	\$ 186,041	\$ 578
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		2,900
Security Deposits	137,145	
Long Term Liabilities:		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 323,186</b>	<b>\$ 3,478</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 11,113	\$ 11,113
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 3,121	\$
Restricted for Construction		
Restricted for Debt Service		1,114,039
Unassigned	(63,854)	
<b>TOTAL FUND BALANCES</b>	<b>\$ (60,733)</b>	<b>\$ 1,114,039</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 273,566</b>	<b>\$ 1,128,630</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
\$ 6,061	\$ 76,092	\$	\$ 76,092
1,294	1,191,290		1,191,290
	22,226		22,226
	111,847		111,847
	4,975	(4,975)	
	3,121		3,121
		1,200,680	1,200,680
		18,375,024	18,375,024
<u>\$ 7,355</u>	<u>\$ 1,409,551</u>	<u>\$ 19,570,729</u>	<u>\$ 20,980,280</u>
\$	\$ 186,619	\$	\$ 186,619
		149,897	149,897
		22,010,781	22,010,781
2,075	4,975	(4,975)	
	137,145		137,145
		11,629,039	11,629,039
<u>\$ 2,075</u>	<u>\$ 328,739</u>	<u>\$ 33,784,742</u>	<u>\$ 34,113,481</u>
<u>\$ -0-</u>	<u>\$ 22,226</u>	<u>\$ (22,226)</u>	<u>\$ -0-</u>
\$	\$ 3,121	\$ (3,121)	\$
5,280	5,280	(5,280)	
	1,114,039	(1,114,039)	
	(63,854)	63,854	
<u>\$ 5,280</u>	<u>\$ 1,058,586</u>	<u>\$ (1,058,586)</u>	<u>\$ -0-</u>
<u>\$ 7,355</u>	<u>\$ 1,409,551</u>		
		\$ (14,058,836)	\$ (14,058,836)
		975,255	975,255
		(49,620)	(49,620)
		<u>\$ (13,133,201)</u>	<u>\$ (13,133,201)</u>

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
APRIL 30, 2024**

Total Fund Balances - Governmental Funds	\$	1,058,586
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		19,575,704
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Deferred inflows of resources related to property tax revenues on delinquent taxes for the 2023 and prior tax levies became part of recognized revenue in the governmental activities of the District.		22,226
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Due to Developer	\$ (22,010,781)	
Accrued Interest Payable	(149,897)	
Bonds Payable After One Year	<u>(11,629,039)</u>	<u>(33,789,717)</u>

Total Net Position - Governmental Activities	\$	<u>(13,133,201)</u>
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The accompanying notes to the financial statements are an integral part of this report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 325,118	\$ 325,263
Water Service	270,385	
Wastewater Service	175,136	
Water Authority Fees	155,669	
Penalty and Interest	14,094	
Tap and Inspection Fees	440,885	
Investment and Miscellaneous Revenues	14,187	18,855
<b>TOTAL REVENUES</b>	<b>\$ 1,395,474</b>	<b>\$ 344,118</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 356,305	\$
Contracted Services	120,401	11,772
Purchased Water Service	147,878	
Purchased Wastewater Service	231,385	
Water Authority Assessments	155,884	
Repairs and Maintenance	193,545	
Depreciation		
Other	358,396	5,780
Conveyance of Assets		
Developer Interest		
Capital Outlay		
Debt Service:		
Bond Interest		93,164
Bond Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 1,563,794</b>	<b>\$ 110,716</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (168,320)</b>	<b>\$ 233,402</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Long-Term Debt Issued	\$	\$ 880,637
Bond Premium		
Developer Advances	30,000	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 30,000</b>	<b>\$ 880,637</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (138,320)</b>	<b>\$ 1,114,039</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - MAY 1, 2023</b>	<b>77,587</b>	
<b>FUND BALANCES(DEFICIT)/NET POSITION - APRIL 30, 2024</b>	<b>\$ (60,733)</b>	<b>\$ 1,114,039</b>

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

<u>Capital Projects Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
\$	\$ 650,381	\$ 22,226	\$ 672,607
	270,385		270,385
	175,136		175,136
	155,669		155,669
	14,094		14,094
	440,885		440,885
2,914	35,956		35,956
<u>\$ 2,914</u>	<u>\$ 1,742,506</u>	<u>\$ 22,226</u>	<u>\$ 1,764,732</u>
\$	\$ 356,305	\$	\$ 356,305
	132,173		132,173
	147,878		147,878
	231,385		231,385
	155,884		155,884
9,938	203,483		203,483
		427,290	427,290
170	364,346		364,346
		6,688,019	6,688,019
722,894	722,894		722,894
8,671,063	8,671,063	(8,671,063)	
	93,164	147,783	240,947
1,344,085	1,344,085		1,344,085
<u>\$ 10,748,150</u>	<u>\$ 12,422,660</u>	<u>\$ (1,407,971)</u>	<u>\$ 11,014,689</u>
<u>\$ (10,745,236)</u>	<u>\$ (10,680,154)</u>	<u>\$ 1,430,197</u>	<u>\$ (9,249,957)</u>
\$ 10,614,363	\$ 11,495,000	\$ (11,495,000)	\$
136,153	136,153	(136,153)	
	30,000	(30,000)	
<u>\$ 10,750,516</u>	<u>\$ 11,661,153</u>	<u>\$ (11,661,153)</u>	<u>\$ -0-</u>
\$ 5,280	\$ 980,999	\$ (980,999)	\$
		(9,249,957)	(9,249,957)
	77,587	(3,960,831)	(3,883,244)
<u>\$ 5,280</u>	<u>\$ 1,058,586</u>	<u>\$ (14,191,787)</u>	<u>\$ (13,133,201)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED APRIL 30, 2024**

Net Change in Fund Balances - Governmental Funds \$ 980,999

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

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied. 22,226

Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and the depreciation expense is recorded in the Statement of Activities. (427,290)

Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. 8,671,063

Governmental funds report bond premiums as other financing sources in the year received. However, in the Statement of Net Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities. (136,153)

In the Statement of Activities, conveyance of assets to other governmental units is recorded as an expense. (6,688,019)

Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end. (147,783)

Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position. (11,495,000)

Governmental funds report developer advances as other financing sources. However, in the Statement of Net Position, developer advances, net any amount paid to the developer, are recorded as a liability. (30,000)

Change in Net Position - Governmental Activities \$ (9,249,957)

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 1. CREATION OF DISTRICT**

The District was created by an order of the Texas Commission on Environmental Quality (the “Commission”), effective April 5, 2017, in accordance with the Texas Water Code, Chapters 49 and 54. The District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, to construct roads, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on March 19, 2019, and the District’s first bonds closed on November 17, 2023.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

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

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Governmental Fund

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

General Fund - To account for service revenues, property tax revenues, developer advances, operating costs and general expenditures.

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

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

Basis of Accounting

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

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

Capital Assets

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



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

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

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

Budgeting

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

Pensions

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

Measurement Focus

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

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

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

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

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

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

*Unassigned*: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 3. LONG-TERM DEBT**

	Series 2023	Road Series 2023A
Amount Outstanding – April 30, 2024	\$ 5,195,000	\$ 6,300,000
Interest Rates	5.00% - 7.00%	4.25% - 6.75%
Maturity Date	August 1, 2025/2049	August 1, 2025/2049
Interest Payment Dates	August 1/ February 1	August 1/ February 1
Callable Dates	August 1, 2030*	August 1, 2030*

\* Or on any date thereafter, at par plus unpaid accrued interest to the date of redemption, in whole or in part, at the option of the District. Series 2023 term bonds due August 1, 2032, 2034, 2037 and 2049 are subject to mandatory redemption by random selection beginning August 1, 2031, 2033, 2035 and 2047, respectively.

The following is a summary of transactions regarding bonds payable for the year ended April 30, 2024:

	May 1, 2023	Additions	Retirements	April 30, 2024
Bonds Payable	\$	\$ 11,495,000	\$	\$ 11,495,000
Unamortized Premiums		136,153	2,114	134,039
Bonds Payable, Net	\$ -0-	\$ 11,631,153	\$ 2,114	\$ 11,629,039
		Amount Due Within One Year		\$ -0-
		Amount Due After One Year		11,629,039
		Bonds Payable, Net		\$ 11,629,039

As of April 30, 2024, the District had authorized but unissued bonds in the amount of \$152,930,000 for the purchase or construction of water, sewer, and drainage facilities and \$47,437,000 for the refunding of bonds issued for same, \$32,585,000 for the purchase or construction of parks and recreational facilities and \$9,775,000 for the refunding of bonds issued for same, and \$115,100,000 for the purchase or construction of road facilities and \$36,420,000 for the refunding of bonds for same

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 3. LONG-TERM DEBT (Continued)**

As of April 30, 2024, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2025	\$	\$ 599,587	\$ 599,587
2026	235,000	591,519	826,519
2027	250,000	574,862	824,862
2028	260,000	557,344	817,344
2029	275,000	538,969	813,969
2030-2034	1,600,000	2,388,318	3,988,318
2035-2039	2,050,000	1,909,468	3,959,468
2040-2044	2,640,000	1,355,017	3,995,017
2045-2049	3,395,000	626,082	4,021,082
2050	790,000	19,472	809,472
	<u>\$ 11,495,000</u>	<u>\$ 9,160,638</u>	<u>\$ 20,655,638</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. During the year ended April 30, 2024, the District levied an ad valorem debt service tax at the rate of \$0.75 per \$100 of assessed valuation, which resulted in a tax levy of \$336,376 on the adjusted taxable valuation of \$44,850,173 for the 2023 tax year. The bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

**NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS**

The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

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

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District’s deposits was \$76,092 and the bank balance was \$154,899. The District was not exposed to custodial credit risk.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at April 30, 2024, as listed below:

	Cash
GENERAL FUND	\$ 61,207
DEBT SERVICE FUND	8,824
CAPITAL PROJECTS FUND	6,061
TOTAL DEPOSITS	\$ 76,092

Investments

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 5. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District’s investment policy may be more restrictive than the Public Funds Investment Act. The District invests in TexSTAR, an external investment pool that is not SEC-registered. Hilltop Securities Inc. and JPMorgan Chase manage the daily operations of TexSTAR. TexSTAR meets the criteria established in GASB Statement No. 79 and measures all of their portfolio assets at amortized cost. As a result, the District also measures its investments in TexSTAR at amortized cost for financial reporting.

As of April 30, 2024, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
TexSTAR	\$ 81,303	\$ 81,303
<u>DEBT SERVICE FUND</u>		
TexSTAR	1,108,693	1,108,693
<u>CAPITAL PROJECTS FUND</u>		
TexSTAR	1,294	1,294
<b>TOTAL INVESTMENTS</b>	<b>\$ 1,191,290</b>	<b>\$ 1,191,290</b>

Credit Risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At April 30, 2024, the District’s investment in TexSTAR was rated AAAM by Standard and Poor’s. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexSTAR to have a maturity of less than one year due to the fact the shar positions can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value.

Restrictions

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

All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the year ended April 30, 2024 is as follows:

	May 1, 2023	Increases	Decreases	April 30, 2024
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ - 0 -	\$ 1,200,680	\$ - 0 -	\$ 1,200,680
<b>Capital Assets Subject to Depreciation</b>				
Water Facilities	\$ 1,369,787	\$ 1,070,878	\$	\$ 2,440,665
Wastewater Facilities	2,384,490	590,986		2,975,476
Detention Facilities	2,948,072	10,544,936		13,493,008
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 6,702,349</b>	<b>\$ 12,206,800</b>	<b>\$ - 0 -</b>	<b>\$ 18,909,149</b>
<b>Accumulated Depreciation</b>				
Water Facilities	\$ 21,123	\$ 52,387	\$	\$ 73,510
Wastewater Facilities	37,738	62,489		100,227
Detention Facilities	47,974	312,414		360,388
<b>Total Accumulated Depreciation</b>	<b>\$ 106,835</b>	<b>\$ 427,290</b>	<b>\$ - 0 -</b>	<b>\$ 534,125</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 6,595,514</b>	<b>\$ 11,779,510</b>	<b>\$ - 0 -</b>	<b>\$ 18,375,024</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 6,595,514</b>	<b>\$ 12,980,190</b>	<b>\$ - 0 -</b>	<b>\$ 19,575,704</b>

**NOTE 7. MAINTENANCE TAX**

On November 2, 2021, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. During the fiscal year ended April 30, 2024, the District levied an ad valorem maintenance tax rate of \$0.75 per \$100 of assessed valuation, which resulted in a tax levy of \$336,376 on the adjusted taxable valuation of \$44,850,173 for the 2023 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's facilities as well as any other lawfully authorized purpose.

On November 2, 2021, the voters of the District approved the levy and collection of a road maintenance tax not the exceed \$0.25 per \$100 of assessed valuation to be used for constructing and maintaining the District's roads. As of April 30, 2024, the District has not levied a road maintenance tax.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 8. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the North Harris County Regional Water Authority (the “Authority”). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the “Act”), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions.

The Authority is overseeing its participants comply with subsidence district pumpage requirements. The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. Effective October 1, 2023, the fee charged per 1,000 gallons of water pumped from each well is \$3.60. The District recorded expenditures of \$155,884 for fees assessed during the current fiscal year as a pass-through fee charged in accordance with the agreement discussed in Note 9.

**NOTE 9. WHOLESALE AGREEMENT**

On March 31, 2021, Quadvest, L.P. (“Quadvest”), LT Cypress Green 634 LLC (“Customer”), McCallister Opportunity Fund 2012, L.P., and McCallister Opportunity Fund 2014, L.P. (“McCallister”) entered into a wholesale agreement for water and wastewater service. On August 25, 2022, the agreement was assigned to the District. The agreement outlines how the parties to the agreement will participate in the construction, ownership, operation, and maintenance of a water and wastewater system to serve 2,500 equivalent single-family connections within the District. Quadvest will be responsible for constructing, owning and operating the water and wastewater plants. The District will be responsible to the internal water and wastewater lines within the District. The District will pay to Quadvest \$575 per water ESFC and \$705 per wastewater ESFC for capacity in Quadvest’s plants. Quadvest will charge the District an initial cost for wholesale water service at \$3.70 per 1,000 gallons of water that passes through the interconnect. Quadvest will charge the District \$55/month per ESFC for wastewater service. These rates will be effective for five years. During the current fiscal year, the District recorded purchased water and wastewater in the amounts of \$147,878 and \$231,385, respectively, in accordance with this agreement.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 10. RISK MANAGEMENT**

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

**NOTE 11. UNREIMBURSED COSTS**

The District has entered into certain financing and reimbursement agreements with a Developer within the District which provides for the Developer to make payments on behalf of the District for various projects and operating advances. The District has an obligation to reimburse the Developer for these costs from future bond issues to the extent approved by the Commission. The District has recorded a total liability to the Developer of \$22,010,781 for operating advances and developer projects that have been completed as of April 30, 2024. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developer. The following table summarizes the current fiscal year activity related to unreimbursed Developer costs for operating advances:

Due to Developer, beginning of year	\$	10,556,345
Additions		12,190,334
Reimbursements		<u>(735,898)</u>
Due to Developer, end of year	\$	<u>22,010,781</u>

**NOTE 12. BOND SALES**

On November 17, 2023, the District closed on the sale of its \$5,195,000 Series 2023 Unlimited Tax Bonds. Proceeds were used to reimburse the developer for construction and engineering costs associated with the following: Cypress Green Phase 1 drainage structures; drainage channel and lift station land costs; capital connection fees and impact fees; developer advances; and capacity purchase in Quadvest water and waterwater system. Bond proceeds were also used to fund capitalized interest costs and to pay issuance costs of the bonds.

On December 21, 2023, the District closed on the sale of its \$6,300,000 Series 2023A Unlimited Tax Road Bonds. Proceeds were used to reimburse the developer for construction and engineering costs associated with the following: Cypress Green, Sections 1 and 2 paving; Cypress Green, Section 3 paving; paving for Cypress Green, Sections 4, 5, 6 and 7; and FM 2920 turn lane costs. Bond proceeds were also used to fund capitalized interest costs and to pay issuance costs of the bonds.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2024**

**NOTE 13. DEFICIT FUND BALANCE**

As of April 30, 2024, the District's General Fund had a deficit fund balance of \$60,733. The District anticipates that future growth within the District will generate tax and service revenues sufficient to pay operating costs of the District.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**

**REQUIRED SUPPLEMENTARY INFORMATION**

**APRIL 30, 2024**



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED APRIL 30, 2024**

	Original Budget	Final Amended Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>				
Property Taxes	\$ 200,000	\$ 325,000	\$ 325,118	\$ 118
Water Service	121,440	259,000	270,385	11,385
Wastewater Service	72,600	112,300	175,136	62,836
Water Authority Fees	12,000	170,000	155,669	(14,331)
Tap and Inspection Revenue	481,800	481,800	440,885	(40,915)
Penalty and Interest	3,300	3,300	14,094	10,794
Investment and Miscellaneous Revenues	15,400	15,400	14,187	(1,213)
<b>TOTAL REVENUES</b>	<b>\$ 906,540</b>	<b>\$ 1,366,800</b>	<b>\$ 1,395,474</b>	<b>\$ 28,674</b>
<b>EXPENDITURES</b>				
Service Operations:				
Professional Fees	\$ 135,000	\$ 135,000	\$ 356,305	\$ (221,305)
Contracted Services	78,000	78,000	120,401	(42,401)
Purchased Water	97,680	185,000	147,878	37,122
Purchased Wastewater	145,200	154,800	231,385	(76,585)
Utilities	2,500	2,500	2,500	2,500
Water Authority Assessments	12,144	200,000	155,884	44,116
Repairs and Maintenance	209,825	209,825	193,545	16,280
Other	196,889	206,184	358,396	(152,212)
<b>TOTAL EXPENDITURES</b>	<b>\$ 877,238</b>	<b>\$ 1,171,309</b>	<b>\$ 1,563,794</b>	<b>\$ (392,485)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 29,302</b>	<b>\$ 195,491</b>	<b>\$ (168,320)</b>	<b>\$ (363,811)</b>
<b>OTHER FINANCING SOURCES(USES)</b>				
Developer Advances	\$ -0-	\$ -0-	\$ 30,000	\$ 30,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 29,302</b>	<b>\$ 195,491</b>	<b>\$ (138,320)</b>	<b>\$ (333,811)</b>
<b>FUND BALANCE -</b>				
<b>MAY 1, 2023</b>	<b>77,587</b>	<b>77,587</b>	<b>77,587</b>	
<b>FUND BALANCE(DEFICIT) -</b>				
<b>APRIL 30, 2024</b>	<b>\$ 29,302</b>	<b>\$ 273,078</b>	<b>\$ (60,733)</b>	<b>\$ (333,811)</b>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**SUPPLEMENTARY INFORMATION – REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**APRIL 30, 2024**





**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547  
SERVICES AND RATES  
FOR THE YEAR ENDED APRIL 30, 2024**

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

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

**2. RETAIL SERVICE PROVIDERS:**

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

Based on the rate order approved on October 19, 2023.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 46.00	10,000	N	\$ 4.30	10,001 and up
WASTEWATER:	\$ 47.50		Y		
SURCHARGE: Regional Water Authority			N	\$3.96	0,001 and up

District employs winter averaging for wastewater usage?          X    
Yes            No

Total monthly charges per 10,000 gallons usage: Water: \$46.00 Wastewater: \$47.50 Surcharges: \$39.60

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

**2. RETAIL SERVICE PROVIDERS (Continued)**

**b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)**

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered	_____	_____	x 1.0	_____
≤ <sup>3</sup> / <sub>4</sub> "	<u>443</u>	<u>443</u>	x 1.0	<u>443</u>
1"	<u>1</u>	<u>1</u>	x 2.5	<u>3</u>
1½"	_____	_____	x 5.0	_____
2"	<u>4</u>	<u>4</u>	x 8.0	<u>32</u>
3"	_____	_____	x 15.0	_____
4"	_____	_____	x 25.0	_____
6"	_____	_____	x 50.0	_____
8"	_____	_____	x 80.0	_____
10"	<u>1</u>	<u>1</u>	x 115.0	<u>115</u>
Total Water Connections	<u><u>449</u></u>	<u><u>449</u></u>		<u><u>593</u></u>
Total Wastewater Connections	<u><u>442</u></u>	<u><u>442</u></u>	x 1.0	<u><u>442</u></u>

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

Water Accountability Ratio: 100 %  
(Gallons billed and sold/Gallons pumped and purchased)

Gallons billed to customers: 63,463,000

Gallons purchased: 63,463,000 From: Quadvest Wholesale LLC

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**SERVICES AND RATES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

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

Does the District have Debt Service standby fees? Yes  No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes  No

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely  Partly  Not at all

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

Entirely  Partly  Not at all

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes  No

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED APRIL 30, 2024**

PROFESSIONAL FEES:	
Auditing	\$ 9,750
Engineering	53,458
Legal	<u>293,097</u>
TOTAL PROFESSIONAL FEES	<u>\$ 356,305</u>
PURCHASED WATER SERVICE	
Purchased Water Service	\$ 147,878
Purchased Wastewater Service	<u>231,385</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 379,263</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 10,875
Operations and Billing	41,938
Solid Waste Disposal	<u>67,588</u>
TOTAL CONTRACTED SERVICES	<u>\$ 120,401</u>
REPAIRS AND MAINTENANCE	<u>\$ 193,545</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	\$ 13,644
Dues	750
Insurance	373
Legal Notices	911
Office Supplies and Postage	1,626
Travel and Meetings	4,947
Other	<u>3,349</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 25,600</u>
TAP CONNECTIONS	<u>\$ 149,283</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 692
Permit Fees	18,842
Inspection Fees	61,762
Water Authority Assessments	155,884
Regulatory Assessment	551
Sludge Hauling	<u>101,666</u>
TOTAL OTHER EXPENDITURES	<u>\$ 339,397</u>
TOTAL EXPENDITURES	<u>\$ 1,563,794</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**INVESTMENTS**  
**APRIL 30, 2024**

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
TexSTAR	XXXX2220	Varies	Daily	\$ 81,303	\$ - 0 -
<u>DEBT SERVICE FUND</u>					
TexSTAR	XXXX3330	Varies	Daily	\$ 513,334	\$
TexSTAR	XXXX3331	Varies	Daily	595,359	
TOTAL DEBT SERVICE FUND				<u>\$ 1,108,693</u>	<u>\$ - 0 -</u>
<u>CAPITAL PROJECTS FUND</u>					
TexSTAR	XXXX4440	Varies	Daily	\$ 1,294	\$ - 0 -
TOTAL - ALL FUNDS				<u>\$ 1,191,290</u>	<u>\$ - 0 -</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED APRIL 30, 2024**

	Maintenance Taxes		Debt Service Taxes
TAXES RECEIVABLE -			
MAY 1, 2023	\$ -0-		\$ -0-
Adjustments to Beginning			
Balance	<u>(145)</u>	\$ (145)	<u>\$ -0-</u>
Original 2023 Tax Levy	\$ 260,381		\$ 260,381
Adjustment to 2023 Tax Levy	<u>75,995</u>	<u>336,376</u>	<u>75,995</u> <u>336,376</u>
TOTAL TO BE			
ACCOUNTED FOR		\$ 336,231	\$ 336,376
TAX COLLECTIONS:			
Prior Years	\$ (145)		\$
Current Year	<u>325,263</u>	<u>325,118</u>	<u>325,263</u> <u>325,263</u>
TAXES RECEIVABLE -			
APRIL 30, 2024		<u>\$ 11,113</u>	<u>\$ 11,113</u>
TAXES RECEIVABLE BY			
YEAR:			
2023		<u>\$ 11,113</u>	<u>\$ 11,113</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**TAXES LEVIED AND RECEIVABLE**  
**FOR THE YEAR ENDED APRIL 30, 2024**

	2023	2022
PROPERTY VALUATIONS:		
Land	\$ 35,265,404	\$ 518,866
Improvements	9,972,722	85,165
Personal Property	69,844	31,910
Exemptions	(457,797)	
TOTAL PROPERTY VALUATIONS	\$ 44,850,173	\$ 635,941
TAX RATES PER \$100 VALUATION:		
Debt Service	\$ 0.75	\$ 0.00
Maintenance	0.75	1.50
TOTAL TAX RATES PER \$100 VALUATION	\$ 1.50	\$ 1.50
ADJUSTED TAX LEVY*	\$ 672,752	\$ 9,539
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	96.70 %	100.00 %

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on November 2, 2021

See accompanying independent auditor’s report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**APRIL 30, 2024**

S E R I E S - 2 0 2 3

Due During Fiscal Years Ending April 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2025	\$	\$ 281,050	\$ 281,050
2026	110,000	277,200	387,200
2027	120,000	269,150	389,150
2028	125,000	260,575	385,575
2029	130,000	251,650	381,650
2030	135,000	242,375	377,375
2031	140,000	232,750	372,750
2032	150,000	222,600	372,600
2033	155,000	211,925	366,925
2034	165,000	202,375	367,375
2035	170,000	194,000	364,000
2036	180,000	185,250	365,250
2037	190,000	176,000	366,000
2038	195,000	166,375	361,375
2039	205,000	156,375	361,375
2040	215,000	145,875	360,875
2041	225,000	134,875	359,875
2042	235,000	123,375	358,375
2043	250,000	111,250	361,250
2044	260,000	98,500	358,500
2045	270,000	85,250	355,250
2046	285,000	71,375	356,375
2047	300,000	56,750	356,750
2048	315,000	41,375	356,375
2049	325,000	25,375	350,375
2050	345,000	8,625	353,625
	<u>\$ 5,195,000</u>	<u>\$ 4,232,275</u>	<u>\$ 9,427,275</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**APRIL 30, 2024**

S E R I E S - 2 0 2 3 A R O A D

Due During Fiscal Years Ending April 30	Principal Due August 1	Interest Due August 1/ February 1	Total
2025	\$	\$ 318,537	\$ 318,537
2026	125,000	314,319	439,319
2027	130,000	305,712	435,712
2028	135,000	296,769	431,769
2029	145,000	287,319	432,319
2030	155,000	277,194	432,194
2031	160,000	266,562	426,562
2032	170,000	255,425	425,425
2033	180,000	243,612	423,612
2034	190,000	233,500	423,500
2035	200,000	225,212	425,212
2036	210,000	216,369	426,369
2037	220,000	206,962	426,962
2038	235,000	196,862	431,862
2039	245,000	186,063	431,063
2040	260,000	174,538	434,538
2041	275,000	162,166	437,166
2042	290,000	149,100	439,100
2043	305,000	135,150	440,150
2044	325,000	120,188	445,188
2045	340,000	104,394	444,394
2046	360,000	87,769	447,769
2047	380,000	70,194	450,194
2048	400,000	51,669	451,669
2049	420,000	31,931	451,931
2050	445,000	10,847	455,847
	<u>\$ 6,300,000</u>	<u>\$ 4,928,363</u>	<u>\$ 11,228,363</u>

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**LONG-TERM DEBT SERVICE REQUIREMENTS**  
**APRIL 30, 2024**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2025	\$	\$	\$
2026	235,000	591,519	826,519
2027	250,000	574,862	824,862
2028	260,000	557,344	817,344
2029	275,000	538,969	813,969
2030	290,000	519,569	809,569
2031	300,000	499,312	799,312
2032	320,000	478,025	798,025
2033	335,000	455,537	790,537
2034	355,000	435,875	790,875
2035	370,000	419,212	789,212
2036	390,000	401,619	791,619
2037	410,000	382,962	792,962
2038	430,000	363,237	793,237
2039	450,000	342,438	792,438
2040	475,000	320,413	795,413
2041	500,000	297,041	797,041
2042	525,000	272,475	797,475
2043	555,000	246,400	801,400
2044	585,000	218,688	803,688
2045	610,000	189,644	799,644
2046	645,000	159,144	804,144
2047	680,000	126,944	806,944
2048	715,000	93,044	808,044
2049	745,000	57,306	802,306
2050	790,000	19,472	809,472
	<u>\$ 11,495,000</u>	<u>\$ 9,160,638</u>	<u>\$ 20,655,638</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED APRIL 30, 2024**

Description	Original Bonds Issued	Bonds Outstanding May 1, 2023
Harris County Municipal Utility District No. 547 Unlimited Tax Bonds - Series 2023	\$ 5,195,000	\$
Harris County Municipal Utility District No. 547 Unlimited Tax Road Bonds - Series 2023A	<u>6,300,000</u>	<u>                    </u>
<b>TOTAL</b>	<u><u>\$ 11,495,000</u></u>	<u><u>\$ - 0 -</u></u>

Bond Authority:	Tax Bonds*	Road Bonds	Park Bonds
Amount Authorized by Voters	\$ 158,125,000	\$ 121,400,000	\$ 32,585,000
Amount Issued	<u>5,195,000</u>	<u>6,300,000</u>	<u>                    </u>
Remaining to be Issued	<u><u>\$ 152,930,000</u></u>	<u><u>\$ 115,100,000</u></u>	<u><u>\$ 32,585,000</u></u>

Debt Service Fund cash, investments and cash with paying agent balances as of  
April 30, 2024: \$ 1,117,517

Average annual debt service payment (principal and interest) for remaining term  
of all debt: \$ 794,448

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

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

See accompanying independent auditor's report.

<u>Current Year Transactions</u>				
<u>Bonds Sold</u>	<u>Retirements</u>		<u>Bonds Outstanding April 30, 2024</u>	<u>Paying Agent</u>
	<u>Principal</u>	<u>Interest</u>		
\$ 5,195,000	\$	\$ 57,771	\$ 5,195,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>6,300,000</u>		<u>35,393</u>	<u>6,300,000</u>	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>\$ 11,495,000</u>	<u>\$ - 0 -</u>	<u>\$ 93,164</u>	<u>\$ 11,495,000</u>	

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND - THREE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 325,118	\$ 9,539	\$
Water Service	270,385	55,624	
Wastewater Service	175,136	24,327	
Water Authority Fees	155,669	10,707	
Penalty and Interest	14,094	770	
Tap and Inspection Fees	440,885	514,460	
Investment and Miscellaneous Revenues	14,187	12,014	
<b>TOTAL REVENUES</b>	<b>\$ 1,395,474</b>	<b>\$ 627,441</b>	<b>\$ - 0 -</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 356,305	\$ 145,848	\$ 162,805
Contracted Services	120,401	36,350	5,750
Purchased Water Service	147,878	17,568	
Purchased Wastewater Service	231,385	32,615	
Water Authority Assessments	155,884	20,730	
Repairs and Maintenance	193,545	80,647	
Other	358,396	251,403	18,246
<b>TOTAL EXPENDITURES</b>	<b>\$ 1,563,794</b>	<b>\$ 585,161</b>	<b>\$ 186,801</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ (168,320)</b>	<b>\$ 42,280</b>	<b>\$ (186,801)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Developer Advances	\$ 30,000	\$ 200,108	\$ 22,000
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ (138,320)</b>	<b>\$ 242,388</b>	<b>\$ (164,801)</b>
<b>BEGINNING FUND BALANCE(DEFICIT)</b>	77,587	(164,801)	
<b>ENDING FUND BALANCE(DEFICIT)</b>	<b>\$ (60,733)</b>	<b>\$ 77,587</b>	<b>\$ (164,801)</b>

See accompanying independent auditor's report.

Percentage of Total Revenue

2024	2023	2022	
23.2	1.5		%
19.4	8.9		
12.6	3.9		
11.2	1.7		
1.0	0.1		
31.6	82.0		
1.0	1.9		
100.0	100.0	N/A	%
25.5	23.2		%
8.6	5.8		
10.6	2.8		
16.6	5.2		
11.2	3.3		
13.9	12.9		
25.7	40.1		
112.1	93.3	N/A	%
(12.1)	6.7	N/A	%

See accompanying independent auditor's report.



**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND -- THREE YEARS**

	Amounts		
	2024	2023	2022
<b>REVENUES</b>			
Property Taxes	\$ 325,263		
Miscellaneous Revenues	18,855		
<b>TOTAL REVENUES</b>	<u>\$ 344,118</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 17,552		
Debt Service Interest and Fees	93,164		
<b>TOTAL EXPENDITURES</b>	<u>\$ 110,716</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 233,402</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	\$ 880,637	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	\$ 1,114,039	\$ - 0 -	\$ - 0 -
<b>BEGINNING FUND BALANCE</b>	_____	_____	_____
<b>ENDING FUND BALANCE</b>	<u>\$ 1,114,039</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>449</u>	<u>206</u>	<u>N/A</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>442</u>	<u>200</u>	<u>N/A</u>

See accompanying independent auditor's report.

Percentage of Total Revenue

2024	2023	2022
94.5 %	%	%
<u>5.5</u>	<u>                    </u>	<u>                    </u>
<u>100.0 %</u>	<u>N/A</u> %	<u>N/A</u> %
5.1 %	%	%
<u>27.1</u>	<u>                    </u>	<u>                    </u>
<u>32.2 %</u>	<u>N/A</u> %	<u>N/A</u> %
<u><u>67.8 %</u></u>	<u><u>N/A</u></u> %	<u><u>N/A</u></u> %

See accompanying independent auditor's report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**April 30, 2024**

District Mailing Address - Harris County Municipal Utility District No. 547  
c/o Allen Boone Humphries Robinson LLP  
3200 Southwest Freeway, Suite 2600  
Houston, TX 77027

District Telephone Number - (713) 860-6400

<b>Board Members</b>	<u>Term of Office (Elected or Appointed)</u>	<u>Fees of Office for the year ended April 30, 2024</u>	<u>Expense Reimbursements for the year ended April 30, 2024</u>	<u>Title</u>
Joetta Bowie	03/2019 - 05/2024 (Elected)	\$ 3,907	\$ 3,179	President
Margaret Rowell	03/2019 - 05/2024 (Elected)	\$ 3,244	\$ 749	Vice President
John Michael “Mike” Rose II	05/2022- 05/2026 (Elected)	\$ 1,918	\$ 60	Secretary
Everett Deao	05/2022 - 05/2026 (Elected)	\$ 1,476	\$ 79	Assistant Vice President
Nicholas “Nick” P. Dickerson	01/2022 - 05/2024 (Appointed)	\$ 2,139	\$ 65	Assistant Secretary

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

Submission date of most recent District Registration Form: September 2, 2022

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution effective June 18, 2023. Fees of Office are the amounts actually paid to a Director during the District’s current fiscal year.

See accompanying independent auditor’s report.

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 547**  
**BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS**  
**APRIL 30, 2024**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended April 30, 2024</u>	<u>Title</u>
Allen Boone Humphries Robinson LLP	03/19/19	\$ 158,700 \$ 321,439	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	07/28/22	\$ 9,750 \$ 28,000	Auditor Bond Related
Myrtle Cruz, Inc.	03/19/19	\$ 21,296	Bookkeeper
Masterson Advisors	03/19/19	\$ 222,923	Financial Advisor
Quiddity Engineering, LLC (formerly Jones & Carter, Inc.)	05/27/21	\$ 158,300	Engineer
Utility Tax Service, LLC	07/22/21	\$ 13,679	Tax Assessor/ Collector
Municipal District Services, LLC	07/22/21	\$ 445,998	Operator
Mary Jarmon	05/27/21	\$ -0-	Investment Officer

See accompanying independent auditor's report.



**APPENDIX B**

**Specimen Municipal Bond Insurance Policy**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: \_\_\_\_\_

MEMBER: [NAME OF MEMBER]

BONDS: \$ \_\_\_\_\_ in aggregate principal  
amount of [NAME OF TRANSACTION]  
[and maturing on]

Effective Date: \_\_\_\_\_

Risk Premium: \$ \_\_\_\_\_  
Member Surplus Contribution: \$ \_\_\_\_\_  
Total Insurance Payment: \$ \_\_\_\_\_

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: \_\_\_\_\_  
Authorized Officer

SPECIMEN



**Notices (Unless Otherwise Specified by BAM)**

Email:

[claims@buildamerica.com](mailto:claims@buildamerica.com)

Address:

200 Liberty Street, 27th floor

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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