OFFICIAL STATEMENT DATED MARCH 6, 2025

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW AND INTEREST ON THE BONDS IS NOT INCLUDABLE IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS OR CORPORATIONS, EXCEPT FOR CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The District did NOT designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations for Financial Institutions" herein.

NEW ISSUE—BOOK-ENTRY-ONLY
CUSIP No. 667902

RATINGS: Underlying "A+" (stable outlook) S&P
Insured "AA" (stable outlook) S&P
See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein

$13,500,000
NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX BONDS
SERIES 2025

Dated: March 1, 2025 **Due: April 1 (as shown below)**

Interest on the $13,500,000 Unlimited Tax Bonds, Series 2025 (the "Bonds" or the "Series 2025 Bonds") will accrue from March 1, 2025, and will be payable on October 1 and April 1 of each year, commencing October 1, 2025. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. The Bonds will be issued in denominations of $5,000, or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS."

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 ("BAM").

BAM
BUILD AMERICA MUTUAL

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)	Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)
$450,000	2032 (b)	3.250%	3.300%	$720,000	2042 (b)	4.000%	4.100%
$470,000	2033 (b)	3.375%	3.400%	$755,000	2043 (b)	4.000%	4.150%
$495,000	2034 (b)	4.000%	3.400%	$790,000	2044 (b)	4.000%	4.200%
$515,000	2035 (b)	4.000%	3.500%	$830,000	2045 (b)	4.125%	4.250%
$540,000	2036 (b)	4.000%	3.600%	$870,000	2046 (b)	4.125%	4.300%
$570,000	2037 (b)	4.000%	3.700%	$915,000	2047 (b)	4.125%	4.340%
$595,000	2038 (b)	4.000%	3.800%	$960,000	2048 (b)	4.125%	4.380%
$625,000	2039 (b)	4.000%	3.900%	$1,005,000	2049 (b)	4.125%	4.400%
$655,000	2040 (b)	4.000%	4.000%	$1,055,000	2050 (b)	4.125%	4.410%
$685,000	2041 (b)	4.000%	4.050%				

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

(b) The Bonds are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2030, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

The proceeds of the Bonds will be used by Northwest Harris County Municipal Utility District No. 10 (the "District") to: (1) fund certain District water plant and wastewater treatment plant improvements; (2) fund certain District water plant rehabilitation projects, wastewater utility regionalization, and utility facility fencing replacements; (3) fund upgrades to the Cy-Fair ISD lift station; (4) fund related engineering costs; and (5) pay bond issuance and administrative expenses. See "USE OF BOND PROCEEDS." The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain risk factors described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham L.L.P., Houston, Texas, Bond Counsel. Certain other matters will be passed upon on behalf of the District by Norton Rose Fulbright US LLP, Houston, Texas, as Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about March 26, 2025.

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT 1
SALE AND DISTRIBUTION OF THE BONDS 1
MUNICIPAL BOND RATING 2
BOND INSURANCE 2
OFFICIAL STATEMENT SUMMARY 4
SELECTED FINANCIAL INFORMATION 7
DEBT SERVICE SCHEDULE 8
INTRODUCTION 9
RISK FACTORS 9
USE OF BOND PROCEEDS 17
THE DISTRICT 17
DISTRICT INVESTMENT POLICY 22
ROLE OF A DEVELOPER 22
THE SYSTEM 23
DISTRICT DEBT 25
TAX DATA 26
TAX PROCEDURES 28
ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION 31
THE BONDS 32
BOOK-ENTRY-ONLY SYSTEM 33
LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS 35
LEGAL MATTERS 35
TAX MATTERS 36
NO LITIGATION CERTIFICATE 38
CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12 38
REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS 39
OFFICIAL STATEMENT 39
AUDITED FINANCIAL STATEMENTS OF THE DISTRICT .... A
SPECIMEN MUNICIPAL BOND INSURANCE POLICY .... B

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

Any information and expressions of opinion herein contained are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

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

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

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 "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.004292% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 4.218896%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

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

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

Prices and Marketability

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

The District has no control over 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 bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities Exchange Commission 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

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

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, 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 an appendix 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 December 31, 2024 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $498.6 million, $253.4 million and $245.2 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 "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 pre-sale 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.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: Northwest Harris County Municipal Utility District No. 10 (the "District") $13,500,000 Unlimited Tax Bonds, Series 2025 (herein the "Bonds" or the "Series 2025 Bonds"), are dated March 1, 2025, and are issued pursuant to an order (the "Bond Order") of the Board of Directors of the District. The Bonds mature on April 1 in the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on October 1, 2025, and each April 1 and October 1 thereafter until maturity or prior redemption. See "THE BONDS."

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

Redemption Provisions: The Bonds are subject to early redemption, in whole or in part, on April 1, 2030, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption."

Authorized but Unissued Bonds: Voters within the District have authorized the issuance of $97,900,000 bonds payable from taxes for construction of water, sewer and drainage facilities at five elections held in the District, of which $22,535,000 bonds will remain authorized but unissued following the issuance of the Bonds. The voters within the District have also authorized the issuance of a total of $36,850,000 of refunding bonds payable from taxes, of which $31,523,310.60 bonds remain authorized but unissued. The voters of the District may in the future authorize the issuance of additional bonds. See "THE BONDS – Issuance of Additional Debt."

Source of Payment: The Bonds are payable from a continuing, direct, annual ad valorem tax upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. See "TAX PROCEDURES." With respect to payment from taxes, the Bonds are further payable equally and ratably with the Outstanding Bonds (hereinafter defined) and bonds to be issued in the future by the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations of the District, and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any other political subdivision or agency.

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

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

Use of Proceeds: Proceeds from the sale of the Bonds will be used to: (1) fund certain District water plant and wastewater treatment plant improvements; (2) fund certain District water plant rehabilitation projects, wastewater utility regionalization, and utility facility fencing replacements; (3) fund upgrades to the Cy-Fair ISD lift station; (4) fund related engineering costs; and (5) pay bond issuance and administrative expenses. See "USE OF BOND PROCEEDS."

NOT Qualified Tax-Exempt Obligations: The District did NOT designate the Bonds as "qualified tax-exempt obligations." See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations for Financial Institutions."

Payment Record: The District has previously issued sixteen (16) series of unlimited tax bonds and ten (10) series of unlimited tax refunding bonds, of which $36,070,000 principal amount was outstanding as of February 1, 2025 (the "Outstanding Bonds"). The District has never defaulted in the payment of principal of or interest on its bonds, including the Outstanding Bonds. See "DISTRICT DEBT."

Legal Opinion: Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel. See "LEGAL MATTERS" and "TAX MATTERS."

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

Risk Factors: The Bonds are subject to certain risk factors as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds particularly the section captioned "RISK FACTORS."

THE DISTRICT

Description: The District is a governmental agency and a political subdivision of the State of Texas, created on March 30, 1977, by order of the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ"). The District operates as a municipal utility district pursuant to Chapters 49 and 54, Texas Water Code, as amended, and other general statues applicable to municipal utility districts. The District lies wholly within Harris County, Texas and within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The District is located in northwest Harris County and lies approximately 25 miles northwest of the central business district of the City and approximately two (2) miles northeast of Cypress, Texas. The District is located at the intersection of U.S. Highway 290 and Barker-Cypress Road. Primary access to the District is from U.S. Highway 290 to Barker-Cypress Road. The District, as it was originally created, included approximately 229 acres of land. Since its creation, the District has annexed various tracts of land and presently includes approximately 1,296 acres. See "THE DISTRICT – Authority" and "– Description."

Development of the District: The District was developed for predominantly single-family residential purposes in the subdivisions known as Cypress Point, Northlake Forest, Cypress Point Lake Estates, and Park Creek. As of February 1, 2025, the single-family residential development within the District included approximately 2,206 completed homes (approximately 2,187 of which were occupied), no homes under construction, and no vacant developed lots. Additionally, the District includes commercial, light industrial, and multi-family residential development. As of February 1, 2025, the commercial, light industrial, and multi-family residential development in the District included approximately 42 commercial retail establishments, a 318-unit multi-family apartment complex, a 669,101 square foot office and light industrial building presently owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.), a 130,000 square foot HEB grocery store and shopping center, a 91,549 square foot fitness center, a 88,439 square foot home goods store, and two assisted living centers. See "THE DISTRICT – Status of Single-Family Development" and "– Commercial Development."

Summary of Land Uses: The District is substantially built out and there are no active land developers in the District at this time. As of February 1, 2025, the District included approximately 933 fully developed and improved acres, no acres currently under development, no additional developable acres, a 177-acre site developed and improved with a Cypress-Fairbanks Independent School District campus, and 186 undevelopable acres, which includes detention ponds, certain drainage rights-of-way, District plant sites, and certain parkland, recreational areas, and open spaces. See "THE DISTRICT – Historical Development of the District."

The System: The District's water supply facilities consist of three water plants with four water wells with a combined capacity of 3,450 gallons per minute, 1,050,000 gallons of combined ground storage tank capacity, booster pumps with a combined capacity of 9,000 gallons per minute, and 101,810 feet of 4-inch through 12-inch water main pipe and appurtenances. The District is currently expanding Water Plant No. 2 by adding an additional 210,000-gallon ground storage tank and a 1,000 gallons per minute booster pump; this expansion is expected to be complete in the 3rd quarter of 2025. Auxiliary power generators have been constructed at all three water plants to provide emergency back-up power at each of the plants. The District has two metered emergency water interconnects with Harris County Municipal Utility District No. 365. Additionally, the District has a permanent water supply agreement with Harris County Municipal Utility District No. 389 whereby the District has agreed to sell water capacity to Harris County Municipal Utility District No. 389 to supplement the existing water supply system of Harris County Municipal Utility District No. 389. According to the District's Engineer, the District has water supply capacity that is sufficient to serve the District at full build out given currently anticipated land uses.

The District's wastewater treatment facilities currently consist of a 995,000 gallon per day wastewater treatment plant, which, according to the District's Engineer, is sufficient to serve 3,454 equivalent single-family connections. Additionally, the District has a 94,500 gallon per day wastewater treatment plant that serves the Park Creek subdivision; such plant is capable of serving approximately 316 equivalent single-family equivalent connections. According to the District's Engineer, the District has wastewater treatment capacity that is sufficient to serve the District at full build out given currently anticipated land uses.

The natural drainage pattern for the land within the District flows from southwest to northeast toward Dry Creek, Little Cypress Creek and Cypress Creek. The rainfall runoff out falling into Dry Creek and Little Cypress Creek flows to Cypress Creek, which converges with Spring Creek then the San Jacinto River and into the Houston Ship Channel and Galveston Bay. All of the development within and roadways throughout the District consist of storm sewer systems that drain to detention ponds or drainage channels. If new development occurs, existing drainage channels and storm water detention basins are improved to provide adequate capacity for the District. See "THE SYSTEM."

SELECTED FINANCIAL INFORMATION
(Unaudited)

2024 Certified Taxable Valuation	$947,332,463	(a)
Direct Debt		
Outstanding Bonds (as of February 1, 2025)	$36,070,000	
The Bonds	$13,500,000	
Total Direct Debt	$49,570,000	
See "DISTRICT DEBT"		
Estimated Overlapping Debt	$57,230,858	(b)
Direct and Estimated Overlapping Debt	$106,800,858	
Percentage of Direct Debt to:		
2024 Certified Taxable Valuation	5.23%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
2024 Certified Taxable Valuation	11.27%	
See "DISTRICT DEBT"		
2024 Tax Rate Per $100 of Assessed Value:		
Debt Service	$0.40	
Maintenance Tax	$0.20	
Total 2024 Tax Rate	$0.60	
Tax Rate required to pay Maximum Annual Debt Service Requirement based upon:		
2024 Certified Taxable Valuation	$0.45	
General Fund Cash and Investment Balance as of February 6, 2025	$17,919,181	(c)
Debt Service Fund Cash and Investment Balance as of February 6, 2025	$4,721,283	(d)

(a) Reflects the January 1, 2024 Certified Taxable Valuation according to data supplied by the Harris County Appraisal District ("HCAD" or the "Appraisal District"); such value excludes approximately $1,944,745 of uncertified taxable value that is still in the certification process. See "TAX DATA" and "TAX PROCEDURES."

(b) See "DISTRICT DEBT – Estimated Overlapping Debt."

(c) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."

(d) Unaudited figure per the District's records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Rate Calculations."

DEBT SERVICE SCHEDULE

The following sets forth the debt service requirements on the District's Outstanding Bonds and the debt service requirements on the Series 2025 Bonds.

Year	Outstanding Debt Service	Debt Service on the Series 2025 Bonds Principal	Interest	Total Debt Service
2025	$3,550,105	-	$315,427	$3,865,532
2026	$3,384,480	-	$540,731	$3,925,211
2027	$3,379,230	-	$540,731	$3,919,961
2028	$3,330,283	-	$540,731	$3,871,014
2029	$3,434,877	-	$540,731	$3,975,608
2030	$3,489,173	-	$540,731	$4,029,904
2031	$3,477,011	-	$540,731	$4,017,742
2032	$1,995,925	$450,000	$533,419	$2,979,344
2033	$2,035,787	$470,000	$518,175	$3,023,962
2034	$2,085,793	$495,000	$500,344	$3,081,137
2035	$2,110,918	$515,000	$480,144	$3,106,062
2036	$2,127,927	$540,000	$459,044	$3,126,970
2037	$2,191,286	$570,000	$436,844	$3,198,130
2038	$1,767,655	$595,000	$413,544	$2,776,199
2039	$1,762,731	$625,000	$389,144	$2,776,875
2040	$1,247,490	$655,000	$363,544	$2,266,034
2041	$1,232,266	$685,000	$336,744	$2,254,009
2042	$1,220,531	$720,000	$308,644	$2,249,174
2043	$446,094	$755,000	$279,144	$1,480,238
2044	$434,656	$790,000	$248,244	$1,472,900
2045	$176,969	$830,000	$215,325	$1,222,294
2046	-	$870,000	$180,263	$1,050,263
2047	-	$915,000	$143,447	$1,058,447
2048	-	$960,000	$104,775	$1,064,775
2049	-	$1,005,000	$64,247	$1,069,247
2050	-	$1,055,000	$21,759	$1,076,759
TOTALS	**$44,881,186**	**$13,500,000**	**$9,556,605**	**$67,937,791**

Maximum Annual Debt Service Requirements (2030).. $4,029,904

$0.45 tax rate on the 2024 Certified Taxable Valuation of $947,332,463
at 95% collections produces.. $4,049,846

OFFICIAL STATEMENT

relating to

$13,500,000

Northwest Harris County Municipal Utility District No. 10

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

Unlimited Tax Bonds

Series 2025

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $13,500,000 Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Bonds, Series 2025 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59, of the Constitution and general laws of the State of Texas, including particularly Texas Water Code Chapters 49 and 54, as amended, and pursuant to an order (the "Bond Order") adopted by the Board of Directors of Northwest Harris County Municipal Utility District No. 10 (the "District"), a conservation and reclamation district and political subdivision of the State of Texas located within Harris County, Texas, and certain consent ordinances of the City of Houston, Texas.

This Official Statement includes descriptions of the Bonds, the Use of Bond Proceeds, the Bond Order, and certain information about the District's status of development and the District's financial condition. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained by requesting such in writing to the Bond Counsel and providing for payment of reproduction costs.

RISK FACTORS

General

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

Marketability

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

Tax Collections

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

Potential Effects of Oil Price Volatility on the Houston Area

The recent volatility in oil prices in the U.S. and globally, which at times has led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. 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. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Dependence on the Energy Industry

The economy of the Houston metropolitan area, which has sometimes been referred to as the energy capital of the world, is, in part, dependent upon the oil and gas and petrochemical industries. During the height of the COVID-19 pandemic in 2020, worldwide consumption of energy decreased dramatically and led to the lowest oil prices in three decades. This led to layoffs of workers, business failures and reduced capital and operating expenditures by energy companies. While there has been some rebound, Houston area jobs in the energy industry have not fully recovered. In 2021, the United States rejoined the 2015 Paris Climate Accords, under which many countries have agreed to move away from fossil fuels to alleviate climate change. Although major energy companies expect that fossil fuels will be vital to the global economy for many years to come, they have recognized the need to direct more investment toward various clean energy projects. The pace and success of these efforts could significantly affect the Houston economy in the future.

Economic Factors

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space, especially during times of relatively low oil and natural gas prices. The relatively low oil and natural gas prices, recently experienced worldwide, could affect the demand for new residential home construction and commercial development and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon home-building plans altogether.

The continued growth and maintenance of taxable values in the District is directly related to the local housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short and long-term interest rates, availability of mortgage and development funds, labor conditions and general economic conditions. A return of relatively high mortgage interest rates may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District. Commercial building in the District could also be adversely affected by such economic developments.

Dependence on Future Taxable Value

During 2024, the District levied a debt service tax of $0.40 per $100 of assessed valuation and an operation and maintenance tax of $0.20 per $100 of assessed valuation for a total tax rate of $0.60 per $100 of assessed valuation. Tax rates in future years may be higher. At the present time, tax rates in excess of $1.50 per $100 of assessed valuation are uncommon among the majority of utility districts in the Harris County area, although many newly activated districts are presently projecting tax rates in the range of $1.25 to $1.35 per $100 of assessed valuation. Consequently, an increase in the District's tax rate to above such level could have an adverse impact on future building development in the District and on the District's ability to collect its taxes. After issuance of the Bonds, the District's Maximum Annual Debt Service Requirement will be $4,029,904 (2030). Should no increase in value in the District beyond that reflected by its January 1, 2024 Certified Taxable Valuation, a tax rate of $0.45 per $100 of assessed valuation at 95% collections would be required to pay the District's Maximum Annual Debt Service Requirement including the Bonds.

On August 5, 2010, the District annexed approximately 91 acres of land that included a 669,101 square foot office and industrial building, which is presently owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.). According to data provided by HCAD, the land, improvements, and personal property of such property had a taxable value of approximately $32,065,274 as of the 2020 certified tax rolls when such property was owned by Sysco Corporation, Inc. Such property is now exempt from taxation by the District starting with the 2021 tax year under the ownership of Methodist Hospital. See "THE DISTRICT – Commercial Development."

Future Debt

After issuance of the Bonds, the District will have $22,535,000 authorized but unissued unlimited tax bonds for the purpose of constructing water, sewer, and drainage facilities to serve the District, approved at five elections held in the District. The District reserves the right in its Bond Order to issue the remaining $22,535,000 authorized but unissued unlimited tax bonds, which have heretofore been authorized by the voters of the District, subject to the approval of the Attorney General of the State of Texas, and subject to the approval of TCEQ. According to the Engineer, such bond authorization should be adequate to finance the District's share of development costs to allow for the full development of land within the District. The District also has $31,523,310.60 authorized but unissued unlimited tax refunding bonds. The District has reserved in the Bond Order the right to issue the remaining $31,523,310.60 authorized but unissued unlimited tax refunding bonds, which have heretofore been authorized by the voters of the District.

The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Continuing Compliance with Certain Covenants

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

Annexation and Consolidation

Subject to the terms of the District's Strategic Partnership Agreement with the City of Houston (see "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION – Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston") under Texas law all the land within the District may be annexed by the City of Houston (the "City" or "Houston" herein) without the District's consent, in which case the City must assume the assets, functions and obligations of the District (including the Bonds) and abolish the District. No representation is made concerning the ability of the City to make debt service payments should annexation occur.

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

The Bond Order also reserves the right of the District to consolidate with other districts and, in connection therewith, to provide for the consolidation of the System with the water and sewer systems of the district or districts with which it is consolidating. No representation is made that the District will ever consolidate with another district or consolidate the System with other systems.

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District: (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) has either obtained the agreement of, or negotiated in good faith with, its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must obtain the approval of the Texas Commission on Environmental Quality ("TCEQ") prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

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

A district cannot be placed into bankruptcy involuntarily.

Approval of the Bonds

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

Surface Water Conversion

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater from its wells is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the 1999 Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. The issuance of additional bonds by the District, in an undetermined amount, may be necessary at some time in the future in order to develop surface water conversion infrastructure or to participate in a regional surface water conversion effort. In addition, if the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a groundwater reduction plan to comply with the Subsidence District's 1999 plan. The Authority submitted its Groundwater Reduction Proposal to the Subsidence District and it received final certification on June 11, 2003. This plan covers the area of the District and the District will not owe any disincentive fees to the Subsidence District. The Authority has entered into a contract with the City of Houston to purchase surface water beginning in 2010. The District currently pays to the Authority a groundwater pumpage fee of $2.60 per 1,000 gallons. The issuance of additional bonds by the District, in an undetermined amount, may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in the Authority's regional surface water conversion effort.

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Changes in Tax Legislation

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

Bond Insurance Risk Factors

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

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

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

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

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

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

Severe Weather

The District is located approximately 70 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

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

Hurricane Beryl

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

Specific Flood Risks

The District may be subject to the following flood risks:

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

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

Temporary Tax Exemption for Property Damaged by Disaster

The Property Tax Code (hereinafter defined) provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year.

The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

Tax Payment Installments After Disaster

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

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

Atlas 14

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

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to: (1) fund certain District water plant and wastewater treatment plant improvements; (2) fund certain District water plant rehabilitation projects, wastewater utility regionalization, and utility facility fencing replacements; (3) fund upgrades to the Cy-Fair ISD lift station; (4) fund related engineering costs; and (5) pay bond issuance and administrative expenses.

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

CONSTRUCTION COSTS	**Total Amount** (a)
Developer Contribution Items	
None	$0
District Items	
Water Plant No. 2 Expansion	$1,098,695
Water Plant No. 1 Rehabilitation	$250,000
WWTP No. 1 Expansion	$6,000,000
Wastewater Utility Regionalization	$1,400,000
Cy-Fair ISD Lift Station Upgrade	$322,469
Utility Facility Fencing	$667,760
Contingencies	$970,334
Engineering	$1,596,264
Total District Items	**$12,305,522**
TOTAL CONSTRUCTION COSTS	**$12,305,522**
NON-CONSTRUCTION COSTS	
Legal Fees	$350,000
Fiscal Agent Fees	$270,000
Bond Discount	$404,421
Bond Issuance Expenses	$51,228
Bond Application Report	$75,000
Attorney General Fee	$9,500
TCEQ Bond Issuance Fee	$33,750
Contingency	$579 (b)
TOTAL NON-CONSTRUCTION COSTS	**$1,194,478**
TOTAL BOND ISSUE REQUIREMENT	**$13,500,000**

(a) TCEQ rules require, with certain exceptions, that developers contribute to the District's construction program a minimum of 30% of the construction costs of certain system facilities; none of the facilities being financed with proceeds of the Bonds were subject to such rules.

(b) Represents the difference between the estimated and actual amount of Bond Discount. Such funds may be used by the District only upon approval by the TCEQ.

THE DISTRICT

Authority

The District was created on March 30, 1977, by the Texas Water Rights Commission, predecessor agency to the TCEQ, and confirmed at an election held within the District for that purpose on November 8, 1977. The District is organized and operates as a municipal utility district under Chapters 49 and 54 of the Texas Water Code and is empowered to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District also has the authority to provide for solid waste disposal services and parks and recreational facilities. In addition, the District is empowered, if approved by the electorate, the TCEQ and the City, to establish, operate and maintain a fire department, either independently or with certain other entities. The TCEQ exercises continuing, supervisory jurisdiction over the District.

Description

The District lies wholly within Harris County, Texas and within the extraterritorial jurisdiction of the City. The District is located in northwest Harris County and lies approximately 25 miles northwest of the central business district of the City and approximately two (2) miles northeast of Cypress, Texas. The District is located at the intersection of U.S. Highway 290 and Barker-Cypress Road. Primary access to the District is from U.S. Highway 290 to Barker-Cypress Road. The District, as it was originally created, included approximately 229 acres of land. Since its creation, the District has annexed various tracts of land and presently includes approximately 1,296 acres.

Historical Development of the District

Land development in the District began during 1978 and homebuilding development in the District began in 1980. The District added land into its boundaries through various annexations for three additional subdivisions. The table below is included in order to provide an estimate of the types of land uses and development within the District and the approximate acreage as of February 1, 2025.

Type of Land Use	Acres	(a)
Fully Developed Acres	933	(b)
Acres Currently Being Developed	0	
Additional Developable Acreage	0	
Cypress-Fairbanks ISD Campus	177	(c)
Undevelopable Acreage	186	(d)
Total Acres	**1,296**	

(a) Approximate amounts, rounded to the nearest acre.

(b) Represents acres that are developed and served by water, sewer, and drainage facilities, as well as street paving and road facilities. Includes the developed sections within the Cypress Point, Northlake Forest, Cypress Point Lake Estates, and Park Creek subdivisions; 50 acres of commercial development; 17 acres of multi-family residential development; a 669,101 square foot building owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.); and several other small commercial tracts. See "– Status of Single-Family Development" and "– Commercial Development" herein.

(c) Represents a campus owned and operated by Cypress-Fairbanks Independent School District, which includes two elementary schools, two middle schools, one high school, and school district administration buildings.

(d) Includes detention ponds not included as reserves in recorded plats, certain drainage rights-of-way, District plant sites, and certain parkland and recreational areas.

Status of Single-Family Development

The District was developed for predominantly single-family residential purposes in the subdivisions known as Cypress Point, Northlake Forest, Cypress Point Lake Estates, and Park Creek, all of which are built out. The following table lists the approximate status of residential homebuilding development within the District as of February 1, 2025.

			Homes		
Subdivision/Section	Approx. Acres	Total Lots	Completed	Under Construction	Vacant Lots
Cypress Point, Section 1 – 8 (a)	220.47	846	846	0	0
Northlake Forest, Sections 1 – 8	184.66	439	439	0	0
Cypress Point Lake Estates, Sections 1 – 5	186.52	357	357	0	0
Park Creek, Sections 1 – 4	135.78	564	564	0	0
TOTALS	**727.43**	**2,206**	**2,206** (b)	**0**	**0**

(a) Cypress Point, Section 4 includes 9.635 acres improved by Cypress-Fairbanks ISD as an elementary school site.

(b) According to the District's records, as of February 1, 2025, approximately 2,187 of the completed homes were occupied.

Commercial Development

In 2005 RED Cypress Creek, Ltd. petitioned to have the District annex approximately 138 acres of land. RED Cypress Creek, Ltd. entered into a long-term ground lease for a 14.66-acre site with HEB during 2005. HEB constructed a 130,000 square foot shopping center that includes an HEB grocery store, three small restaurants, two doctor's offices, five retail establishments, a brokerage office and a retail bank site; such center opened during the calendar year 2007. RED Cypress Creek, Ltd. developed additional land that presently includes the following improvements: a bank, two restaurants, and two small retail centers.

Additional commercial development includes a 91,548 square foot fitness center facility, a senior living center, and an assisted and memory care facility. The fitness center facility is a two-story fitness center that sits on 9.35 acres; the senior living center has 126 units on 2.95 acres; and the assisted and memory care facility has 80 units containing 90 beds on approximately 5 acres.

In 2006, RED Cypress Creek, Ltd. sold approximately 33 acres to Christus. In 2012, Christus sold approximately 17 acres to Watermark JSQ on Baker Cypress, LLC of Terre Haute, Indiana ("Watermark"). Watermark constructed a 318-unit multi-family apartment project that was completed in May 2014. Christus sold the remaining 16 acres to Sienna Cypress LLC; such acreage currently includes an 88,439 square foot home goods store, four retail buildings totaling 51,562 square feet, and a 5,447 square foot credit union.

On August 5, 2010, the District annexed approximately 91 acres of land that included a 669,101 square foot office and industrial building, which is presently owned by Methodist Hospital (formerly owned by Sysco Corporation, Inc.). Such property is now exempt from taxation by the District under the ownership of Methodist Hospital. See "RISK FACTORS – Dependence on Future Taxable Value."

On May 5, 2016, the District annexed approximately 10 acres of land that included five (5) acres that have been developed and improved with an assisted living center and five (5) acres planned for commercial retail development. No definitive plans are currently in place for the improvement of such 5 acres.

On December 6, 2018, the District annexed approximately 118 acres of parkland and an approximately 5-acre tract to be developed as a commercial office and warehouse development. No definitive plans are currently in place for the development of such 5 acres.

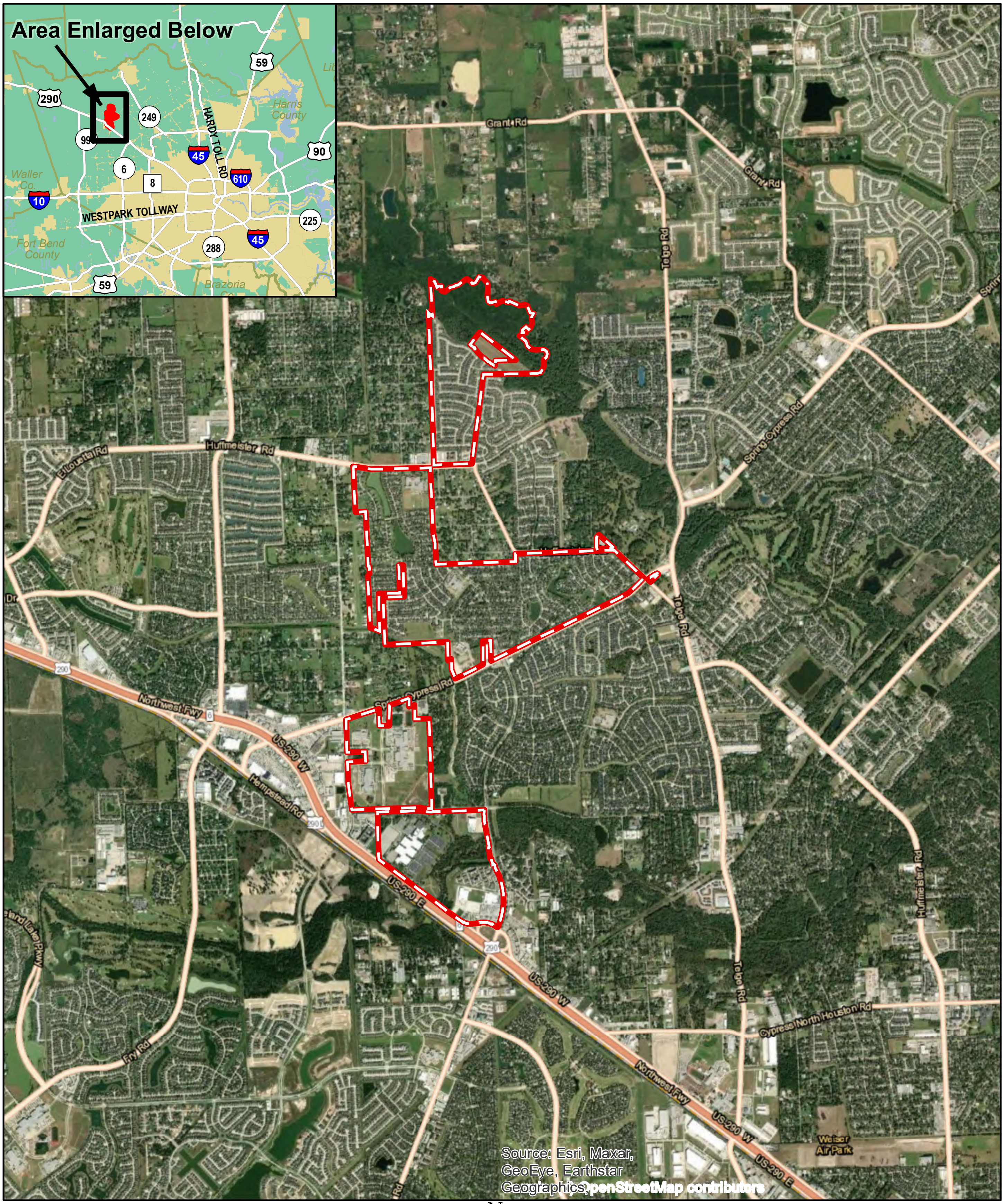
In 2019 the District annexed an approximately 7-acre tract to be developed for commercial purposes. It is currently anticipated that such tract will be developed and improved with a senior living facility. However, no definitive plans are currently in place for the development of such 7 acres.

On April 1, 2020, the District annexed an approximately 3-acre tract of land that includes an existing Harris County Precinct 3 service center.

Potential Annexation of Land into the District

The District currently has an annexation request submitted to the City for an approximately 11-acre tract to be developed as a storage facility. The District makes no representation that such annexation will occur, or that the intended development plans will ever be implemented.

Location Map



Legend

NWHCMUD 10 District Boundary

N

Feet
0 2,500 5,000

NWHCMUD 10
Location Map

VSE
VOGLER & SPENCER ENGINEERING

SOURCES: VSE, 2021
F:\10900\000-0\GIS\Maps\ArcMap\NWHCMUD 10 Location Map.mxd 4/13/2021 5:18:57 PM

District Map

Legend

NWHCMUD 10 District Boundary

N

NWHCMUD 10 District Map

Feet

0 2,500 5,000

VSE
VOGLER & SPENCER ENGINEERING

SOURCES: VSE, 2021
F:\10900\000-0\GIS\Maps\ArcMap\NWHCMUD 10 District Map.mxd 4/13/2021 5:24:49 PM

Management of the District

The District is governed by the Board of Directors, which has control over and management supervision of all affairs of the District. Four of the Directors reside within the District. Director elections are held only in even-numbered years and the directors serve staggered four-year terms. The current members and officers of the Board, along with their titles are listed below:

Name	Title	Term Expires May
Wenselado "Junior" Yharte	President	2028
T. Taylor Broun, III	Vice President	2026
Gloria L. Malek	Secretary	2026
Kenneth Dinges	Treasurer	2028
Gary Stebbins	Assistant Secretary	2026

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

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

Bookkeeper – The District has contracted with Municipal Accounts & Consulting, L.P. for bookkeeping services.

Auditor – The financial statements of the District as of April 30, 2024, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditor, as stated in his report appearing herein. See "APPENDIX A" for a copy of the District's April 30, 2024, audited financial statements.

Utility System Operator – The District has engaged Inframark, L.L.C. to operate and maintain the System.

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

Financial Advisor – The GMS Group, L.L.C., serves as the Financial Advisor to the District, and is paid an hourly consulting fee for certain services rendered from time to time. The GMS Group has served in the capacity as Financial Advisor relative to the issuance of the Bonds and will be paid a fee from Bond proceeds contingent upon the sale and delivery of the Bonds.

Legal Counsel – The District has employed Smith, Murdaugh, Little & Bonham, L.L.P. as general counsel and as bond counsel in connection with the issuance of the Series 2025 Bonds. The legal fees to be paid bond counsel for service 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 – Norton Rose Fulbright US LLP, Houston, Texas, serves as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent on the sale and delivery of the Bonds.

DISTRICT INVESTMENT POLICY

The District had 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 are invested in short-term obligations of the U.S. Treasury and federal agencies, 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 or intend to purchase long-term securities or derivative products.

ROLE OF A DEVELOPER

In general, activities of a developer in a municipal utility district such as the District include acquiring land for development; defining a marketing program; planning and scheduling development; securing adequate funds for development; arranging for design and construction of utilities, streets, amenities, and other improvements; participating in the procurement of necessary governmental permits and approvals, including creation of political subdivisions such as the District; and selling developed and undeveloped land to other developers, investors, and others. Ordinarily, the developer pays 100% of the costs of paving and amenity design and construction while the utility district finances certain costs of water supply and distribution, wastewater collection and treatment, and drainage facilities. The TCEQ generally requires the developer to pay up to 30% of the cost of certain water distribution, wastewater collection, and drainage facilities.

In addition, the developer is ordinarily the major taxpayer within a 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 taxes sufficient to pay debt service and retire bonds.

The District is substantially built out and there are no active land developers in the District at this time.

THE SYSTEM

Regulation

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

Description of the System

The water, wastewater and drainage facilities of the District are described below, based upon information obtained from the District's records and the Engineer.

Water Supply and Distribution System

The District’s water supply facilities consist of three water plants with four water wells with a combined capacity of 3,450 gallons per minute, 1,050,000 gallons of combined ground storage tank capacity, booster pumps with a combined capacity of 9,000 gallons per minute, and 101,810 feet of 4-inch through 12-inch water main pipe and appurtenances. The District is currently expanding Water Plant No. 2 by adding an additional 210,000-gallon ground storage tank and a 1,000 gallons per minute booster pump; this expansion is expected to be complete in the 3rd quarter of 2025. Auxiliary power generators have been constructed at all three water plants to provide emergency back-up power at each of the plants. The District has two metered emergency water interconnects with Harris County Municipal Utility District No. 365. The District’s four water wells have the capacity to serve 5,750 equivalent single-family connections.

The District has a permanent water supply agreement (the “Water Supply Agreement”) with Harris County Municipal Utility District No. 389 whereby the District has agreed to sell water capacity to Harris County Municipal Utility District No. 389 to supplement the existing water supply system of Harris County Municipal Utility District No. 389. The Water Supply Agreement provides that the amount of water supplied will not exceed 200,000 gallons per day.

According to the Engineer, the four ground storage tanks are sufficient to serve 5,250 equivalent single-family connections and the District’s booster pumps are sufficient to serve 4,500 equivalent single-family connections. In the aggregate, the District has water supply capacity that is sufficient to serve the District at full build out given currently anticipated land uses.

Wastewater Treatment and Collection System

The District’s wastewater treatment facilities currently consist of a 995,000 gallon per day wastewater treatment plant, which, according to the Engineer, is sufficient to serve 3,454 equivalent single-family connections. Additionally, the District has a 94,500 gpd wastewater treatment plant that serves the Park Creek subdivision; such plant is capable of serving approximately 316 equivalent single-family connections. According to the Engineer, the District has wastewater treatment capacity that is sufficient to serve the District at full build out given currently anticipated land uses.

Drainage and Detention System

The natural drainage pattern for the land within the District flows from southwest to northeast toward Dry Creek, Little Cypress Creek and Cypress Creek. The rainfall runoff out falling into Dry Creek and Little Cypress Creek flows to Cypress Creek, which converges with Spring Creek then the San Jacinto River and into the Houston Ship Channel and Galveston Bay. All of the development within and roadways throughout the District consist of storm sewer systems that drain to detention ponds or drainage channels. If new development occurs, existing drainage channels and storm water detention basins are improved to provide adequate capacity for the District.

Flood Plain

According to the most recent map prepared by the Federal Emergency Management Agency (“FEMA”) dated October 16, 2013, approximately 182 acres in the District are located within the 100-year flood plain. The majority of this area is utilized for detention ponds and Cypress Creek right-of-way. According to the Engineer, a Letter of Map Revision (‘LOMR”) has been issued for the residential lots in Park Creek and commercial development acreage in the RED Cypress Creek, Ltd.

development. It is currently anticipated that these areas will be removed from the designated flood plain on future FEMA maps. The LOMR, along with elevation certificates, allows for the development of lots and commercial reserves without the need for flood plain insurance.

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitations as to rate or amount, upon all taxable property in the District and are not secured by a pledge of system revenues. The following is provided for informational purposes only.

	Fiscal Years Ended April 30 (a)				
REVENUES	**2024**	**2023**	**2022**	**2021**	**2020**
Property taxes	$1,721,849	$1,624,740	$1,398,190	$1,397,495	$1,324,047
Water service	$1,044,774	$958,753	$837,431	$898,464	$935,312
Sewer service	$938,623	$859,082	$811,184	$811,358	$817,908
Surface water fees	$1,785,662	$2,051,388	$1,697,199	$1,854,465	$1,706,592
Sales and Use Taxes	$305,014	$312,651	$293,546	$269,626	$230,892
Penalty	$96,697	$93,846	$98,316	$90,455	$88,984
Tap connection and inspection fees	$497,500	$4,216,425	$147,000	$85,800	$63,065
Interest and other revenues	$944,775	$431,357	$68,334	$88,030	$187,058
TOTAL REVENUES	**$7,334,894**	**$10,548,242**	**$5,351,200**	**$5,495,693**	**$5,353,858**
EXPENDITURES					
Current:					
Professional fees	$355,930	$221,855	$168,040	$161,285	$221,936
Contracted services	$316,672	$304,500	$262,939	$264,687	$244,180
Utilities	$225,194	$214,952	$186,646	$194,876	$198,280
Groundwater pumpage fees	$1,710,163	$1,986,457	$1,596,448	$1,820,804	$1,691,694
Repairs and maintenance	$905,018	$596,536	$667,583	$644,443	$657,286
Other operating expenditures	$282,727	$257,298	$201,905	$202,730	$201,485
Security services	$329,520	$305,011	$296,867	$292,023	$277,789
Garbage disposal	$652,727	$524,405	$495,500	$473,988	$469,536
Administrative expenditures	$187,509	$185,898	$167,287	$139,349	$123,847
Capital outlay	$276,246	$123,805	$301,181	$107,350	$346,464
TOTAL EXPENDITURES	**$5,241,706**	**$4,720,717**	**$4,344,396**	**$4,301,535**	**$4,432,497**
EXCESS REVENUES (b)	**$2,093,188**	**$5,827,525**	**$1,006,804**	**$1,194,158**	**$921,361**
Total Active Retail Water Connections	**2,329**	**2,323**	**2,317**	**2,316**	**2,308**
Total Active Retail Wastewater Connections	**2,244**	**2,241**	**2,239**	**2,239**	**2,238**

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

(b) As of February 6, 2025, the District's General Fund had an unaudited cash and investment balance of approximately $17,919,181. For the fiscal year ending April 30, 2025, the District's General Fund is currently budgeting revenues of approximately $6,740,046 and operating expenditures of approximately $5,243,650. Additionally, for the fiscal year ending April 30, 2025, the District has identified approximately $100,000 of capital expenditures that may be funded by the General Fund. Any capital expenditures to be made from the General Fund will depend on the availability of cash and investment balances in such fund, the necessity of the project, and the need to maintain adequate reserve balances.

DISTRICT DEBT
(unaudited)

2024 Certified Taxable Valuation	$947,332,463	(a)
Direct Debt		
Outstanding Bonds (as of February 1, 2025)	$36,070,000	
The Bonds	$13,500,000	
Total Direct Debt	$49,570,000	
Estimated Overlapping Debt	$57,230,858	(b)
Direct and Estimated Overlapping Debt	$106,800,858	
Percentage of Direct Debt to:		
2024 Certified Taxable Valuation	5.23%	
Percentage of Direct and Estimated Overlapping Debt to:		
2024 Certified Taxable Valuation	11.27%	
2024 Tax Rate Per $100 of Assessed Value:		
Debt Service	$0.40	
Maintenance Tax	$0.20	
Total 2024 Tax Rate	$0.60	
Tax Rate required to pay Maximum Annual Debt Service Requirement based upon:		
2024 Certified Taxable Valuation	$0.45	
General Fund Cash and Investment Balance as of February 6, 2025	$17,919,181	(c)
Debt Service Fund Cash and Investment Balance as of February 6, 2025	$4,721,283	(d)

(a) Reflects the January 1, 2024 Certified Taxable Valuation according to data supplied by HCAD; such value excludes approximately $1,944,745 of uncertified taxable value that is still in the certification process. See "TAX DATA" and "TAX PROCEDURES."

(b) See "Estimated Overlapping Debt" herein.

(c) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."

(d) Unaudited figure per the District's records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Rate Calculations."

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Debt	Overlapping Debt Percent	Overlapping Debt Amount
Cypress-Fairbanks Independent School District	$3,987,655,000	1.27%	$50,444,856
Harris County (a)	$2,171,789,039	0.14%	$3,091,723
Harris County Flood Control District	$968,445,000	0.15%	$1,407,319
Port of Houston Authority	$406,509,397	0.15%	$590,809
Harris County Hospital District	$65,285,000	0.15%	$94,856
Harris County Department of Education	$28,960,000	0.14%	$41,218
Lone Star College System	$507,100,000	0.31%	$1,560,078
Total Estimated Overlapping Debt			**$57,230,858**
The District's Direct Debt (b)			$49,570,000
Total Direct and Estimated Overlapping Debt			**$106,800,858**

(a) Excludes the currently outstanding Harris County Toll Road Bonds, which are considered to be self-supporting.

(b) Includes the Bonds.

TAX DATA

2024 Debt Service/Maintenance Tax

In 2024 the District levied a tax of $0.40 per $100 of assessed valuation for debt service purposes. In addition, the District levied a tax of $0.20 per $100 of assessed valuation for maintenance purposes. The proceeds of the maintenance tax are deposited into the District's General Operating Fund and are used to pay certain operating costs.

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the exemptions for 2020 through 2024.

	Type of Property					
Year	Land	Improvements	Personal Property	Gross Valuations	Exemptions	Taxable Valuations (a)
2024	$276,798,727	$1,115,278,985	$32,974,441	$1,425,052,153	$477,719,690	$947,332,463 (b)
2023	$262,023,170	$1,002,756,951	$26,659,191	$1,291,439,312	$418,111,320	$873,327,992
2022	$226,300,281	$759,938,548	$30,375,411	$1,016,614,240	$228,677,636	$787,936,604
2021	$241,557,430	$597,794,188	$31,025,479	$870,377,097	$158,068,658	$712,308,439
2020	$230,645,988	$567,636,208	$33,560,165	$831,842,361	$135,565,131	$696,277,230

(a) Reflects the Gross Assessed Valuation supplied by HCAD, less exemptions.

(b) Reflects the January 1, 2024 Certified Taxable Valuation according to data supplied by HCAD; such value excludes approximately $1,944,745 of uncertified taxable value that is still in the certification process. See "TAX PROCEDURES."

Principal Taxpayers

The list of principal taxpayers for 2024 and the other information in this table were provided by the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions. This information does not reflect any corrections subsequent to action of the Appraisal District.

Taxpayer (a)	Type of Property	2024 Valuation	% of Total
12515 Prestige Cypress Limited	Land & Improvements	$57,497,797	6.07%
CMT Cypress Independent Living LLC	Land, Improvements, Personal Property	$31,862,641	3.36%
CRP/CSH Park Creek Owner LP	Land & Improvements	$29,675,165	3.13%
HEB Grocery Company LP	Land, Improvements, Personal Property	$24,445,017	2.58%
RED Cypress Creek Ltd	Land & Improvements	$21,973,775	2.32%
RC2020 LLC	Land & Improvements	$12,034,943	1.27%
Store Master Funding III LLC	Land & Improvements	$12,016,461	1.27%
WE 53 Barker Cypress LLC	Land & Improvements	$9,763,576	1.03%
EAN Holdings LLC	Personal Property	$5,874,038	0.62%
Murray Brothers Partnership LLC	Land & Improvements	$5,125,948	0.54%
	TOTALS	**$210,269,361**	**22.20%**

(a) Reflects information obtained from HCAD records. The District makes no representation as to the accuracy of such information.

Levy and Collection

The following represents the collection history of District taxes for the years 2020 through 2024.

Year	Taxable Valuation (a)	Tax Rate Per $100 (b)	Tax Levy	Cumulative Collections % (c)
2024	$947,332,463	$0.60	$5,683,995	(d)
2023	$873,327,992	$0.61	$5,327,301	99.2%
2022	$787,936,604	$0.64	$5,042,794	99.6%
2021	$712,308,439	$0.66	$4,701,236	99.6%
2020	$696,277,230	$0.66	$4,595,430	99.8%

(a) Represents the net taxable value. See "– Analysis of Tax Base" herein.

(b) Includes the debt service and maintenance tax levy for each year. See "– Tax Distribution" herein.

(c) Represents cumulative tax collections as of December 31, 2024. According to the District's records, the District's current tax collections have exceeded 97% each year for the past 10 years.

(d) The 2024 tax levy is in the process of collections; such taxes became delinquent if not paid before February 1, 2025. See "TAX PROCEDURES." According to the District's records as of February 7, 2025, the 2024 taxes were approximately 89% collected.

Tax Distribution

The following table sets forth the tax rate distribution of the District for the years 2020 through 2024.

	2024	2023	2022	2021	2020
Debt Service	$0.4000	$0.4100	$0.4400	$0.4600	$0.4600
Maintenance/Operation	$0.2000	$0.2000	$0.2000	$0.2000	$0.2000
Total	**$0.6000**	**$0.6100**	**$0.6400**	**$0.6600**	**$0.6600**

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements. Such maintenance tax was authorized by vote of the District's electors on May 2, 1992. The District is authorized to levy such a maintenance tax in an amount not to exceed $1.00 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any tax bonds which may be issued in the future.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 assessed valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the District's 2024 Certified Taxable Valuation as provided by HCAD and the District's Tax Assessor/Collector. The calculations further assume collection of 95% of taxes levied, the issuance of the Bonds, and the sale of no additional bonds:

Maximum Annual Debt Service Requirements (2030) $4,029,904

Tax rate of $0.45 on the 2024 Certified Taxable Valuation produces $4,049,846

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, a tax lien attaches to property to secure the payment of all taxes, penalty and interest for the year, on January 1, of that year. The tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. See "TAX PROCEDURES." In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT – Estimated Overlapping Debt"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below are all 2024 taxes levied by such taxing jurisdictions, assuming each assesses at 100% basis of assessment. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy of entities other than political subdivisions.

Taxing Jurisdictions	2024 Tax Rate Per $100 Assessed Valuation
Cypress-Fairbanks Independent School District	$1.086900
Harris County (a)	$0.608689
Lone Star College System	$0.107600
Harris County Emergency Services District No. 9	$0.040000
Subtotal	**$1.843189**
The District	$0.600000
Estimated Total Tax Rate	**$2.443189**

(a) Includes the 2024 taxes levied by Harris County, Harris County Flood Control District, Port of Houston Authority, Harris County Hospital District, and Harris County Department of Education.

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 and interest on the Bonds and any additional bonds payable from taxes that the District has previously or may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Order to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS – Sources of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by the voters. See "TAX DATA – Maintenance Tax."

Tax Code and County-Wide Appraisal District

Under Texas law, including the Texas Tax Code (the "Tax Code"), there is established in each county in the state a single appraisal district with responsibility for recording and appraising property for all taxing units within the county and a single appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. By May 15 of each year or as soon thereafter as is practicable, the appraisal district is required to prepare appraisal records of property to be appraised as of January 1 of each year. The Tax Code generally requires appraisals at 100% of market value. A residence homestead is to be appraised solely on the basis of its value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. Property tax appraisals in the District are subject to review by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Taxpayers and, under certain circumstances, 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. Such review or appeals may delay the certification of taxable values and hence delay the levy and collection of taxes by the District. In the event of such an appeal, the value of the property in question will be determined by the court, or by a jury if requested by any party. Absent any such appeal, the appraisal roll prepared by the Harris County Appraisal District ("HCAD") and approved by the Appraisal Review Board must be used by each taxing jurisdiction within Harris

County to establish its tax rolls and tax rate. The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Although the District is responsible for establishing tax rates and levying and collecting its taxes each year, under the system of county-wide tax appraisal implemented by the Tax Code, the District cannot establish appraisal standards or determine the frequency of revaluation or reappraisal. The Tax Code requires HCAD to implement a plan for periodic reappraisal of property to update appraised values, and the plan must provide for reappraisal of all real property in the appraisal district at least once every three years. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of HCAD.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real and tangible personal property in the District is subject to taxation by the District. However, the District makes no effort to collect taxes on personal property, other than on personal property rendered for taxation, business inventories, and the property of privately-owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas, and mineral interests owned by an institution of higher education; certain property owned and used for qualified purposes by certain charitable religious, education and other organizations, designated historical sites; solar and wind-powered energy devices; and most individually-owned automobiles.

The District, either by action of its Board or through a process of petition and referendum initiated by its residents, may grant exemptions for residential homesteads of persons 65 years of age or older and of certain disabled persons, to the extent deemed advisable by the Board. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of $3,000 of taxable valuation. The District has granted an exemption for persons 65 years of age and older or for disabled persons of $55,000 of taxable valuation for the tax year 2024.

Freeport Goods 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 that are destined to be forwarded outside of Texas and that 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 that are covered by the Freeport Exemption, if, for 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 the tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to 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 pubic 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 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.

Agricultural, Open Space, or Timber Land Use

The Property Tax Code permits land designated for agricultural or timber land use to be appraised at its value based upon the land’s capacity to produce agricultural products or, with respect to timber land, the value based upon accepted income capitalization methods. 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of an agricultural, timber land or residential real property appraisal must apply for such appraisal, and the Appraisal District is required to act on each claimant’s application individually. If a claimant receives an agricultural or timber land appraisal on land and later changes the land use or sells the land to an unqualified owner, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the five (5) years preceding the year in which the change of use occurs that the land was appraised as agricultural or timber land and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of seven percent (7%) calculated from the dates on which the differences would have become due. Provisions of the Property Tax Code are complex and are not fully summarized here.

Residential Homestead Exemption

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

Notice and Hearing Procedures

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, 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) 65 years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units. Special Taxing Units that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose1.08 times the amount of the 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 the maintenance and operations tax rate that would impose 1.035 times the amount of the operation and maintenance tax rate subject to certain homestead exemptions 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 the maintenance and operations tax rate that would impose 1.08 times the previous year's operation and maintenance tax rate.

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

Collection of Delinquent Taxes

Taxes levied by the District are a personal obligation of the owner of the taxed property as of January 1 of the year in which the taxes are imposed. On January 1 of each year, a tax lien attaches to property to secure 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 taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of all other such taxing units. A tax lien on real property has priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, as a general rule, the District's tax lien and a federal tax lien are on par with ultimate priority being determined by applicable federal law. Under certain circumstances, personal property is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest. At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. The ability of the District to collect delinquent taxes by judicial foreclosure may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions affecting the market value of the property at the time of any tax foreclosure sale, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Further, the District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 United States Code Section 1825, as amended.

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION

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 District must conform to a City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District within ninety (90) days, except as provided below under "Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston." Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore, the District makes no representation that the City will ever annex the District and assume its debt, nor does the District make any representation concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur.

Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston" below for a description of the Strategic Partnership Agreement between the District and the City.

Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston

The District entered into a Strategic Partnership Agreement ("SPA") with the City of Houston (the "City") effective as of December 20, 2007, whereby the tracts of land containing commercial development were annexed into the City for the limited purpose of applying certain of the City's Planning, Zoning, Health and Safety Ordinances to the commercial businesses. The City imposes a Sales and Use Tax within the annexed tracts on the receipts from the sales and use at retail of taxable items at the rate of one percent or such other rate as may be imposed by the City from time to time. Under the SPA, one-half, or 50%, of the sales tax revenue generated by the commercial business will be paid to the District, and the District can use the sales tax for any purpose for which the District is lawfully authorized. The SPA has a term of 30 years.

Neither the District nor any owners of taxable property in the District is liable for any present or future debts of the City and current and future ad valorem taxes levied by the City will not be levied on taxable property in the District.

The Bonds are not obligations of the City and the SPA does not obligate the City, either directly or indirectly to pay the principal of or interest on the Bonds.

The SPA provides that the City will not annex the District for a period of 30 years from the effective date of the SPA.

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.

THE BONDS

General

The Bonds are dated March 1, 2025. The Bonds will mature on April 1 in the years and in the amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on October 1, 2025, and each April 1 and October 1 thereafter until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

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

Authority for Issuance

The Bonds are issued by the District pursuant to the terms and provisions of the District's Bond Order, Article XVI, Section 59 of the Texas Constitution, the laws of the State of Texas including Chapters 49 and 54 of the Texas Water Code, as amended.

Optional Redemption

The Bonds are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2030, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Sources of and Security for Payment

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax levied, without legal limitation as to rate or amount, against taxable property located within the District. In the Bond Order the District covenants to levy a tax sufficient in rate and amount to pay principal of and interest on the Bonds when due, full allowance being made for delinquencies and costs of collection, and the District undertakes to collect such tax. The net proceeds from taxes levied for debt service purposes will be deposited in the District's Debt Service Fund and will be used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which the District may hereafter issue.

Defeasance

The District's pledge of taxes and all other covenants in the Bond Order, except the covenant to pay principal of and interest on the Bonds to maturity or redemption, will terminate when payment of such principal and interest has been provided for by depositing with the Paying Agent/Registrar money or direct obligations of the United States of America maturing on such dates and in such amounts as will be sufficient, without further investment, to make such payment of principal of and interest on the Bonds.

Funds

The Bond Order confirms the previous establishment of the District's Debt Service Fund. The Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds, the Outstanding Bonds, and any of the District's duly authorized additional bonds. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar and to pay the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

Issuance of Additional Debt

If authorized by the District's voters and with the approval of the TCEQ, the District may issue bonds necessary to provide and maintain improvements for which the District was created (see "THE DISTRICT"). The District's voters have authorized the issuance of an additional $97,900,000 unlimited tax bonds, of which $22,535,000 remain authorized but unissued after the issuance of the Bonds, for the purpose of providing waterworks, sanitary sewer, drainage and surface water facilities to land within the District in the past. See "RISK FACTORS – Future Debt." The District's voters have also authorized the issuance of unlimited tax refunding bonds for the purpose of refunding previously outstanding unlimited tax bonds, unlimited tax and revenue bonds or other bonds issued by the District, of which $31,523,310.60 refunding bonds remain authorized but unissued. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District, and in the Bond Order the District reserves the right to issue additional unlimited tax bonds, unlimited tax and revenue bonds, revenue bonds, and inferior lien bonds.

Registration, Transfer, and Exchange

The Bonds are transferable only at the designated principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of the Bonds accompanied by a duly executed assignment. The Bonds are exchangeable for an equal principal amount of Bonds of the same type, maturity, and interest rate, in any authorized denomination. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Neither the District nor the Paying Agent/Registrar is required to (i) issue, transfer or exchange any Bond during the period beginning at the opening of business 15 calendar days before the date of the first mailing of any notice of redemption of Bonds and ending at the close of business on the date of such mailing or (ii) thereafter to transfer or exchange any Bonds selected for redemption when such redemption is scheduled within 30 calendar days.

Replacement of Mutilated, Lost, or Stolen Bonds

The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, upon receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, maturity value and interest on the Bonds are to be paid to and credited by DTC while the Bonds are registered in its nominee's name. The information in this section concerning DTC and the "Book-Entry-Only System" has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

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

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

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

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

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

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

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

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

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

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

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

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

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

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

The Public Funds Collateral Act (Chapter 2257, Texas Government Code) also provides that bonds of the District (including the Bonds) are eligible as collateral for public funds. No representation is made concerning other laws, rules, regulations, or investment criteria 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.

LEGAL MATTERS

Legal Opinion

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel ("Bond Counsel"), the effect that based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limit as to rate or amount, upon all taxable property located within the District. The District will also furnish the approving legal opinion of Bond Counsel to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statues, regulations, published rulings and court decisions existing on the date of such opinion, as is described under "TAX MATTERS" below.

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "TAX PROCEDURES," "ANNEXATION, STRTEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION – SEC RULES 15c2-12" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the District for the purposes 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 of the information contained herein. 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. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds. Certain other matters will be passed upon on behalf of the District by Norton Rose Fulbright US LLP, Houston, Texas, acting as Disclosure Counsel.

No Material Adverse Change

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

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law") (i) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (ii) the Bonds will not be treated as "specified private activity bonds" the interest of which would be included as an alternative minimum-tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Additionally, 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. Except as stated above, Bond Counsel to the District will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel to the District will rely upon certain information and representations of the District, including information and representations contained in the District's federal tax certificate and covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith.

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

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by Section 55 of the Code.

Under Section 6012 of the Code, holders of tax-exempt obligations, such as the Bonds, may be required to disclose interest received or accrued during each taxable year on their returns of federal income taxation.

Section 1276 of the Code provides for ordinary income tax treatment of gain recognized upon the disposition of a tax--exempt obligation, such as the Bonds, if such obligation was acquired at a "market discount" and if the fixed maturity of such obligation is equal to, or exceeds, one year from the date of issue. Such treatment applies to "market discount bonds" to the extent such gain does not exceed the accrued market discount of such bonds; although for this purpose, a de minimis amount of market discount is ignored. A "market discount bond" is one which is acquired by the holder at a purchase price which is less than the stated redemption price at maturity or, in the case of a bond issued at an original issue discount, the "revised issue price" (i.e., the issue price plus accrued original issue discount). The "accrued market discount" is the amount which bears the same ratio to the market discount as the number of days during which the holder holds the obligation bears to the number of days between the acquisition date and the final maturity date.

NOT Qualified Tax-Exempt Obligations for Financial Institutions

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

Tax Accounting Treatment of Original Issue Premium Bonds

Some of the Bonds may be offered at initial offering prices which exceed the stated redemption prices payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, brokers and similar persons or entities acting in the capacity of wholesales or underwriter) at such initial offering price, each of the Bonds of such maturity (the “Premium Bonds”) will be considered for federal income tax purposes to have “bond premium” equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond which is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser’s original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering prices for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

Tax Accounting Treatment of Original Issue Discount Bonds

The initial public offering price to be paid for one or more maturities of the Bonds is less than the principal or maturity amount thereof or one or more periods for the payment of interest on the bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bond"). The difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. The "stated redemption price at maturity" means the sum of all payments to be made on the bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under Existing Law, 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. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT, REMIC or FASIT), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

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 accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and 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, 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 Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

NO LITIGATION CERTIFICATE

The District will furnish the Underwriter 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 no litigation of any nature is pending or to the best of their knowledge threatened, either in state or federal courts, contesting or attacking the Bonds, restraining or enjoining the levy, assessment and collection of ad valorem taxes which are pledged to the payment of the Bonds or in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds or affecting the validity of the Bonds or the title of the present officers and directors of the District.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

In the Bond Order (as defined herein), the District has made the agreement, summarized below, for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the “MSRB”). The information will be available to the public without charge through MSRB’s Electronic Municipal Market Access (“EMMA”) internet portal at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually.

The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in “SELECTED FINANCIAL INFORMATION (except for Estimated Overlapping Debt),” “TAX DATA” and in “APPENDIX A” (Auditor’s Report and Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2025. The District will provide the updated information to EMMA.

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

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties. In regards to (15) and (16) above, “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. The term "obligated person" when used in this paragraph shall have the meaning ascribed to it under the Rule. Neither the Bonds nor the Bond Order make any provision for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB in electronic format and accompanied by identifying information as prescribed by the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The District has previously made continuing disclosure agreements in accordance with SEC Rule 15c2-12 and has materially complied with those agreements for the previous 5 years, except for a late notice of refunding and redemption occurred in 2022. The notice was provided timely to the bondholders; however, the notice was filed late on EMMA.

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

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

OFFICIAL STATEMENT

Sources of Information

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

All estimates, statements, and assumptions in this Official Statement 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.

Financial Advisor

The Official Statement was compiled and edited under the supervision of The GMS Group, L.L.C., (the "Financial Advisor"); such firm was employed in 1999 as Financial Advisor to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale 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.

The Financial Advisor to the District has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

Engineer – The information contained in this Official Statement relating to engineering matters generally, to the description of the System, and, in particular, that information included in the sections entitled "RISK FACTORS – Future Debt," "USE OF BOND PROCEEDS," "THE DISTRICT – Description," "– Historical Development of the District," "– Status of Single-Family Development," "– Commercial Development," and "THE SYSTEM" has been provided by Vogler & Spencer Engineering, Inc. and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Collector – The information contained in this Official Statement relating to the assessed valuation of property and, in particular, such information contained in the section captioned "TAX DATA" has been provided by the Appraisal District and by Equi-Tax, Inc., Tax Assessor/Collector, in reliance upon their authority as experts in the field of tax appraisal, tax assessing and collecting, respectively.

Auditor – The financial statements of the District as of April 30, 2024, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, independent auditor, as stated in his report herein. See "APPENDIX A."

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Underwriter and ending on the ninety-first (91st) day after the "end of the underwriting period" (as defined in SEC Rule 15c(2)-12(f)(2)), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the Official Statement is delivered to a prospective purchaser, not misleading, the District will promptly notify the Underwriter of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements thereto, so that the statements in the Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading.

Certification to Official Statement

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

The Official Statement was approved by the Board of Directors of Northwest Harris County Municipal Utility District No. 10 as of the date shown on the cover page.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE YEAR ENDED APRIL 30, 2024

NORTHWEST HARRIS COUNTY

MUNICIPAL UTILITY DISTRICT NO. 10

HARRIS COUNTY, TEXAS

ANNUAL AUDIT REPORT

APRIL 30, 2024

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-9
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	10
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	11
NOTES TO THE FINANCIAL STATEMENTS	12-21
SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND	22
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY	23
SCHEDULE OF SERVICES AND RATES	24-25
EXPENDITURES FOR THE YEAR ENDED APRIL 30, 2024	26-27
ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS, ALL GOVERNMENTAL FUND TYPES	28
SCHEDULE OF CERTIFICATES OF DEPOSITS AND TEMPORARY INVESTMENTS	29
TAXES LEVIED AND RECEIVABLE	30-31
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS	32-38
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT	39-40
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND	41
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND	42
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	43-44

Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

September 5, 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Harris County Municipal
Utility District No. 10
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northwest Harris County Municipal Utility District No. 10 as of and for the year ended April 30, 2024, and the related notes to the financial statements, which collectively comprise Northwest Harris County Municipal Utility District No. 10's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Northwest Harris County Municipal Utility District No. 10, as of April 30, 2024, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Northwest Harris County Municipal Utility District No. 10, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Northwest Harris County Municipal Utility District No. 10'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

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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. I 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 Northwest Harris County Municipal Utility District No. 10's internal control. Accordingly, no such opinion is expressed. I 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. I conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Harris County Municipal Utility District No. 10's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITOR'S REPORT (Continued)

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwest Harris County Municipal Utility District No. 10's basic financial statements. The supplementary information on Pages 23 to 44 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Northwest Harris County Municipal Utility District No. 10 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended April 30, 2024.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program. In the District's case, the single governmental program is provision of water and sewer services. Other activities, such as security service and garbage collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements, and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-Wide Financial Statements

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

The difference between the District's total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners' equity presented by a commercial enterprise.

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

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

Fund Financial Statements

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

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

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

Because the focus of the government-wide and fund financial statements are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position as reported in the governmental activities column in the statement of activities.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	2024	2023	Change
Current and other assets	$ 23,409,127	$ 22,822,622	$ 586,505
Capital assets	30,412,023	30,777,956	(365,933)
Total assets	53,821,150	53,600,578	220,572
Long-term liabilities	34,209,980	36,658,972	(2,448,992)
Other liabilities	3,775,995	4,314,567	(538,572)
Total liabilities	37,985,975	40,973,539	(2,987,564)
Net position:			
Invested in capital assets, net of related debt	(6,246,949)	(8,112,805)	1,865,856
Restricted	4,131,767	4,891,610	(759,843)
Unrestricted	17,950,357	15,848,234	2,102,123
Total net position	$ 15,835,175	$ 12,627,039	$ 3,208,136

Summary of Changes in Net Position

	2024	2023	Change
Revenues:			
Property taxes, including related penalty and interest	$ 5,304,053	$ 5,052,334	$ 251,719
Sales and Use taxes	305,014	312,651	(7,637)
Charges for services	4,414,454	8,226,043	(3,811,589)
Other revenues	1,154,197	576,541	577,656
Total revenues	11,177,718	14,167,569	(2,989,851)
Expenses:			
Service operations	6,661,739	6,320,045	341,694
Debt service	1,307,843	1,522,029	(214,186)
Total expenses	7,969,582	7,842,074	127,508
Change in net position	3,208,136	6,325,495	(3,117,359)
Net position, beginning of year	12,627,039	6,301,544	6,325,495
Net position, end of year	$ 15,835,175	$ 12,627,039	$ 3,208,136

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended April 30, 2024, were $21,993,067, an increase of $1,291,022 from the prior year.

The General Fund balance increased by $2,093,188, in accordance with the District's financial plan.

The Debt Service Fund balance increased by $31,967, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by $834,133 as authorized expenditures exceeded interest earnings on deposits and investments.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 22 of this report. The budgetary fund balance as of April 30, 2024, was expected to be $17,217,598 and the actual end of year fund balance was $17,896,789.

Capital Asset and Debt Administration

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2024	2023	Change
Land	$ 3,931,104	$ 3,931,104	$ 0
Detention ponds	7,806,590	7,806,590	0
Construction in progress	195,104	2,317,772	(2,122,668)
Water facilities	7,597,227	7,693,688	(96,461)
Sewer facilities	10,881,998	9,028,802	1,853,196
Totals	$ 30,412,023	$ 30,777,956	$ (365,933)

Changes to capital assets during the fiscal year ended April 30, 2024, are summarized as follows:

Additions:	
Water system improvements	$ 242,737
Sewer system improvements	446,420
Total additions to capital assets	689,157
Decreases:	
Depreciation	(1,055,090)
Net change to capital assets	$ (365,933)

Debt

Changes in the bonded debt position of the District during the fiscal year ended April 30, 2024, are summarized as follows:

Bonded debt payable, beginning of year	$ 38,330,000
Bonds paid	(2,260,000)
Bonded debt payable, end of year	$ 36,070,000

At April 30, 2024, the District had $36,035,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's bonds have an underlying rating of A+ by Standard & Poor's. The Series 2013, 2018, 2020, 2021 and 2022 bonds are insured by Build America Mutual Assurance Company. The Series 2020A bonds are insured by Assured Guaranty Municipal Corp. The insured rating of these bonds is AA by Standard & Poor's. There were changes in the underlying bond rating for the District's bonds during the fiscal year ended April 30, 2024.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately $93,990,000 for the 2023 tax year (approximately 12%) due to additions to the tax base and the increase in the average assessed valuations on existing properties.

Relationship to the City of Houston

Utilizing a provision of Texas law, effective December 20, 2007, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City's fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas.

Water Supply Issues

The District is located within the boundaries of the Harris-Galveston Subsidence District ("Subsidence District") and the North Harris County Regional Water Authority ("NHCRWA"). The NHCRWA was created to provide for conversion of the area within its boundaries from groundwater usage to alternative sources of water supply (e.g., surface water) as required by regulations of the Subsidence District. The NHCRWA covers an area located in northern Harris County and adjacent to the City of Houston. Pursuant to an order of the Subsidence District and the NHCRWA's Groundwater Reduction Plan (as approved by the Subsidence District), the area within the boundaries of the NHCRWA must be converted to at least 30% alternate source (e.g., surface) water use by 2010, 60% alternate source water use by 2025, and 80% alternate source water use by 2035. To implement the required conversion to alternate source water use in accordance with such schedule, the NHCRWA has constructed and operates a network of transmission and distribution lines, storage tanks, and pumping stations to transport and distribute water within the NHCRWA (the "NHCRWA System"). In addition, the NHCRWA has entered into a water supply contract to secure a long-term supply of treated surface water from the City of Houston.

The District is subject to the NHCRWA's Groundwater Reduction Plan. The NHCRWA, as part of the plan of financing the NHCRWA System, has elected to allow districts, such as the District, to participate in a pro-rata share of the costs associated with the acquisition and construction of the NHCRWA System (including the costs associated with the acquisition of alternate sources of water supply) by issuing its own debt or using cash on hand, entitling the District to a future credit against pumpage fees due to the NHCRWA. The District has not elected this financing option. As a result, the District has elected to pay its share in the NHCRWA System costs over time through payment of levied pumpage fees to the NHCRWA. The District may be required by the NHCRWA to participate in the groundwater conversion project by converting to surface water some time after January 1, 2010. Noncompliance with the NHCRWA's Groundwater Reduction Plan or nonparticipation in the NHCRWA's surface water conversion project could result in the District's exclusion from the NHCRWA's Groundwater Reduction Plan and assessment of the Subsidence District's disincentive fee against groundwater pumped from wells located within the District.

Groundwater pumped from wells located within the District is not currently subject to the Subsidence District's groundwater disincentive fee. However, groundwater pumped from wells located within the District is subject to a per 1,000 gallon pumpage fee that is assessed and collected by the NHCRWA pursuant to the NHCRWA's Pumpage Fee Order. The current pumpage fee is $3.60 and is expected to increase in the future. The Authority's current surface water usage fee is $4.05 and is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to finance the acquisition and construction of surface water infrastructure (whether such costs are incurred directly by the District or through projects undertaken by the NHCRWA). The NHCRWA has sold bonds to finance a portion of the costs related to the design, acquisition and construction of the NHCRWA System. The NHCRWA bonds are secured by revenues of the NHCRWA, including the pumpage fee.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

APRIL 30, 2024

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	$ 485,730	$ 85,224	$ 298	$ 571,252	$	$ 571,252
Certificates of deposit, at cost, Note 7	470,000			470,000		470,000
Temporary investments, at cost, Note 7	17,351,829	2,563,329	1,698,847	21,614,005		21,614,005
Receivables:						
Property taxes	53,568	112,919		166,487		166,487
Accrued penalty and interest on property taxes				0	23,130	23,130
Service accounts	450,987			450,987		450,987
Sales and Use Taxes, Note 10	76,935			76,935		76,935
Accrued interest	9,171			9,171		9,171
Due from other fund	5,870			5,870	(5,870)	0
Maintenance taxes collected not yet transferred from other fund	4,641			4,641	(4,641)	0
Prepaid expenditures	27,160			27,160		27,160
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	11,932,798	11,932,798
Depreciable capital assets				0	18,479,225	18,479,225
Total assets	$18,935,891	$ 2,761,472	$ 1,699,145	$23,396,508	30,424,642	53,821,150
LIABILITIES						
Accounts payable	$ 541,151	$ 16,566	$ 14,330	$ 572,047		572,047
Construction contracts payable			210,013	210,013		210,013
Accrued interest payable				0	100,560	100,560
Construction advance by Harris County Flood Control	20,858			20,858		20,858
Customer and builder deposits	423,525			423,525		423,525
Due to other fund			5,870	5,870	(5,870)	0
Maintenance taxes collected not yet transferred to other fund		4,641		4,641	(4,641)	0
Long-term liabilities, Note 5:						
Due within one year				0	2,448,992	2,448,992
Due in more than one year				0	34,209,980	34,209,980
Total liabilities	985,534	21,207	230,213	1,236,954	36,749,021	37,985,975
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	53,568	112,919	0	166,487	(166,487)	0
FUND BALANCES / NET POSITION						
Fund balances:						
Assigned to:						
Debt service		2,627,346		2,627,346	(2,627,346)	0
Capital projects			1,468,932	1,468,932	(1,468,932)	0
Unassigned	17,896,789			17,896,789	(17,896,789)	0
Total fund balances	17,896,789	2,627,346	1,468,932	21,993,067	(21,993,067)	0
Total liabilities, deferred inflows, and fund balances	$18,935,891	$ 2,761,472	$ 1,699,145	$23,396,508		
Net position:						
Invested in capital assets, net of related debt, Note 4					(6,246,949)	(6,246,949)
Restricted for debt service					2,662,835	2,662,835
Restricted for capital projects					1,468,932	1,468,932
Unrestricted					17,950,357	17,950,357
Total net position					$ 15,835,175	$ 15,835,175

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED APRIL 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	$ 1,721,849	$ 3,529,076	$	$ 5,250,925	$ 22,289	$ 5,273,214
Water service	1,044,774			1,044,774		1,044,774
Sewer service	938,623			938,623		938,623
Surface water fees, Note 9	1,785,662			1,785,662		1,785,662
Sales and Use Taxes, Note 10	305,014			305,014		305,014
Penalty and interest	96,697	31,282		127,979	(443)	127,536
Tap connection and inspection fees	497,500			497,500		497,500
Interest on deposits and investments	893,577	154,052	106,568	1,154,197		1,154,197
Reconnection fees and other revenues	51,198			51,198		51,198
Total revenues	7,334,894	3,714,410	106,568	11,155,872	21,846	11,177,718
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	355,930	10,348		366,278		366,278
Contracted services	316,672	91,719		408,391		408,391
Utilities	225,194			225,194		225,194
Groundwater pumpage fees, Note 9	1,710,163			1,710,163		1,710,163
Repairs and maintenance	905,018		267,290	1,172,308		1,172,308
Other operating expenditures	282,727			282,727		282,727
Security service	329,520			329,520		329,520
Garbage disposal	652,727			652,727		652,727
Administrative expenditures	187,509	11,332		198,841		198,841
Depreciation				0	1,055,090	1,055,090
Capital outlay / non-capital outlay	276,246		673,411	949,657	(689,157)	260,500
Debt service:						
Principal retirement		2,260,000		2,260,000	(2,260,000)	0
Interest and fees		1,309,044		1,309,044	(1,201)	1,307,843
Total expenditures / expenses	5,241,706	3,682,443	940,701	9,864,850	(1,895,268)	7,969,582
Excess (deficiency) of revenues over expenditures	2,093,188	31,967	(834,133)	1,291,022	1,917,114	3,208,136
Net change in fund balances / net position	2,093,188	31,967	(834,133)	1,291,022	1,917,114	3,208,136
Beginning of year	15,803,601	2,595,379	2,303,065	20,702,045	(8,075,006)	12,627,039
End of year	$ 17,896,789	$ 2,627,346	$ 1,468,932	$ 21,993,067	$ (6,157,892)	$ 15,835,175

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2024

NOTE 1: REPORTING ENTITY

Northwest Harris County Municipal Utility District No. 10 (the "District") was created by an order of the Texas Water Rights Commission (now the Texas Commission on Environmental Quality) effective March 30, 1977, and operates in accordance with Texas Water Code Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on April 22, 1977, and the first bonds were sold on November 8, 1979. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District also has the authority to provide for solid waste disposal services and parks and recreational facilities. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $10,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

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

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		$ 21,993,067
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		30,412,023
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	$ (36,070,000)	
Deferred charge on refunding (to be amortized as interest expense)	644,491	
Issuance premiums, net of discounts (to be amortized as interest expense)	(1,233,463)	(36,658,972)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	23,130	
Uncollected property taxes	166,487	189,617
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		(100,560)
Net position, end of year		$ 15,835,175

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		$ 1,291,022
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	$ 689,157	
Depreciation	(1,055,090)	(365,933)
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Principal reduction		2,260,000
The funds report the effect of bond issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Refunding charges	(114,849)	
Issuance premiums, net of discounts	107,910	(6,939)
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Accrued penalty and interest on property taxes receivable	(443)	
Uncollected property taxes	22,289	21,846
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Accrued interest		8,140
Change in net position		$ 3,208,136

NOTE 4: CAPITAL ASSETS

At April 30, 2024, “Invested in capital assets, net of related debt” was $(6,246,949). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of $10,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 3,931,104	$	$	$ 3,931,104
Detention ponds	7,806,590			7,806,590
Construction in progress	2,317,772	458,638	2,581,306	195,104
Total capital assets not being depreciated	14,055,466	458,638	2,581,306	11,932,798
Depreciable capital assets:				
Water system	13,747,330	377,054		14,124,384
Sewer system	16,558,714	2,434,771		18,993,485
Total depreciable capital assets	30,306,044	2,811,825	0	33,117,869
Less accumulated depreciation for:				
Water system	(6,053,642)	(473,515)		(6,527,157)
Sewer system	(7,529,912)	(581,575)		(8,111,487)
Total accumulated depreciation	(13,583,554)	(1,055,090)	0	(14,638,644)
Total depreciable capital assets, net	16,722,490	1,756,735	0	18,479,225
Total capital assets, net	$ 30,777,956	$ 2,215,373	$ 2,581,306	$ 30,412,023
Changes to capital assets:				
Capital outlay		$ 689,157	$	
Assets transferred to depreciable assets		2,581,306	2,581,306	
Less depreciation expense for the fiscal year		(1,055,090)		
Net increases / decreases to capital assets		$ 2,215,373	$ 2,581,306	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended April 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	$ 38,330,000	$	$ 2,260,000	$ 36,070,000	$ 2,395,000
Less deferred amounts:					
For refunding costs	(759,340)		(114,849)	(644,491)	(104,167)
For issuance premium (discount)	1,341,373		107,910	1,233,463	158,159
Total bonds payable	38,912,033	0	2,253,061	36,658,972	2,448,992
Total long-term liabilities	$ 38,912,033	$ 0	$ 2,253,061	$ 36,658,972	$ 2,448,992

Developer Construction Commitments and Liabilities

At April 30, 2024, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Fiscal Year	Principal	Interest	Total
2025	$ 2,395,000	$ 1,206,719	$ 3,601,719
2026	2,330,000	1,103,494	3,433,494
2027	2,425,000	1,005,469	3,430,469
2028	2,480,000	902,994	3,382,994
2029	2,695,000	797,574	3,492,574
2030 - 2034	10,570,000	2,667,782	13,237,782
2035 - 2039	8,695,000	1,385,173	10,080,173
2040 - 2044	4,305,000	341,420	4,646,420
2045	175,000	3,938	178,938
	$ 36,070,000	$ 9,414,563	$ 45,484,563

Bonds voted	$ 97,900,000
Bonds approved for sale and sold	61,865,000
Bonds voted and not issued	36,035,000
Refunding bonds voted	$ 36,850,000
Refunding bonds sold*	3,889,084
Refunding bonds voted and not issued	32,960,916

*The District may issue refunding bonds in a principal amount not greater than the principal amount of refunded bonds, including the issuance of bonds sold at a substantial premium, without additional voted authority.

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

The bond issues payable at April 30, 2024, were as follows:

	Refunding Series 2013	Series 2018	Refunding Series 2020
Amounts outstanding, April 30, 2024	$2,790,000	$6,050,000	$3,660,000
Interest rates	3.00% to 3.25%	3.00% to 3.75%	3.00%
Maturity dates, serially beginning/ending	April 1, 2025/2031	April 1, 2025/2042	April 1, 2025/2039
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	April 1, 2023*	April 1, 2023*	April 1, 2025*

*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Series 2020A	Series 2021	Refunding Series 2022
Amounts outstanding, April 30, 2024	$2,850,000	$2,400,000	$18,320,000
Interest rates	2.25% to 4.75%	2.00% to 2.25%	2.25% to 5.00%
Maturity dates, serially beginning/ending	April 1, 2025/2044	April 1, 2025/2045	April 1, 2025/2042
Interest payment dates	October 1/April 1	October 1/April 1	October 1/April 1
Callable dates	April 1, 2025*	April 1, 2026*	April 1, 2029*

*Or any date thereafter, callable at par plus accrued interest in whole or in part at the option of the District.

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. Taxes are due October 1, or when billed, whichever comes later.

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held May 2, 1992, the voters within the District authorized a maintenance tax not to exceed $1.00 per $100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 5, 2023, the District levied the following ad valorem taxes for the 2023 tax year on the adjusted taxable valuation of $884,045,412:

	Rate	Amount
Debt service	$ 0.4100	$ 3,624,586
Maintenance	0.2000	1,768,091
	$ 0.6100	$ 5,392,677

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2023 tax year total property tax levy	$ 5,392,677
Appraisal district adjustments to prior year taxes	(119,463)
Statement of Activities property tax revenues	$ 5,273,214

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions, in TexPool, a local government investment pool sponsored by the State Comptroller, and an authorized private sector investment pool (Texas CLASS). TexPool and the private sector investment pool are rated AAAm by Standard & Poor’s.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was $1,041,252 and the bank balance was $1,181,802. Of the bank balance, $823,793 was covered by federal insurance and $358,009 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Dallas.

At the balance sheet date the carrying value and market value of the investments in TexPool was $75,439 and the carrying value and market value of the investments in the authorized private sector investment pool was $21,538,566.

Deposits and temporary investments restricted by state statutes and Bond Orders:

Debt Service Fund

For payment of debt principal and interest, paying agent fees and costs of assessing and collecting taxes:

Cash	$ 85,224
Temporary investments	2,563,329
	$ 2,648,553

Capital Projects Fund

For construction of capital assets:

Cash	$ 298
Temporary investments	1,698,847
	$ 1,699,145

NOTE 8: RISK MANAGEMENT

The District is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

At April 30, 2024, the District had physical damage and boiler and machinery coverage of $21,750,000, comprehensive general liability coverage with a per occurrence limit of $1,000,000 and $3,000,000 general aggregate, pollution coverage of $1,000,000, automobile liability coverage of $1,000,000, cyber liability coverage of $2,000,000, workers' compensation coverage of $1,000,000, consultant's crime coverage of $100,000 and a tax assessor-collector bond of $10,000.

NOTE 9: REGIONAL WATER AUTHORITY

The North Harris County Regional Water Authority (the "Authority") was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2004. The Authority is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, as of April 30, 2024, the Authority had established a well pumpage fee of $3.60 per 1,000 gallons of water pumped from each regulated well. The District's well pumpage fees payable to the Authority for the fiscal year ended April 30, 2024, were $1,710,163. The District billed its customers $1,785,662 during the fiscal year to pay for the fees charged by the Authority.

NOTE 10: STRATEGIC PARTNERSHIP AGREEMENT

Utilizing a provision of Texas law, effective December 20, 2007, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. In addition, the Agreement provides that the City shall apply and enforce within the Partial District the most current section of the City's fire code banning fireworks as adopted by City Council. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of $305,014 from the City for the fiscal year ended April 30, 2024. $76,935 of this amount was receivable at that date.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND

FOR THE YEAR ENDED APRIL 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Property taxes	$ 1,589,819	$ 1,589,819	$ 1,721,849	$ 132,030
Water service	900,000	900,000	1,044,774	144,774
Sewer service	760,000	760,000	938,623	178,623
Surface water fees	1,908,582	1,908,582	1,785,662	(122,920)
Sales and Use Taxes	270,000	270,000	305,014	35,014
Penalty	92,000	92,000	96,697	4,697
Tap connection and sewer inspection fees	25,000	25,000	497,500	472,500
Interest on deposits and investments	500,010	500,010	893,577	393,567
Reconnection fees and other revenues	63,000	63,000	51,198	(11,802)
TOTAL REVENUES	6,108,411	6,108,411	7,334,894	1,226,483
EXPENDITURES				
Service operations:				
Professional fees	303,000	303,000	355,930	52,930
Contracted services	326,000	326,000	316,672	(9,328)
Utilities	201,000	201,000	225,194	24,194
Groundwater pumpage fees	1,779,564	1,779,564	1,710,163	(69,401)
Repairs and maintenance	703,000	703,000	905,018	202,018
Other operating expenditures	259,700	259,700	282,727	23,027
Security service	315,000	315,000	329,520	14,520
Garbage disposal	515,000	515,000	652,727	137,727
Administrative expenditures	230,150	230,150	187,509	(42,641)
Capital outlay	62,000	62,000	276,246	214,246
TOTAL EXPENDITURES	4,694,414	4,694,414	5,241,706	547,292
EXCESS REVENUES (EXPENDITURES)	1,413,997	1,413,997	2,093,188	679,191
FUND BALANCE, BEGINNING OF YEAR	15,803,601	15,803,601	15,803,601	0
FUND BALANCE, END OF YEAR	$ 17,217,598	$ 17,217,598	$ 17,896,789	$ 679,191

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

APRIL 30, 2024

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

[X] TSI-1. Services and Rates

[X] TSI-2. General Fund Expenditures

[X] TSI-3. Temporary Investments

[X] TSI-4. Taxes Levied and Receivable

[X] TSI-5. Long-Term Debt Service Requirements by Years

[X] TSI-6. Changes in Long-Term Bonded Debt

[X] TSI-7. Comparative Schedule of Revenues and Expenditures - General Fund and Debt Service Fund - Five Year

[X] TSI-8. Board Members, Key Personnel and Consultants

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF SERVICES AND RATES

APRIL 30, 2024

1. Services Provided by the District during the Fiscal Year:

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

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

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	$12.50	4,000	N	$0.95	4,001 to 10,000
				1.30	10,001 to 15,000
				1.60	15,001 to 35,000
				2.00	Over 35,000
WASTEWATER:	$29.89	4,000	N	$0.25	4,001 to 10,000
				0.35	10,001 to 15,000
				0.50	Over 15,000

SURCHARGE: $3.96 per 1,000 gallons of water used – NHCRWA surface water fees.

District employs winter averaging for wastewater usage: Yes __ No X

Total charges per 10,000 gallons usage: Water: $18.20 Wastewater: $29.89 Surcharge: $39.60

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF SERVICES AND RATES (Continued)

APRIL 30, 2024

b. Water and Wastewater Retail Connections (unaudited):

Meter Size	Total Connections	Active Connections	ESFC* Factor	Active ESFCs
Unmetered	0	0	1.0	0
< or = 3/4"	2,219	2,206	1.0	2,206
1"	44	39	2.5	98
1-1/2"	14	14	5.0	70
2"	37	36	8.0	288
3"	4	4	15.0	60
4"	11	11	25.0	275
6"	6	6	50.0	300
8"	11	11	80.0	880
10"	2	2	115.0	230
Total Water	2,348	2,329		4,407
Total Wastewater	2,263	2,244	1.0	2,244

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited):	439,664
Gallons billed to customers (unaudited):	424,982
Water Accountability Ratio (Gallons billed/ gallons pumped):	97%

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

Does the District have Debt Service standby fees? Yes __ No _X_

If yes, date of the most recent Commission Order: ___________________

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

If yes, date of the most recent Commission Order: ___________________

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

EXPENDITURES

FOR THE YEAR ENDED APRIL 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CURRENT				
Professional fees:				
Auditing	$ 10,950	$	$	$ 10,950
Legal	118,347	10,348		128,695
Engineering	225,733			225,733
Financial advisor	900			900
	355,930	10,348	0	366,278
Contracted services:				
Bookkeeping	88,971			88,971
Operation and billing	225,201			225,201
Sales tax consultant	2,500			2,500
Tax assessor-collector		50,723		50,723
Central appraisal district		40,996		40,996
	316,672	91,719	0	408,391
Utilities	225,194	0	0	225,194
Groundwater pumpage fees	1,710,163	0	0	1,710,163
Repairs and maintenance	905,018	0	267,290	1,172,308
Other operating expenditures:				
Sludge hauling	90,909			90,909
Chemicals	98,878			98,878
Laboratory costs	46,157			46,157
Inspection costs	18,424			18,424
Reconnection costs	6,125			6,125
TCEQ assessment	11,712			11,712
Other	10,522			10,522
	282,727	0	0	282,727
Security service	329,520	0	0	329,520
Garbage disposal	652,727	0	0	652,727
Administrative expenditures:				
Director's fees	21,256			21,256
Office supplies and postage	20,464			20,464
Insurance	67,710	100		67,810
Permit fees	15,406			15,406
Other	62,673	11,232		73,905
	187,509	11,332	0	198,841

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

EXPENDITURES (Continued)

FOR THE YEAR ENDED APRIL 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CAPITAL OUTLAY				
Authorized expenditures	$ 15,746	$	$ 673,411	$ 689,157
Tap connection costs	260,500			260,500
	276,246	0	673,411	949,657
DEBT SERVICE				
Principal retirement	0	2,260,000	0	2,260,000
Interest and fees:				
Interest		1,304,394		1,304,394
Paying agent fees		4,650		4,650
	0	1,309,044	0	1,309,044
TOTAL EXPENDITURES	$ 5,241,706	$ 3,682,443	$ 940,701	$ 9,864,850

See accompanying independent auditor’s report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED APRIL 30, 2024

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	$ 5,450,138	$ 3,714,410	$ 106,568	$ 9,271,116
Maintenance tax receipts		1,721,849		1,721,849
Transfer of maintenance taxes	1,723,312			1,723,312
Overpayments from taxpayers		11,937		11,937
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	7,173,450	5,448,196	106,568	12,728,214
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	4,984,648	97,994	293,507	5,376,149
Capital outlay	276,246		870,359	1,146,605
Debt service		3,569,044		3,569,044
Transfer of maintenance taxes		1,723,312		1,723,312
Decrease in customer and builder deposits	501,350			501,350
Refund of taxpayer overpayments		11,295		11,295
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	5,762,244	5,401,645	1,163,866	12,327,755
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	1,411,206	46,551	(1,057,298)	400,459
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	16,896,353	2,602,002	2,756,443	22,254,798
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	$18,307,559	$ 2,648,553	$ 1,699,145	$22,655,257

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

SCHEDULE OF CERTIFICATES OF DEPOSIT AND TEMPORARY INVESTMENTS

APRIL 30, 2024

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
Certificates of Deposit				
No. 2654	5.50%	9/15/24	$ 235,000	$ 1,487
No. 1314	5.50%	9/27/24	235,000	7,684
			$ 470,000	$ 9,171
TexPool				
No. 2559500002	Market	On demand	$ 24,720	$ 0
Texas CLASS				
No. TX-01-0581-0001	Market	On demand	$ 13,377,259	$ 0
No. TX-01-0581-0008	Market	On demand	3,949,850	0
			$ 17,327,109	$ 0
DEBT SERVICE FUND				
TexPool				
No. 2559500005	Market	On demand	$ 50,719	$ 0
Texas CLASS				
No. TX-01-0581-0003	Market	On demand	$ 2,512,610	$ 0
CAPITAL PROJECTS FUND				
Texas CLASS				
No. TX-01-0581-0006	Market	On demand	32,410	0
No. TX-01-0581-0007	Market	On demand	1,666,437	0
			$ 1,698,847	$ 0
Total – All Funds			$ 22,084,005	$ 9,171

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED APRIL 30, 2024

	Maintenance Taxes	Debt Service Taxes
RECEIVABLE, BEGINNING OF YEAR	$ 44,633	$ 99,565
Additions and corrections to prior year taxes	(37,307)	(82,156)
Adjusted receivable, beginning of year	7,326	17,409
2023 ADJUSTED TAX ROLL	1,768,091	3,624,586
Total to be accounted for	1,775,417	3,641,995
Tax collections: Current tax year	(1,729,767)	(3,546,023)
Prior tax years	7,918	16,947
RECEIVABLE, END OF YEAR	$ 53,568	$ 112,919
RECEIVABLE, BY TAX YEAR		
2016	$ 19	$ 44
2017	346	796
2018	666	1,533
2019	1,728	3,975
2020	5,406	12,434
2021	7,079	15,573
2023	38,324	78,564
RECEIVABLE, END OF YEAR	$ 53,568	$ 112,919

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED APRIL 30, 2024

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	2023	2022	2021	2020
Land	$ 262,143,472	$ 225,995,263	$ 241,252,412	$ 230,334,234
Improvements	930,600,072	760,177,248	597,794,188	567,636,208
Personal property	26,768,042	30,478,976	31,025,479	33,560,165
Less exemptions	(335,466,174)	(228,371,191)	(157,751,640)	(135,241,377)
TOTAL PROPERTY VALUATIONS	$ 884,045,412	$ 788,280,296	$ 712,320,439	$ 696,289,230

TAX RATES PER $100 VALUATION				
Debt service tax rates	$ 0.41000	$ 0.44000	$ 0.46000	$ 0.46000
Maintenance tax rates*	0.20000	0.20000	0.20000	0.20000
TOTAL TAX RATES PER $100 VALUATION	$ 0.61000	$ 0.64000	$ 0.66000	$ 0.66000

TAX ROLLS	$ 5,392,677	$ 5,044,994	$ 4,701,315	$ 4,595,509
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	97.8 %	99.5 %	99.6 %	99.8 %

*Maximum tax rate approved by voters on May 2, 1992: $1.00

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

APRIL 30, 2024

	Series 2013		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2025	$ 355,000	$ 86,912	$ 441,912
2026	365,000	76,263	441,263
2027	380,000	65,312	445,312
2028	395,000	53,913	448,913
2029	415,000	41,568	456,568
2030	430,000	28,600	458,600
2031	450,000	14,625	464,625
TOTALS	$ 2,790,000	$ 367,193	$ 3,157,193

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

	Series 2018		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2025	$ 200,000	$ 204,625	$ 404,625
2026	200,000	198,625	398,625
2027	200,000	192,625	392,625
2028	200,000	186,625	386,625
2029	200,000	180,625	380,625
2030	250,000	174,625	424,625
2031	250,000	166,812	416,812
2032	300,000	159,000	459,000
2033	300,000	149,250	449,250
2034	350,000	139,500	489,500
2035	350,000	128,125	478,125
2036	375,000	115,875	490,875
2037	400,000	103,219	503,219
2038	450,000	89,219	539,219
2039	475,000	73,469	548,469
2040	500,000	56,844	556,844
2041	525,000	38,718	563,718
2042	525,000	19,688	544,688
TOTALS	$ 6,050,000	$ 2,377,469	$ 8,427,469

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

	Series 2020		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2025	$ 190,000	$ 109,800	$ 299,800
2026	215,000	104,100	319,100
2027	215,000	97,650	312,650
2028	215,000	91,200	306,200
2029	235,000	84,750	319,750
2030	255,000	77,700	332,700
2031	255,000	70,050	325,050
2032	275,000	62,400	337,400
2033	270,000	54,150	324,150
2034	290,000	46,050	336,050
2035	310,000	37,350	347,350
2036	305,000	28,050	333,050
2037	345,000	18,900	363,900
2038	145,000	8,550	153,550
2039	140,000	4,200	144,200
TOTALS	$ 3,660,000	$ 894,900	$ 4,554,900

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

	Series 2020A		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2025	$ 50,000	$ 76,032	$ 126,032
2026	50,000	73,656	123,656
2027	50,000	72,532	122,532
2028	50,000	71,406	121,406
2029	50,000	70,281	120,281
2030	50,000	69,156	119,156
2031	50,000	68,032	118,032
2032	125,000	66,906	191,906
2033	125,000	64,094	189,094
2034	150,000	61,282	211,282
2035	150,000	57,718	207,718
2036	175,000	54,156	229,156
2037	175,000	49,782	224,782
2038	200,000	45,406	245,406
2039	200,000	40,406	240,406
2040	225,000	35,156	260,156
2041	225,000	29,250	254,250
2042	250,000	22,500	272,500
2043	250,000	15,000	265,000
2044	250,000	7,500	257,500
TOTALS	$ 2,850,000	$ 1,050,251	$ 3,900,251

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

	Series 2021		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2025	$ 50,000	$ 50,812	$ 100,812
2026	50,000	49,813	99,813
2027	50,000	48,812	98,812
2028	50,000	47,813	97,813
2029	50,000	46,812	96,812
2030	50,000	45,813	95,813
2031	50,000	44,812	94,812
2032	125,000	43,813	168,813
2033	125,000	41,312	166,312
2034	125,000	38,813	163,813
2035	125,000	36,312	161,312
2036	125,000	33,813	158,813
2037	150,000	31,312	181,312
2038	150,000	28,313	178,313
2039	150,000	25,124	175,124
2040	150,000	21,938	171,938
2041	150,000	18,562	168,562
2042	150,000	15,188	165,188
2043	175,000	11,812	186,812
2044	175,000	7,876	182,876
2045	175,000	3,938	178,938
TOTALS	$ 2,400,000	$ 692,813	$ 3,092,813

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

	Series 2022		
Due During Fiscal Years Ending April 30	Principal Due April 1	Interest Due October 1, April 1	Total
2025	$ 1,550,000	$ 678,538	$ 2,228,538
2026	1,450,000	601,037	2,051,037
2027	1,530,000	528,538	2,058,538
2028	1,570,000	452,037	2,022,037
2029	1,745,000	373,538	2,118,538
2030	1,815,000	286,287	2,101,287
2031	1,870,000	231,838	2,101,838
2032	685,000	175,737	860,737
2033	775,000	155,188	930,188
2034	775,000	131,937	906,937
2035	825,000	114,500	939,500
2036	845,000	95,938	940,938
2037	870,000	74,812	944,812
2038	620,000	53,062	673,062
2039	640,000	37,562	677,562
2040	255,000	20,762	275,762
2041	250,000	13,750	263,750
2042	250,000	6,876	256,876
TOTALS	$ 18,320,000	$ 4,031,937	$ 22,351,937

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)

APRIL 30, 2024

	Annual Requirements for All Series		
Due During Fiscal Years Ending April 30	Total Principal Due	Total Interest Due	Total
2025	$ 2,395,000	$ 1,206,719	$ 3,601,719
2026	2,330,000	1,103,494	3,433,494
2027	2,425,000	1,005,469	3,430,469
2028	2,480,000	902,994	3,382,994
2029	2,695,000	797,574	3,492,574
2030	2,850,000	682,181	3,532,181
2031	2,925,000	596,169	3,521,169
2032	1,510,000	507,856	2,017,856
2033	1,595,000	463,994	2,058,994
2034	1,690,000	417,582	2,107,582
2035	1,760,000	374,005	2,134,005
2036	1,825,000	327,832	2,152,832
2037	1,940,000	278,025	2,218,025
2038	1,565,000	224,550	1,789,550
2039	1,605,000	180,761	1,785,761
2040	1,130,000	134,700	1,264,700
2041	1,150,000	100,280	1,250,280
2042	1,175,000	64,252	1,239,252
2043	425,000	26,812	451,812
2044	425,000	15,376	440,376
2045	175,000	3,938	178,938
TOTALS	$ 36,070,000	$ 9,414,563	$ 45,484,563

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED APRIL 30, 2024

	(1)	(2)	(3)
Bond Series:	2013	2018	2020
Interest Rate:	3.00% to 3.25%	3.00% to 3.75%	3.00%
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1
Maturity Dates:	April 1, 2025/2031	April 1, 2025/2042	April 1, 2025/2039
Bonds Outstanding at Beginning of Current Year	$ 3,130,000	$ 6,200,000	$ 3,855,000
Less Retirements	(340,000)	(150,000)	(195,000)
Bonds Outstanding at End of Current Year	$ 2,790,000	$ 6,050,000	$ 3,660,000
Current Year Interest Paid	$ 97,113	$ 209,125	$ 115,650

Bond Descriptions and Original Amount of Issue

(1) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2013 ($5,555,000)

(2) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Bonds, Series 2018 ($6,600,000)

(3) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2020 ($4,395,000)

Paying Agent/Registrar

(1) (2) Amegy Bank, National Association, Houston, Texas

(3) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Net Debt Service Fund deposits and investments balances as of April 30, 2024:	$2,627,346
Average annual debt service payment for remaining term of all debt:	2,229,498

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)

FOR THE YEAR ENDED APRIL 30, 2024

	(4)	(5)	(6)	Totals
Bond Series:	2020A	2021	2022	
Interest Rate:	2.25% to 4.75%	2.00% to 2.25%	2.25% to 5.00%	
Dates Interest Payable:	October 1/ April 1	October 1/ April 1	October 1/ April 1	
Maturity Dates:	April 1, 2025/2044	April 1, 2025/2045	April 1, 2025/2042	
Bonds Outstanding at Beginning of Current Year	$ 2,900,000	$ 2,450,000	$ 19,795,000	$ 38,330,000
Less Retirements	(50,000)	(50,000)	(1,475,000)	(2,260,000)
Bonds Outstanding at End of Current Year	$ 2,850,000	$ 2,400,000	$ 18,320,000	$ 36,070,000
Current Year Interest Paid	$ 78,406	$ 51,813	$ 752,287	$ 1,304,394

Bond Descriptions and Original Amount of Issue

(4) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Bonds, Series 2020A ($3,000,000)

(5) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Bonds, Series 2021 ($2,500,000)

(6) Northwest Harris County Municipal Utility District No. 10 Unlimited Tax Refunding Bonds, Series 2022 ($21,170,000)

Paying Agent/Registrar

(4) (5) (6) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond Authority	Tax Bonds	Other Bonds	Refunding Bonds
Amount Authorized by Voters:	$ 97,900,000	$ 0	$ 36,850,000
Amount Issued:	61,865,000		6,036,896*
Remaining to be Issued:	36,035,000		30,813,104

*The District may issue refunding bonds in a principal amount not greater than the principal amount of refunded bonds, including the issuance of bonds sold at a substantial premium, without additional voted authority.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND

FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
REVENUES										
Property taxes	$ 1,721,849	$ 1,624,740	$ 1,398,190	$ 1,397,495	$ 1,324,047	23.5 %	15.4 %	26.2 %	25.4 %	24.7 %
Water service	1,044,774	958,753	837,431	898,464	935,312	14.2	9.1	15.6	16.3	17.5
Sewer service	938,623	859,082	811,184	811,358	817,908	12.8	8.1	15.2	14.8	15.3
Surface water fees	1,785,662	2,051,388	1,697,199	1,854,465	1,706,592	24.3	19.4	31.8	33.8	31.8
Sales and Use Taxes	305,014	312,651	293,546	269,626	230,892	4.2	3.0	5.5	4.9	4.3
Penalty	96,697	93,846	98,316	90,455	88,984	1.3	0.9	1.8	1.6	1.7
Tap connection and inspection fees	497,500	4,216,425	147,000	85,800	63,065	6.8	40.1	2.7	1.6	1.2
Interest and other revenues	944,775	431,357	68,334	88,030	187,058	12.9	4.0	1.2	1.6	3.5
TOTAL REVENUES	7,334,894	10,548,242	5,351,200	5,495,693	5,353,858	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	355,930	221,855	168,040	161,285	221,936	4.9	2.1	3.1	2.9	4.1
Contracted services	316,672	304,500	262,939	264,687	244,180	4.3	2.9	4.9	4.8	4.6
Utilities	225,194	214,952	186,646	194,876	198,280	3.1	2.0	3.5	3.5	3.7
Groundwater pumpage fees	1,710,163	1,986,457	1,596,448	1,820,804	1,691,694	23.3	18.8	29.9	33.2	31.5
Repairs and maintenance	905,018	596,536	667,583	644,443	657,286	12.3	5.7	12.5	11.8	12.3
Other operating expenditures	282,727	257,298	201,905	202,730	201,485	3.9	2.4	3.8	3.7	3.8
Security services	329,520	305,011	296,867	292,023	277,789	4.5	2.9	5.5	5.3	5.2
Garbage disposal	652,727	524,405	495,500	473,988	469,536	8.9	5.0	9.3	8.6	8.8
Administrative expenditures	187,509	185,898	167,287	139,349	123,847	2.6	1.8	3.1	2.5	2.3
Capital outlay	276,246	123,805	301,181	107,350	346,464	3.8	1.2	5.6	2.0	6.5
TOTAL EXPENDITURES	5,241,706	4,720,717	4,344,396	4,301,535	4,432,497	71.6	44.8	81.2	78.3	82.8
EXCESS REVENUES	$ 2,093,188	$ 5,827,525	$ 1,006,804	$ 1,194,158	$ 921,361	28.4 %	55.2 %	18.8 %	21.7 %	17.2 %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,329	2,323	2,317	2,316	2,308					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,244	2,241	2,239	2,239	2,238					

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND

FOR YEARS ENDED APRIL 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2024	2023	2022	2021	2020	2024	2023	2022	2021	2020
REVENUES										
Property taxes	$ 3,529,076	$ 3,578,790	$ 3,215,919	$ 3,214,559	$ 3,045,998	95.1 %	96.5 %	98.1 %	98.8 %	96.8 %
Penalty and interest	31,282	35,646	33,018	23,309	24,070	0.8	1.0	1.0	0.7	0.8
Accrued interest on bonds received at date of sale	0	0	24,193	693	8,430	0.0	0.0	0.7	0.0	0.3
Interest on deposits and investments	154,052	94,219	7,093	16,226	65,778	4.1	2.5	0.2	0.5	2.1
TOTAL REVENUES	3,714,410	3,708,655	3,280,223	3,254,787	3,144,276	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	10,348	25,625	11,332	3,509	7,883	0.3	0.7	0.3	0.1	0.3
Contracted services	91,719	84,595	77,897	79,824	73,938	2.5	2.3	2.4	2.5	2.4
Other expenditures	11,332	11,131	13,357	11,219	11,027	0.3	0.3	0.4	0.3	0.4
Debt service:										
Principal retirement	2,260,000	2,150,000	2,180,000	2,060,000	1,805,000	60.8	57.9	66.5	63.3	57.3
Refunding contribution	0	0	163,094	0	69,155	0.0	0.0	5.0	0.0	2.2
Interest and fees	1,309,044	1,467,239	957,730	1,315,753	1,233,489	35.2	39.6	29.2	40.4	39.2
TOTAL EXPENDITURES	3,682,443	3,738,590	3,403,410	3,470,305	3,200,492	99.1	100.8	103.8	106.6	101.8
EXCESS REVENUES (EXPENDITURES)	$ 31,967	$ (29,935)	$ (123,187)	$ (215,518)	$ (56,216)	0.9 %	(0.8) %	(3.8) %	(6.6) %	(1.8) %

See accompanying independent auditor's report.

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

APRIL 30, 2024

Complete District Mailing Address: Northwest Harris County Municipal Utility District No. 10
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, Texas 77019

District Business Telephone No.: 713-652-6500

Submission date of the most recent District Registration Form: April14, 2023

Limit on Fees of Office that a Director may receive during a fiscal year: $7,200

BOARD MEMBERS

Name and Address	Term of Office (Elected/ Appointed)	Fees of Office Paid	Expense Reimb.	Title at Year End
Wenslado "Junior" Yharte 14518 Golden Cypress Lane Cypress, Texas 77429	Elected 5/02/20- 5/04/24	$ 6,938	$ 1,809	President
T. Taylor Broun, III 15819 Ellendale Court Cypress, Texas 77429	Elected 5/07/22- 5/02/26	2,731	16	Vice President
Gloria L. Malek 21718 W. Yaupon Circle Tomball, Texas 77377	Elected 5/07/22- 5/02/26	5,020	2,152	Secretary
Kenneth Dinges 16735 Creek View Lane Cypress, Texas 77429	Elected 5/02/20- 5/04/24	2,510	0	Treasurer
Gary Stebbins 14726 Winding Waters Drive Cypress, Texas 77429	Appointed 6/02/22- 5/02/26	4,057	1,694	Asst. Treasurer

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 10

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

APRIL 30, 2024

CONSULTANTS

Name and Address	Date Hired	Fees and Expense Reimbursements	Title at Year End
Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	4/22/77	$ 132,289	Attorney
Municipal Accounts & Consulting, L.P. 1300 Post Oak Blvd, Suite 1600 Houston, Texas 77056	4/04/05	92,980	Bookkeeper
Mark Burton 1300 Post Oak Blvd, Suite 1600 Houston, Texas 77056	1/07/10	0	Investment Officer
Inframark, LLC 17495 Village Green Drive Houston, Texas 77040	4/01/15	1,172,868	Operator
Vogler & Spencer Engineering, Inc. 777 North Eldridge Parkway, Suite 500 Houston, Texas 77079	1/04/91	388,045	Engineer
Equi-Tax, Inc. P.O. Box 73109 Houston, Texas 77273	7/02/09	60,791 2,500 SPA	Tax Assessor-Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	40,996	Central Appraisal District
The GMS Group, Inc. 5075 Westheimer, Suite 1175 Houston, Texas 77056	9/09/99	900	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950	Independent Auditor

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
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)

SPECIMEN