

## OFFICIAL STATEMENT DATED OCTOBER 21, 2025

IN THE OPINION OF BOND COUNSEL (HEREIN DEFINED), UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER (HEREIN DEFINED), INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND IS NOT INCLUDED IN COMPUTING THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS; HOWEVER, SUCH INTEREST IS TAKEN INTO ACCOUNT IN DETERMINING THE ANNUAL ADJUSTED FINANCIAL STATEMENT INCOME OF APPLICABLE CORPORATIONS FOR THE PURPOSE OF DETERMINING THE ALTERNATIVE MINIMUM TAX IMPOSED ON CORPORATIONS. SEE “LEGAL MATTERS” FOR A DISCUSSION ON THE OPINION OF BOND COUNSEL.

THE BONDS HAVE **NOT** BEEN DESIGNATED “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS. SEE “LEGAL MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS.”

Insured Rating (AG): S&P “AA” (stable outlook)  
Moody’s “A1” (stable outlook)  
Underlying Rating: Moody’s “Baa1”  
See “MUNICIPAL BOND RATING” and  
“MUNICIPAL BOND INSURANCE” herein.

**\$12,570,000**

### **WILLOW POINT MUNICIPAL UTILITY DISTRICT** *(A political subdivision of the State of Texas located within Fort Bend and Waller Counties)* **UNLIMITED TAX BONDS** **SERIES 2025**

The bonds described above (the “Bonds”) are obligations solely of Willow Point Municipal Utility District (the “District”) and are not obligations of the State of Texas, Fort Bend County, Waller County, the City of Houston, or any entity other than the District.

**Dated Date: November 1, 2025**

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

**Interest accrual date: Date of Delivery (defined herein)**

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., (the “Paying Agent/Registrar”) upon surrender of the Bonds for payment. Interest on the Bonds accrues from the initial date of delivery (expected to be November 19, 2025) (the “Date of Delivery”), and is payable each March 1 and September 1, commencing March 1, 2026, until maturity or prior redemption. Interest on the Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of \$5,000 each or integral multiples in excess thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.”



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. (“AG” or the “Insurer”).

### **MATURITY SCHEDULE**

Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2027	\$ 500,000	6.500 %	2.65 %	971156 HU1	2040	\$ 545,000 (a)	4.000 %	4.20 %	971156 JH8
2028	500,000	6.500	2.65	971156 HV9	2041	575,000 (a)	4.000	4.30	971156 JJ4
2029	500,000	6.500	2.67	971156 HW7	2042	600,000 (a)	4.000	4.40	971156 JK1
2030	335,000	6.500	2.75	971156 HX5	2043	630,000 (a)	4.000	4.45	971156 JL9
2031	350,000	6.500	2.90	971156 HY3	2044	665,000 (a)	4.000	4.50	971156 JM7
2032	370,000	6.500	3.05	971156 HZ0	2045	695,000 (a)	4.000	4.55	971156 JN5
2033	390,000 (a)	5.625	3.20	971156 JA3	2046	730,000 (a)	4.000	4.59	971156 JP0
2034	405,000 (a)	5.000	3.35	971156 JB1	2047	770,000 (a)	4.000	4.62	971156 JQ8
2035	425,000 (a)	4.000	3.60	971156 JC9	2048	805,000 (a)	4.000	4.64	971156 JR6
2036	450,000 (a)	4.000	3.75	971156 JD7	2049	845,000 (a)	4.000	4.66	971156 JS4
***	***	***	***	***					
2039	520,000 (a)	4.000	4.10	971156 JG0					

\$965,000 Term Bonds due March 1, 2038 (a), 971156 JF2 (b), 4.000% Interest Rate, 4.00% Yield (c)

- (a) Bonds maturing on or after March 1, 2033, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on March 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemptions as more fully described herein. See “THE BONDS—Redemption Provisions.”
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems Inc., on behalf of the American Bankers Association, and are included solely for convenience of the owners of the Bonds.
- (c) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Initial Purchaser for offers to the public and which subsequently may be changed. Initial yields on Bonds priced at a premium are calculated to the earlier of maturity or the first optional call date. Initial yields on Bonds priced at a discount are calculated to maturity.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax levied, without legal limitation as to rate or amount, against taxable property within the District. THE BONDS ARE SUBJECT TO INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See “INVESTMENT CONSIDERATIONS.”

The Bonds are offered by the Initial Purchaser subject to prior sale, when, as and if issued by the District and accepted by the Initial Purchaser, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Sanford Kuhl Hagan Kugle Parker Kahn LLP, Houston, Texas, Bond Counsel. See “LEGAL MATTERS.” Certain legal matters will be passed on for the District by Bracewell LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 19, 2025.

## TABLE OF CONTENTS

<b>MATURITY SCHEDULE .....</b>	<b>1</b>	<b>TAX DATA .....</b>	<b>27</b>
<b>USE OF INFORMATION IN OFFICIAL STATEMENT .....</b>	<b>3</b>	Debt Service Tax .....	27
<b>SALE AND DISTRIBUTION OF THE BONDS .....</b>	<b>4</b>	Maintenance Tax .....	27
Award of the Bonds .....	4	Historical Tax Rate Distribution .....	27
Prices and Marketability .....	4	Tax Exemptions .....	27
Securities Laws .....	4	Additional Penalties .....	27
<b>OFFICIAL STATEMENT SUMMARY .....</b>	<b>5</b>	Historical Tax Collections .....	27
<b>SELECTED FINANCIAL INFORMATION (UNAUDITED) ...</b>	<b>8</b>	Tax Roll Information .....	28
<b>THE BONDS .....</b>	<b>9</b>	Principal Taxpayers .....	28
General .....	9	Tax Adequacy for Debt Service .....	29
Method of Payment of Principal and Interest .....	9	<b>TAXING PROCEDURES .....</b>	<b>29</b>
Authority for Issuance .....	10	Authority to Levy Taxes .....	29
Mutilated, Lost, Stolen or Destroyed Bonds .....	10	Property Tax Code and County-Wide Appraisal District .....	29
Source of and Security for Payment .....	10	Property Subject to Taxation by the District .....	29
Funds .....	10	Certain Tax Exemptions Provided for Affordable Housing .....	30
No Arbitrage .....	10	Tax Abatement .....	31
Redemption Provisions .....	11	Valuation of Property for Taxation .....	31
Registration and Transfer .....	11	District and Taxpayer Remedies .....	31
Replacement of Paying Agent/Registrar .....	11	Levy and Collection of Taxes .....	32
Issuance of Additional Debt .....	12	Rollback of Operation and Maintenance Tax Rate .....	32
Strategic Partnership Agreement – Limited Purpose		District’s Rights in the Event of Tax Delinquencies .....	33
Annexation by the City .....	12	<b>INVESTMENT CONSIDERATIONS .....</b>	<b>33</b>
Consolidation .....	12	General .....	33
Remedies in Event of Default .....	13	Dependence on Principal Taxpayers .....	33
Legal Investment and Eligibility to Secure		Economic Factors and Interest Rates .....	33
Public Funds in Texas .....	13	Credit Markets and Liquidity in the Financial Markets .....	34
Defeasance .....	13	Competition .....	34
<b>BOOK-ENTRY-ONLY SYSTEM .....</b>	<b>14</b>	Possible Impact on District Tax Rates .....	34
<b>USE AND DISTRIBUTION OF BOND PROCEEDS .....</b>	<b>16</b>	Potential Effects of Oil Price Volatility on the Houston Area ...	34
<b>THE DISTRICT .....</b>	<b>17</b>	Extreme Weather Events .....	34
General .....	17	Specific Flood Type Risks .....	35
Description and Location .....	17	Development in the District .....	35
Land Use .....	18	Tax Collections Limitations and Foreclosure Remedies .....	35
Status of Development .....	18	Registered Owners’ Remedies and Bankruptcy Limitations .....	35
Future Development .....	19	Future Debt .....	36
<b>THE DEVELOPERS .....</b>	<b>19</b>	Environmental Regulations .....	37
Role of a Developer .....	19	Changes in Tax Legislation .....	38
Ventana Development Katy, Ltd. ....	19	Continuing Compliance with Certain Covenants .....	38
KB Home Lone Star, Inc. ....	19	Risk Factors Related to the Purchase of	
IDV DPEG Ansera LLC .....	19	Municipal Bond Insurance .....	38
Obligations of the Developers .....	20	2025 Legislative Session .....	39
<b>MANAGEMENT OF THE DISTRICT .....</b>	<b>20</b>	Cybersecurity .....	39
Board of Directors .....	20	<b>MUNICIPAL BOND RATING .....</b>	<b>39</b>
District Consultants .....	20	<b>MUNICIPAL BOND INSURANCE .....</b>	<b>39</b>
<b>ROAD SYSTEM .....</b>	<b>21</b>	<b>LEGAL MATTERS .....</b>	<b>41</b>
<b>THE SYSTEM .....</b>	<b>21</b>	Legal Opinions .....	41
Regulation .....	21	No-Litigation Certificate .....	41
Water Supply .....	21	Not Qualified Tax-Exempt Obligations .....	42
Subsidence and Conversion to Surface Water Supply .....	21	No Material Adverse Change .....	42
Wastewater Treatment .....	22	Tax Opinion .....	42
Water Distribution, Wastewater Collection and		Proposed Tax Legislation .....	43
Storm Drainage Facilities .....	22	Federal Income Tax Accounting Treatment of	
100-Year Flood Plain .....	22	Original Issue Discount .....	43
National Weather Service Atlas 14 Rainfall Study .....	22	<b>PREPARATION OF OFFICIAL STATEMENT .....</b>	<b>44</b>
Water and Wastewater Operations .....	23	Sources and Compilation of Information .....	44
<b>FINANCIAL INFORMATION CONCERNING THE</b>		Financial Advisor .....	44
<b>DISTRICT (UNAUDITED) .....</b>	<b>24</b>	Consultants .....	44
Investments of the District .....	24	Updating the Official Statement .....	45
Outstanding Bonds .....	25	Certification of Official Statement .....	45
Debt Service Requirements .....	25	<b>CONTINUING DISCLOSURE OF INFORMATION .....</b>	<b>45</b>
Estimated Overlapping Debt .....	26	Annual Reports .....	45
Overlapping Taxes .....	26	Specified Event Notices .....	46
		Availability of Information from the MSRB .....	46
		Limitations and Amendments .....	46
		Compliance With Prior Undertakings .....	46
		<b>MISCELLANEOUS .....</b>	<b>47</b>
		<b>AERIAL PHOTOGRAPH</b>	
		<b>PHOTOGRAPHS OF THE DISTRICT</b>	
		<b>APPENDIX A—Financial Statement of the District for the fiscal</b>	
		year ended May 31, 2025	
		<b>APPENDIX B—Specimen Municipal Bond Insurance Policy</b>	

## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

THE BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, IN RELIANCE UPON AN EXEMPTION CONTAINED IN SUCH ACT. THE REGISTRATION OR QUALIFICATION OF THE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF SECURITIES LAW OF THE STATES IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM THE FUTURE RESULTS, PERFORMANCE AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD LOOKING STATEMENTS.

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

Assured Guaranty Inc. ("AG" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, the Insurer 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 the Insurer supplied by the Insurer and presented under the heading "MUNICIPAL 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 accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Robert W. Baird & Co., Inc. (the "Initial Purchaser") bearing the interest rates shown on the cover page hereof, at a price of 97.00% of the par value thereof which resulted in a net effective interest rate of 4.393026%, as calculated pursuant to the IBA method described in Chapter 1204 of the Texas Government Code, as amended.

No assurance can be given that any trading market will be developed for the Bonds after their sale by the District to the Initial Purchaser. The District has no control over the price at which the Bonds are subsequently sold, and the initial yields at which the Bonds are priced and reoffered are established by, and are the sole responsibility of, the Initial Purchaser.

### **Prices and Marketability**

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts. In connection with the offering of the Bonds, the Initial Purchaser may over-allot or effect transactions 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 difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

### **Securities Laws**

No registration statement relating to the offer and sale of the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein 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 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.

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## OFFICIAL STATEMENT SUMMARY

The following is a brief summary of certain information contained herein which is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this OFFICIAL STATEMENT. The summary should not be detached and should be used in conjunction with more complete information contained herein. A full review should be made of the entire OFFICIAL STATEMENT and of the documents summarized or described therein.

### THE DISTRICT

#### *Description...*

The District is a political subdivision of the State of Texas, created by the Texas Water Commission, a predecessor to the Texas Commission on Environmental Quality (the “TCEQ”) on April 28, 1987, and operates pursuant to Chapters 49 and 54 of the Texas Water Code and Chapter 8413 of the Special Districts Local Laws Code. At the time of creation, the District contained approximately 178 acres of land. Subsequent to creation, the District annexed approximately 236 acres, which brings the total District acreage to approximately 413 acres. See “THE DISTRICT.”

#### *Location...*

Approximately 361 acres of the District are located in Fort Bend County and approximately 52 acres are located in Waller County. The District is located approximately 32 miles west of the City of Houston’s central business district. Approximately 229 acres of the District are located within the extraterritorial jurisdiction of the City of Houston and approximately 184 acres are not located within any city’s jurisdiction (all in Fort Bend County). Land within the District is located within the Katy Independent School District. The District is located east of Pederson Road, west of Farm-to-Market 1463, south of Interstate Highway 10 and approximately five miles west of Texas State Highway 99 (the Grand Parkway). See “THE DISTRICT” and “AERIAL PHOTOGRAPH.”

#### *The Developers...*

KB Home Lone Star Inc. (“KB Home Lone Star”), a Texas corporation and an indirect wholly owned subsidiary of KB Home, a Delaware corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker symbol “KBH,” is the developer of approximately 106 acres within the District. KB Home Lone Star has completed the construction of 273 single-family residential lots on approximately 89 acres. KB Home Lone Star does not currently own any developable acreage in the District.

Ventana Katy Ltd., a Texas limited partnership and single-purpose entity formed in 2012 to develop land in the District (“Ventana Katy”), is the developer of approximately 210 acres in the District being marketed as the Trails of Katy. The general partner of Ventana Katy is Trails of Katy, L.L.C. (“Trails”), the co-managers of which are James B. Grover, James B. Grover, Jr., and Paul S. Grover. Ventana Katy has completed the development of 335 single-family residential lots on approximately 149 acres in the Trails of Katy and 46 single-family residential lots on approximately 11 acres in Anserra. Ventana Katy also completed development of approximately 8 acres as a 58-lot townhome development marketed as The Retreat at Kingsland. The townhome lots were presold to Gehan Homes and were delivered in the third quarter of 2022. Ventana Katy does not currently own any developable land in the District.

IDV DPEG Anserra LLC (“IDV DPEG Anserra”) is the developer of approximately 100 acres in the District. Vertical construction of commercial improvements is completed on approximately 45 of the acres being developed by IDV DPEG Anserra for two light industrial and warehouse facilities totaling approximately 716,000 square feet. IDV DPEG Anserra conveyed approximately 30 of the 100 acres to DPEG Territory at Anserra LP and related entities (“DPEG”) where construction of a 318-unit multi-family apartment complex on approximately 14 acres was completed in July of 2025 and occupancy is at approximately 66% as of the date hereof. DPEG continues to own approximately 16 acres for future development.

KB Home Lone Star, Ventana Katy and IDV DPEG Anserra are collectively referred to herein as the “Developers.” See “THE DEVELOPERS” and “TAX DATA—Principal Taxpayers.”

*Status of Development...*

The District has been developed primarily as three single-family residential communities: Anserra, Trails of Katy and The Retreat at Kingsland. As of September 13, 2025, 654 single-family residential lots and 58 townhome lots on approximately 257 acres had been developed, of which 706 homes were occupied and 6 completed homes were unoccupied. The 2025 average homestead value in the District was \$477,440.

In addition to single-family residential development, two light industrial/warehouse buildings totaling approximately 716,000 square feet have been constructed on approximately 45 acres of land within the District. Construction on a 318-unit multi-family apartment complex on approximately 14 acres of land was completed in July of 2025 and occupancy is at approximately 66% as of the date hereof. Additionally, approximately 30 acres of land within the District are served by trunkline water distribution for future development, and approximately 67 acres are not developable consisting of rights-of-way, detention facilities, open spaces, easements and utility sites. See “THE DISTRICT.”

*Payment Record...*

The District has previously issued \$38,840,000 principal amount of unlimited tax bonds for water, wastewater, and drainage facilities in seven series and \$2,500,000 principal amount of unlimited tax road bonds for roads and related improvements in one series, \$35,195,000 of which is outstanding (the “Outstanding Bonds”) as of the date hereof. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds.” The Bonds are the District’s eighth issuance of unlimited tax bonds for water, wastewater and drainage facilities and ninth issuance of bonds overall. The District has never defaulted on its debt obligations. The District will capitalize six (6) months of interest from Bond proceeds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

## **THE BONDS**

*Description...*

The \$12,570,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”) are being issued pursuant to an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the District’s Board of Directors (the “Board”) as fully registered bonds. The Bonds are scheduled to mature serially on March 1 in each of the years 2027 through 2036, both inclusive, and in each of the years 2039 through 2049, both inclusive, and as term bonds maturing on March 1, 2038 (the “Term Bonds”) in the principal amounts and accrue interest at the rates shown on the cover page hereof. The Bonds will be issued in denominations of \$5,000 or integral multiples of \$5,000. Interest on the Bonds accrues from the initial date of delivery through the facilities of DTC, which is expected on or about November 19, 2025 (the “Date of Delivery”), and is payable each March 1 and September 1 beginning March 1, 2026, until the earlier of maturity or redemption. See “THE BONDS.”

*Book-Entry-Only System...*

The Depository Trust Company, New York, New York, (defined as “DTC”) 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 and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”

*Redemption...*

Bonds maturing on or after March 1, 2033, are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on March 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”

*Use of Proceeds...*

Proceeds of the Bonds will be used to (i) pay for items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS” (ii) capitalize (6) months of interest, (iii) pay interest on funds advanced by the Developers on behalf of the District and (iv) pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds. See “USE AND DISTRIBUTION OF BOND PROCEEDS.”

<i>Authority for Issuance...</i>	The Bonds are the eighth series of bonds issued out of an aggregate of \$96,500,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of purchasing and constructing a water, wastewater and/or storm drainage system and the additional purpose of refunding such bonds and the ninth issuance of bonds overall. The Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."
<i>Source of Payment...</i>	Principal of and interest on 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 within the District. The Bonds are obligations of the District and are not obligations of the City of Houston, Fort Bend County, Waller County, the State of Texas or any entity other than the District. See "THE BONDS—Source of and Security for Payment."
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") is expected to assign a municipal bond insured rating of "AA" (stable outlook) and Moody's Investors Service, Inc. ("Moody's") is expected to assign a municipal bond insured rating of "A1" (stable outlook), respectively, to this issue of the Bonds with the understanding that, upon issuance and delivery of the Bonds, a municipal bond insurance policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. ("AG" or the "Insurer"). Moody's has also assigned an underlying rating of "Baa1" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."
<i>NOT Qualified Tax-Exempt Obligations...</i>	The Bonds have <b>not</b> been designated "qualified tax-exempt obligations" for financial institutions. See "LEGAL MATTERS—Not Qualified Tax-Exempt Obligations."
<i>Bond Counsel...</i>	Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel, Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "PREPARATION OF THE OFFICIAL STATEMENT."
<i>Disclosure Counsel...</i>	Bracewell LLP, Houston, Texas.
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A.. See "THE BONDS—Method of Payment of Principal and Interest."

## INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully this entire Official Statement with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

## SELECTED FINANCIAL INFORMATION (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$430,042,808	(a)
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$436,571,724	(b)
Gross Direct Debt Outstanding (including the Bonds).....	\$47,765,000	(c)
Estimated Overlapping Debt .....	20,096,959	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$67,861,959	(d)
Ratios of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation .....	11.11%	
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	10.94%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation .....	15.78%	
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	15.54%	
Funds Available for Debt Service as of October 2, 2025:		
Water, Sewer and Drainage Debt Service Fund.....	\$1,201,513	(e)
Road Debt Service Fund .....	74,275	(e)
Capitalized Interest (Six Months).....	288,531	(f)
Total Funds Available for Debt Service .....	\$1,564,319	
Operating Funds Available as of October 2, 2025 .....	\$5,224,046	
Capital Projects Funds Available as of October 2, 2025 .....	\$ 538,375	
2025 Debt Service Tax Rate.....	\$0.80	
2025 Maintenance Tax Rate.....	0.45	
2025 Total Tax Rate.....	\$1.25	
Average Annual Debt Service Requirement (2026-2049).....	\$2,808,622	(g)
Maximum Annual Debt Service Requirement (2027).....	\$3,793,615	(g)
Tax Rates Required to Pay Average Annual Debt Service (2026-2049) at a 95% Collection Rate		
Based upon 2025 Certified Taxable Assessed Valuation .....	\$0.69	(h)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$0.68	(h)
Tax Rates Required to Pay Maximum Annual Debt Service (2027) at a 95% Collection Rate		
Based upon 2025 Certified Taxable Assessed Valuation .....	\$0.93	(h)
Based upon Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$0.92	(h)
Status of Development as of September 13, 2025 (i):		
Total Developed Lots .....	712	
Homes Completed (706 Occupied) .....	712	
Homes Under Construction or in a Builder's Name.....	0	
Estimated Population .....	2,890	(j)

- (a) As certified by the Fort Bend Central Appraisal District (\$377,734,797) and the Waller County Appraisal District (\$52,308,011) (collectively, the "Appraisal Districts"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal Districts for informational purposes only (\$378,196,409 in Fort Bend County and \$58,375,315 in Waller County). Such amounts reflect an estimate of the taxable assessed value within the District on August 1, 2025. The increases in value that occurred between January 1, 2025 and August 1, 2025 are assessed for purposes of taxation as of January 1, 2026. No tax will be levied on such amount until it is certified, and the certified taxable assessed valuation may differ from the estimates provided by the Appraisal Districts. See "TAXING PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt," and "—Overlapping Taxes."
- (e) Funds in the water, sewer and drainage debt service fund (the "Water, Sewer and Drainage Debt Service Fund") are available to pay debt service on the District's bonds issued for water, wastewater, and storm drainage facilities (including the Bonds) and are not available to pay debt service on the District's bonds issued for road facilities. Likewise, funds in the road debt service fund are available to pay debt service on the District's bonds issued for road facilities and are not available to pay debt service on the District's bonds issued for water, sewer, and drainage. Neither Texas law nor any bond order requires the District to maintain any minimum balance in the debt service fund.
- (f) The District will capitalize six (6) months of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (g) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (h) See "TAX DATA—Tax Adequacy for Debt Service" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."
- (i) See "THE DISTRICT—Land Use" and "—Status of Development."
- (j) Based upon 3.5 persons per occupied single-family residence and 2.0 persons per occupied multi-family unit.



## OFFICIAL STATEMENT

### WILLOW POINT MUNICIPAL UTILITY DISTRICT

*(A political subdivision of the State of Texas located within Fort Bend and Waller Counties)*

**\$12,570,000**

### UNLIMITED TAX BONDS SERIES 2025

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Willow Point Municipal Utility District (the “District”) of its \$12,570,000 Unlimited Tax Bonds, Series 2025 (the “Bonds”).

The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the “TCEQ”), the terms and conditions of an order (the “Bond Order”) adopted by the Board of Directors of the District (the “Board”), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, an election held within the District on November 5, 2013, and general laws of the State of Texas (“Texas”) relating to the issuance of bonds by political subdivisions of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, KB Home Lone Star Inc. (“KB Home Lone Star”), Ventana Development Katy Ltd. (“Ventana Katy”) and IDV DPEG Anserra LLC (“IDV DPEG Anserra”), and development activity in the District. KB Home Lone Star, Ventana Katy and IDV DPEG Anserra are collectively referred to herein as the “Developers.” Other descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Sanford Kuhl Hagan Kugle Parker Kahn LLP, (“Bond Counsel”), 1330 Post Oak Boulevard, Suite 2650, Houston, Texas 77056.

## THE BONDS

### **General**

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

The Bonds will be dated November 1, 2025, and will accrue interest from delivery of the Bonds in book-entry-form through the facilities of DTC (expected to be on or about November 19, 2025) (the “Date of Delivery”). Interest on the Bonds is payable on each March 1 and September 1 commencing March 1, 2026, until the earlier of maturity or prior redemption. The Bonds mature on March 1 in the amounts and years, and accrue interest at the rates shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year consisting of twelve 30-day months.

In the event the Book-Entry-Only System (herein defined) is discontinued and physical bond certificates are issued, interest on the Bonds will be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar (herein defined) to the registered owners (each a “Registered Owner,” and collectively, “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 (the “Record 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.

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

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

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

### **Authority for Issuance**

At a bond election held within the District on November 5, 2013 (the "Election"), the voters of the District authorized the issuance of a total of \$96,500,000 principal amount of unlimited tax bonds for the purposes of purchasing and constructing a water, wastewater and/or storm drainage system. The Bonds are issued pursuant to such authorization. See "Issuance of Additional Debt" herein. The TCEQ has approved the issuance of Bonds for the purposes described in "USE AND DISTRIBUTION OF BOND PROCEEDS."

The Bonds are also issued by the District pursuant to the terms and conditions of the Bond Order, an order of the TCEQ, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, and general laws of Texas relating to the issuance of bonds by political subdivisions of Texas.

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

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

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

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

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Order to levy a continuing, direct, annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

The Bonds are obligations of the District and are not the obligations of the State of Texas, Fort Bend County, Waller County, the City of Houston or any entity other than the District.

### **Funds**

In the Bond Order, the Water, Sewer and Drainage Debt Service Fund is confirmed, and the proceeds from all taxes levied, appraised and collected for and on account of the Bonds and additional bonds issued to finance a water, wastewater and/or storm drainage system (collectively, the "Facilities") shall be deposited, as collected, in such fund.

The District also maintains a Road Debt Service Fund (the "Road Debt Service Fund") that is pledged to the payment of bonds to finance road facilities (Road Bonds") and is not pledged to bonds to finance Facilities, including the Bonds ("Water, Sewer and Drainage Bonds"). Funds in the Road Debt Service Fund are not available to pay principal and interest on Water, Sewer and Drainage Bonds and funds in the Water, Sewer, and Drainage Debt Service Fund are not available to pay principal and interest on the Road Bonds.

Six (6) months of capitalized interest on the Bonds shall be deposited into the Water, Sewer and Drainage Debt Service Fund upon receipt. The remaining proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund, to pay the costs of acquiring or constructing Facilities and for paying the costs of issuing the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a more complete description of the use of Bond proceeds.

### **No Arbitrage**

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

## **Redemption Provisions**

*Optional Redemption:* The Bonds maturing on and after March 1, 2033 are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on March 1, 2032, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

*Mandatory Redemption:* The Bonds due on March 1, 2038 (the “Term Bonds”) are also subject to mandatory sinking fund redemption by the District by lot or other customary random method prior to scheduled maturity on March 1 in the years (“Mandatory Redemption Dates”) and in the amounts set forth below, subject to proportionate reduction at a redemption price of par plus accrued interest to the date of redemption:

<b>\$965,000 Term Bonds</b>	
<b>Due March 1, 2038</b>	
<b>Mandatory Redemption Date</b>	<b>Principal Amount</b>
2037	\$ 470,000
2038 (maturity)	495,000

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

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

## **Registration and Transfer**

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

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

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

### **Issuance of Additional Debt**

The District's voters have authorized the issuance of \$96,500,000 principal amount of unlimited tax bonds for the purpose of constructing and/or acquiring water, wastewater and storm drainage facilities ("Water, Sewer, and Drainage Bonds"), of which \$57,660,000 remains authorized but unissued (prior to the issuance of the Bonds), \$41,000,000 principal amount of unlimited tax bonds for the purpose of financing road improvements ("Road Bonds"), of which \$38,500,000 remains authorized but unissued, and \$7,000,000 principal amount of unlimited tax bonds for the purpose of financing parks and recreational facilities ("Parks and Recreational Facilities Bonds"), all of which authorization remains unissued. The District has also authorized \$144,750,000, \$61,500,000 and \$10,500,000 unlimited tax bonds for refunding outstanding Water, Sewer and Drainage Bonds, Road Bonds and Parks and Recreational Facilities Bonds, respectively, all which amounts remain authorized but unissued. After the issuance of the Bonds, the District will have \$45,090,000 principal amount of Water, Sewer, and Drainage Bonds, \$38,500,000 principal amount of the Road Bonds, and all of the Parks and Recreational Facilities Bonds. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan; (b) approval of the park projects and bonds by the TCEQ; and (c) approval of the bonds by the Attorney General of Texas.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue such bonds, the District would be required to obtain authorization from the District's voters to issue such bonds and approval of the bonds by the Attorney General of Texas. The District has not considered calling such an election at this time.

### **Strategic Partnership Agreement – Limited Purpose Annexation by the City**

The District has entered into a Strategic Partnership Agreement ("SPA") with the City of Houston (the "City") dated December 12, 2019, whereby the tracts of land containing future 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 sale 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 from the City-imposed Sales and Use Tax will be paid to the District, and the District can use the sales tax revenue to (1) accelerate the development of water, wastewater and drainage system in the District, (2) accelerate reimbursement to developers for eligible infrastructure development, (3) lower the overall property tax rate to encourage additional development, and (4) perform other District functions that might otherwise be diminished, curtailed, abbreviated or delayed by financial limitations. The sales tax revenue is not pledged to the payment of the Bonds. The SPA was amended on December 9, 2021, to include an additional 29.048 acres that were annexed into the District on April 12, 2020.

The Sales and Use Tax was implemented within the annexed areas of the District on December 12, 2019. The Comptroller of Public Accounts of the State of Texas remits the sales revenues to the City, and the City then disburses to the District its share of the tax revenues. See "THE SYSTEM—Water and Wastewater Operations."

Under the SPA, the City agrees that it will not annex all or part of the District for full purposes for a period of thirty (30) years (through December 12, 2049).

For so long as the District has not been annexed by the City, neither the District nor any owner 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 and/or interest on the Bonds.

### **Consolidation**

A district (such as 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, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

## **Remedies in Event of Default**

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond 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, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitations."

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

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

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

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

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

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

## **Defeasance**

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

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

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

## **BOOK-ENTRY-ONLY SYSTEM**

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the United States Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

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## USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were compiled by Quiddity Engineering, LLC, the District's engineer (the "Engineer"), and were submitted to the TCEQ in the District's Bond Application. Non-construction costs are based upon either contract amounts, or estimates of various costs by the Engineer and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and review by the District's auditor. The surplus funds may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ, where required.

### CONSTRUCTION COSTS

Water, Wastewater and/or Storm Drainage to Serve:

• Park at Anserra Water, Sewer and Drainage.....	\$ 5,830,306
• Anserra Section 6 Water, Sewer and Drainage.....	659,263
• Anserra Phase II Detention.....	798,489
• Kingsland Boulevard Street Dedication Section 2.....	379,756
• Katy Townhomes Lift Station.....	349,960
• Anserra Phase II Detention Land Costs.....	423,649
• Trails of Katy Lift Station Land Cost.....	29,454
• Trails of Katy Section 7 Detention Land Cost.....	209,999
• Engineering, Storm Water Pollution Prevention and Testing.....	906,362
<b>Total Construction Costs.....</b>	<b>\$ 9,587,238</b>

### NON-CONSTRUCTION COSTS

• Underwriter's Discount.....	\$ 377,100
• Capitalized Interest (a).....	288,531
• Developer Interest.....	1,545,742
<b>Total Non-Construction Costs.....</b>	<b>\$ 2,211,373</b>

### ISSUANCE COSTS AND FEES

• Legal Fees.....	\$ 329,250
• Fiscal Agent Fees.....	226,050
• Bond Issuance Expenses.....	53,845
• Bond Application Report Cost.....	95,600
• Attorney General Fee.....	9,500
• TCEQ Bond Issuance Fee.....	31,425
• Contingency (a).....	25,719
<b>Total Issuance Costs and Fees.....</b>	<b>\$ 771,389</b>
<b>TOTAL BOND ISSUE.....</b>	<b>\$ 12,570,000</b>

- (a) The TCEQ approved a maximum amount of capitalized interest in the amount of \$314,250, which is equivalent to six (6) months of interest at 5.00%. Contingency represents the difference in the estimated and actual amounts of capitalized interest.



## **THE DISTRICT**

### **General**

The District is a political subdivision of the State of Texas, created by the Texas Water Commission, a predecessor to the TCEQ on April 28, 1987, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District has additional authority related to the issuance of road bonds under Chapter 8413 of the Texas Special District Local Laws Code. At the time of creation, the District contained approximately 178 acres of land. Subsequent to creation, the District annexed approximately 236 acres, which brings the total District acreage to approximately 413 acres.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue Water, Sewer, and Drainage Bonds and other forms of indebtedness to purchase or construct such facilities. The District is also authorized to develop parks and recreational facilities and road facilities, including the issuance of bonds payable from taxes for such purposes. See “THE BONDS—Issuance of Additional Debt.” The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts or municipalities.

The TCEQ exercises continuing supervisory jurisdiction over the District. Construction and operation of the District’s system is subject to the regulatory jurisdiction of additional governmental agencies and in certain instances, the City. See “THE SYSTEM—Regulation.”

### **Description and Location**

The District currently consists of approximately 413 acres, of which approximately 361 acres are located in Fort Bend County and approximately 52 acres are located in Waller County. The District is approximately 32 miles west of the City of Houston’s central business district. Approximately 229 acres of the District are located within the extraterritorial jurisdiction of the City of Houston and approximately 184 acres are not located within any city’s jurisdiction (all in Fort Bend County). Land within the District is located within the Katy Independent School District. The District is located east of Pederson Road, west of Farm-to-Market 1463, south of Interstate Highway 10 and approximately 5 miles west of Grand Parkway. See “AERIAL PHOTOGRAPH.”

## **Land Use**

The District currently includes approximately 257 developed acres of single-family residential development (654 single-family residential lots and 58 townhome lots), approximately 45 acres developed for commercial improvements, approximately 14 developed acres for a 318-unit multi-family apartment complex completed in July of 2025 and 66% occupied as of the date hereof, 30 acres of land within the District served by trunkline water distribution for future development, and approximately 67 undevelopable acres consisting of drainage and pipeline easements, street rights-of-way and utility sites. The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate	
<u>Single-Family Residential</u>	<u>Acres</u>	<u>Lots</u>
Anserra:		
Section One.....	6	9
Section Two.....	13	54
Section Three.....	14	51
Section Four.....	20	57
Section Five.....	20	43
Section Six.....	16	59
Section Seven.....	11	46
Subtotal.....	100	319
Trails of Katy:		
Section One.....	40	124
Section Two.....	9	28
Section Three.....	35	85
Section Four.....	63	91
Section Five.....	2	7
Subtotal.....	149	335
The Retreat at Kingsland.....	8	58
Total Single-Family Residential.....	257	712
Commercial.....	45	--
Multi-Family.....	14	--
Future Development.....	30	--
Non-Developable (a).....	67	--
Totals.....	413	712

(a) Includes public rights-of-way, detention, open spaces, easements and utility sites.

## **Status of Development**

Single-Family Residential: The District has been developed primarily as three single-family residential communities: Anserra, Trails of Katy, and The Retreat at Kingsland. As of September 13, 2025, 654 single-family residential lots and 58 townhome lots on approximately 257 acres had been developed, of which 706 homes were occupied and 6 completed homes were unoccupied. The 2025 average homestead value in the District is \$477,440. The estimated population in the District as of August 13, 2025 (based upon 3.5 persons per occupied single-family residence and 2.0 persons per occupied multi-family unit) was 2,890. See “Land Use” herein and “THE DEVELOPERS.”

Commercial/Multi-Family: Two light industrial/warehouse buildings totaling 716,000 square feet have been constructed on approximately 45 acres of land within the District. Construction on a 318-unit multi-family apartment complex on approximately 14 acres of land was completed in July of 2025 and occupancy is at approximately 66% as of the date hereof.

In addition, approximately 30 acres of land within the District are served by trunkline water distribution for future development, and approximately 67 acres are not developable (rights-of-way, detention, open spaces, easements and utility sites).

## **Future Development**

The District is currently planned as a primarily single-family residential development with some complementary retail/commercial development. In addition to the development described above, approximately 30 acres of land within the District are served by trunkline water distribution for future development. There can be no assurances if and when any of such undeveloped land will ultimately be developed. See “INVESTMENT CONSIDERATIONS—Potential Effects of Oil Price Volatility on the Houston Area.” The District anticipates issuing additional bonds to fully reimburse the Developers and accomplish full development of the District. See “INVESTMENT CONSIDERATIONS—Development in the District” and “—Future Debt.” The Engineer has stated that under current development plans, the remaining authorized but unissued bonds (\$90,590,000, after the issuance of the Bonds) should be sufficient to finance the construction of water, wastewater, storm drainage, parks and recreational facilities, and road improvements for full development of the District. See “THE BONDS—Issuance of Additional Debt,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS—Future Debt.”

## **THE DEVELOPERS**

### **Role of a Developer**

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

Prospective Bond purchasers should note that the prior real estate experience of the Developers (as herein defined) should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. See “INVESTMENT CONSIDERATIONS.”

### **Ventana Development Katy, Ltd.**

Ventana Development Katy Ltd., a Texas limited partnership (“Ventana Katy”), is the developer of approximately 168 acres in the District being marketed as the Trails of Katy and The Retreat at Kingsland. Ventana Katy was formed in 2012 for the sole purpose of developing its land in the District. The general partner of Ventana Katy is Trails of Katy, L.L.C. (“Trails”), the co-managers of which are James B. Grover, James B. Grover, Jr., and Paul S. Grover. Ventana Katy has completed the development of 335 single-family residential lots on approximately 149 acres in the Trails of Katy and 46 single-family residential lots on approximately 11 acres in Anserra. Ventana Katy also completed development of approximately 8 acres as a 58-lot townhome development marketed as The Retreat at Kingsland. The townhome lots were presold to Gehan Homes and were delivered in the third quarter of 2022. Ventana Katy does not currently own any developable land in the District.

### **KB Home Lone Star, Inc.**

KB Home Lone Star, Inc. (“KB Home Lone Star”), a Texas corporation and an indirect wholly-owned subsidiary of KB Home, a Delaware corporation, the stock of which is publicly traded on the New York Stock Exchange under the ticker “KBH,” is the developer of approximately 106 acres within the District being marketed as Anserra. KB Home Lone Star has completed the construction of 273 single-family residential lots on approximately 89 acres. KB Home Lone Star does not currently own any developable acreage in the District.

### **IDV DPEG Anserra LLC**

IDV DPEG Anserra LLC (“IDV DPEG Anserra,” and together with Ventana Katy and KB Home Lone Star, the “Developers”) is the developer of approximately 100 acres in the District. Vertical construction of commercial improvements is completed on approximately 45 of such acreage developed by IDV DPEG Anserra for two light industrial and warehouse facilities totaling approximately 716,000 square feet. IDV DPEG Anserra conveyed approximately 30 of the 100 acres to DPEG Territory at Anserra LP (“DPEG”) where construction of a 318-unit multi-family apartment complex on approximately 14 acres was completed in July of 2025 and occupancy is at approximately 66% as of the date hereof. DPEG continues to own 16 acres for future development.

## **Obligations of the Developers**

None of the Developers nor any other property owner is responsible for, liable for, or has made any commitment for payment of the Bonds or other obligations of the District. The Developers and other property owners have no legal commitment to the District or owners of the Bonds to continue development of land within the District and may sell or otherwise dispose of their property within the District, or any other assets, at any time. Further, the Developers' financial condition is subject to change at any time.

## **MANAGEMENT OF THE DISTRICT**

### **Board of Directors**

The District is governed by a Board, consisting of five (5) directors ("Directors"), which has control over and management supervision of all affairs of the District. Directors are elected to four-year terms, and elections are held in May in even-numbered years only. Four of the Directors reside within the District and the remaining Director owns land within the District subject to a note and deed of trust in favor of KB Home Lone Star. Directors have staggered four-year terms. The current Directors, along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Simon VanDyk	President	May 2028
Paul Breaux	Vice President	May 2028
David L. Salley	Secretary	May 2026
Dave Hall	Assistant Secretary	May 2028
Jim Moses	Assistant Secretary	May 2026

### **District Consultants**

The District does not have a general manager or other full-time employees but contracts for certain necessary services as described below.

**Bond Counsel/Attorney:** The District has engaged Sanford Kuhl Hagan Kugle Parker Kahn LLP as general counsel to the District and as Bond Counsel in connection with the issuance of the District's bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds. Compensation to the attorneys for other services to the District is based on time charges actually incurred.

**Financial Advisor:** Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

**Auditor:** The District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's audited financial statements for the fiscal year ending May 31, 2025 have been prepared by McCall Gibson Swedlund Barfoot PLLC. See "APPENDIX A" for a copy of the District's May 31, 2025 audited financial statements.

**Engineer:** The District's consulting engineer is Quiddity Engineering, LLC (the "Engineer").

**Tax Appraisal:** The Waller County Appraisal District and the Fort Bend Central Appraisal District (collectively, the "Appraisal Districts") have the responsibility of appraising all property within the District located within their respective jurisdictions. See "TAXING PROCEDURES."

**Tax Assessor/Collector:** The District has appointed an independent tax assessor/collector to perform the tax collection function. Utility Tax Service, LLC (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

**Bookkeeper:** The District has contracted with Municipal Accounts & Consulting, L.P. (the "Bookkeeper") for bookkeeping services.

**Utility System Operator:** The operator of the District's water and wastewater system is Si Environmental, LLC.

## **ROAD SYSTEM**

Proceeds from portions of the Unlimited Tax Road Bonds, Series 2017 were used to finance the construction of roads and improvements in aid thereof that service the District.

All roads are designed and constructed in accordance with Fort Bend County and Waller County (collectively, the “Counties”). Upon acceptance by the Counties, as applicable, of roads or road facilities, Waller County or Fort Bend County, as applicable, is responsible for operation and maintenance thereof. These roads lie within public rights-of-way. In addition to the roadway, public utilities such as underground water, sewer, and drainage facilities are located within the right-of-way. The right-of-way is also shared by streetlights, sidewalks, and franchise utilities (power, gas, telephone and cable).

## **THE SYSTEM**

### **Regulation**

Construction and operation of the District’s water, wastewater and storm drainage system as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters, if any, is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Construction of storm drainage facilities within Fort Bend County is subject to the regulatory authority of the Fort Bend County Drainage District (“FBCDD”). Construction of storm drainage facilities within Waller County is subject to the regulatory authority of Brookshire-Katy Drainage District. Fort Bend County, Waller County, the City (in certain instances), and the Texas Department of Health also exercise regulatory jurisdiction over the District’s system.

### **Water Supply**

The water supply for the District is provided by a water plant located within the District. The water plant consists of two 500 gallon per minute (“gpm”) water wells, two 10,000 gallon pressure tanks, two 165,000 gallon ground storage tanks and four 500 gpm booster pumps. The District’s existing water supply system is capable of serving 1,351 equivalent single-family connections. As of September 13, 2025, the District was serving 712 active single-family residential connections (706 occupied homes and 6 unoccupied homes), two light industrial/warehouse buildings totaling approximately 716,000 square feet and the 318-unit multi-family complex.

### **Subsidence and Conversion to Surface Water Supply**

The District is within the boundaries of the Fort Bend Subsidence District (the “Subsidence District”), which regulates groundwater withdrawal. The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District’s jurisdiction, including the area within the District. In 2005, the Texas legislature created the North Fort Bend Regional Water Authority (the “Authority”) to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Fort Bend County (including the District) and a small portion of Harris County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas (the “City”) to obtain treated surface water from the City. The Authority has developed a groundwater reduction plan (“GRP”) and obtained Subsidence District approval of its GRP. The Authority’s GRP sets forth the Authority’s plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District is included within the Authority’s GRP. The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees imposed on the District for groundwater pumped by the District), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District and other major groundwater users a fee of \$4.55 per 1,000 gallons based on the amount of groundwater pumped by the District, and a fee of \$4.90 per 1,000 gallons based on the amount of surface water received from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds through 2025 to finance the Authority’s project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority’s GRP, beginning in the year 2014; and (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority’s GRP, beginning in the year 2025. If the Authority fails to comply with the above Subsidence District regulations, the Authority is subject to a disincentive fee penalty of \$6.50 per 1,000 gallons (“Disincentive Fees”) imposed by the Subsidence District for any groundwater withdrawn in excess of 40% of the total annual water demand in the Authority’s GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

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

### **Wastewater Treatment**

Wastewater from the District is treated by a 200,000 gallon per day ("gpd") interim wastewater treatment plant. This facility will adequately serve 869 equivalent single-family connections. The District is currently constructing a 100,000 gpd expansion project to bring the total plant capacity to 300,000 gpd. The District prepared a wastewater analysis to re-rate the existing wastewater treatment plant for additional capacity. This re-rate is incorporated into the design plans for the 100,000 gpd expansion and the approval letter to the TCEQ for the plans will be sent outlining these findings. After the expansion project and re-rate of existing facilities is complete the facility will adequately serve 1,304 equivalent single-family connections. As of September 13, 2025, the District was serving 712 active connections (706 occupied single-family homes and 6 unoccupied single-family homes), two light industrial/warehouse buildings totaling approximately 716,000 square feet and the 318-unit multi-family complex.

### **Water Distribution, Wastewater Collection and Storm Drainage Facilities**

As of the date of this OFFICIAL STATEMENT, water distribution, wastewater collection and storm drainage facilities have been constructed to serve 654 single-family residential lots in the District, approximately 58 townhome lots, two light industrial/warehouse buildings totaling approximately 716,000 square feet, a 318-unit multi-family apartment complex and approximately 30 acres for future development. See "THE DISTRICT—Land Use."

### **100-Year Flood Plain**

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. According to the Engineer, approximately 32.86 acres within the District are within the 100-year flood plain including approximately 6.97 developable acres within Anserra, Section Seven, which was removed by a FEMA Letter of Map Revision based upon fill, and approximately 25.89 acres within the 230 ft. ultimate right-of-way of Willow Fork of Buffalo Bayou, which will remain in the 100-year flood plain as undevelopable acreage. See "THE DISTRICT—Land Use" and "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

### **National Weather Service Atlas 14 Rainfall Study**

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

## **Water and Wastewater Operations**

The Bonds and the Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Nevertheless, net revenues from operations of the District's water and wastewater system, if any, are available for any legal purpose, including the payment of debt service on the Bonds and the Outstanding Bonds, upon Board action. However, such revenues are not pledged to the payment of the Bonds and it is not anticipated that net revenues will be used or would be sufficient to pay debt service on the Bonds or the Outstanding Bonds.

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the fiscal years ending May 31, 2021 through May 31, 2025. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended May 31				
	2025	2024	2023	2022	2021
<b>Revenues</b>					
Property Taxes	1,894,676	\$ 1,547,737	\$ 1,481,156	\$ 1,153,053	\$ 1,076,632
Water Service	349,481	337,561	338,566	285,087	279,836
Wastewater Service	453,121	426,689	407,758	390,866	366,060
Regional Water Authority Fee	410,227	452,117	449,408	334,039	341,549
Penalty and Interest	48,073	41,455	43,246	28,725	20,754
Tap Connection and Inspection Fees	-	186,064	160,995	11,403	54,414
Investment Revenues	279,732	258,351	122,327	8,709	16,284
Miscellaneous	7,232	13,300	35,119	12,756	6,900
<b>Total Revenues</b>	<b>\$ 3,442,542</b>	<b>\$ 3,263,274</b>	<b>\$ 3,038,575</b>	<b>\$ 2,224,638</b>	<b>\$ 2,162,429</b>
<b>Expenditures</b>					
Professional Fees	250,844	\$ 194,769	\$ 211,085	\$ 217,319	\$ 134,140
Contracted Services	315,336	262,354	252,531	213,726	178,796
Lease Costs	57,600.00	57,600	80,100	84,600	84,600
Utilities	81,400	81,233	82,387	75,545	70,493
Regional Water Authority Assessment	411,939	439,407	410,010	310,762	320,200
Repairs and Maintenance	852,530	514,459	421,982	305,492	300,480
Other	262,762	252,390	270,468	193,030	197,500
Capital Outlay (a)	1,391,390	145,525	146,261	197,327	38,630
Bond Issuance Costs	52,500	-	56,688	43,000	49,239
<b>Total Expenditures</b>	<b>\$ 3,676,301</b>	<b>\$ 1,947,737</b>	<b>\$ 1,931,512</b>	<b>\$ 1,640,801</b>	<b>\$ 1,374,078</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (233,759) (b)</b>	<b>\$ 1,315,537</b>	<b>\$ 1,107,063</b>	<b>\$ 583,837</b>	<b>\$ 788,351</b>
<b>Other Sources (Transfer In (out))</b>	<b>\$ -</b>	<b>\$ 51,850</b>	<b>\$ 43,000</b>	<b>\$ 49,239</b>	<b>\$ 60,855</b>
<b>Fund Balance (Beginning of Year)</b>	<b>\$ 5,794,003</b>	<b>\$ 4,426,616</b>	<b>\$ 3,276,553</b>	<b>\$ 2,643,477</b>	<b>\$ 1,794,271</b>
<b>Fund Balance (End of Year)</b>	<b>\$ 5,560,244 (a)</b>	<b>\$ 5,794,003</b>	<b>\$ 4,426,616</b>	<b>\$ 3,276,553</b>	<b>\$ 2,643,477</b>

(a) The District is currently in design of an expansion to its wastewater treatment plant and may to utilize approximately \$1,492,417 of fund balance for the project that will subsequently be reimbursed from a future bond issue.

(b) Represents a planned spend down of fund balance in connection with capital projects.

## FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2025 Certified Taxable Assessed Valuation.....	\$430,042,808	(a)
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$436,571,724	(b)
Gross Direct Debt Outstanding (including the Bonds).....	\$47,765,000	(c)
Estimated Overlapping Debt .....	<u>20,096,959</u>	(d)
Gross Direct Debt and Estimated Overlapping Debt.....	\$67,861,959	(c)(d)
Ratios of Gross Direct Debt to:		
2025 Certified Taxable Assessed Valuation .....	11.11%	
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	10.94%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2025 Certified Taxable Assessed Valuation .....	15.78%	
Estimated Taxable Assessed Valuation as of August 1, 2025 .....	15.54%	
Funds Available for Debt Service as of October 2, 2025:		
Water, Sewer and Drainage Debt Service Fund.....	\$1,201,513	(e)(f)
Road Debt Service Fund .....	74,275	(e)(f)
Capitalized Interest (six month) .....	<u>288,531</u>	(e)(f)
Total Funds Available for Debt Service .....	\$1,564,319	
Operating Funds Available as of October 2, 2025 .....	\$5,224,046	(f)
Capital Projects Funds Available as of October 2, 2025 .....	\$ 538,375	(f)

- (a) As certified by the Appraisal Districts and consists of \$377,734,797 in Fort Bend County and \$52,308,011 in Waller County. See "TAXING PROCEDURES."
- (b) Provided by the Appraisal Districts for informational purposes only (\$378,196,409 in Fort Bend County and \$58,375,315 in Waller County). Such amounts reflect an estimate of the taxable assessed value within the District on August 1, 2025. The increases in value that occurred between January 1, 2025 and August 1, 2025 are assessed for purposes of taxation as of January 1, 2026. No tax will be levied on such amount until it is certified, and the certified taxable assessed valuation may differ from the estimates provided by the Appraisal Districts. See "TAXING PROCEDURES."
- (c) Includes the Bonds and the Outstanding Bonds. See "Outstanding Bonds" herein.
- (d) See "Estimated Overlapping Debt" and "Overlapping Taxes" herein.
- (e) Funds in the Water, Sewer and Drainage Debt Service Fund are available to pay debt service on the District's Water, Sewer and Drainage Bonds (including the Bonds) and are not available to pay debt service on the District's Road Bonds. Likewise, funds in the road debt service fund are available to pay debt service on the District's bonds issued for road facilities and are not available to pay debt service on the District's bonds issued for water, sewer, and drainage. Neither Texas law nor any bond order requires the District to maintain any minimum balance in the Debt Service Fund. The District will capitalize six (6) months of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
- (f) Unaudited. Unaudited information is derived from internal account balances of the District prior to completion of year-end adjustments. The unaudited information is subject to revision after completion of the District's annual audit.

### Investments of the District

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



## Outstanding Bonds

The District has previously issued \$38,840,000 principal amount of Water, Sewer, and Drainage Bonds in seven series and \$2,500,000 principal amount of Road Bonds in one series, of which \$35,195,000 principal amount remains outstanding (the "Outstanding Bonds") as of the date hereof. The following table does not include the Bonds.

Series	Original Principal Amount	Outstanding Bonds
2015	\$ 5,520,000	\$ 4,270,000
2017	3,070,000	2,070,000
2017 (a)	2,500,000	1,800,000
2019	5,000,000	3,925,000
2020	6,500,000	5,350,000
2021	3,310,000	3,010,000
2023	4,040,000	3,670,000
2024	11,400,000	11,100,000
Total	\$ 41,340,000	\$ 35,195,000

(a) Road Bonds.

## Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the Bonds. See "—Outstanding Bonds." This schedule does not reflect the fact that the District will capitalize six (6) months of interest from Bond proceeds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Bonds Debt Service Requirements	Plus: Debt Service on the Bonds			Total Debt Service Requirements
		Principal	Interest	Total	
2026	\$ 2,726,865.00	\$ -	\$ 452,032.29	\$ 452,032.29	\$ 3,178,897.29
2027	2,732,802.50	500,000	560,812.50	1,060,812.50	3,793,615.00
2028	2,741,021.25	500,000	528,312.50	1,028,312.50	3,769,333.75
2029	2,740,258.75	500,000	495,812.50	995,812.50	3,736,071.25
2030	2,735,421.25	335,000	468,675.00	803,675.00	3,539,096.25
2031	2,737,821.25	350,000	446,412.50	796,412.50	3,534,233.75
2032	2,723,552.50	370,000	423,012.50	793,012.50	3,516,565.00
2033	2,692,705.00	390,000	400,018.75	790,018.75	3,482,723.75
2034	2,644,788.75	405,000	378,925.00	783,925.00	3,428,713.75
2035	2,610,145.00	425,000	360,300.00	785,300.00	3,395,445.00
2036	2,584,920.00	450,000	342,800.00	792,800.00	3,377,720.00
2037	2,532,345.00	470,000	324,400.00	794,400.00	3,326,745.00
2038	2,478,745.00	495,000	305,100.00	800,100.00	3,278,845.00
2039	2,424,326.25	520,000	284,800.00	804,800.00	3,229,126.25
2040	2,363,748.75	545,000	263,500.00	808,500.00	3,172,248.75
2041	2,312,335.00	575,000	241,100.00	816,100.00	3,128,435.00
2042	1,869,806.25	600,000	217,600.00	817,600.00	2,687,406.25
2043	1,582,968.75	630,000	193,000.00	823,000.00	2,405,968.75
2044	985,331.25	665,000	167,100.00	832,100.00	1,817,431.25
2045	786,600.00	695,000	139,900.00	834,900.00	1,621,500.00
2046	577,200.00	730,000	111,400.00	841,400.00	1,418,600.00
2047	-	770,000	81,400.00	851,400.00	851,400.00
2048	-	805,000	49,900.00	854,900.00	854,900.00
2049	-	845,000	16,900.00	861,900.00	861,900.00
Total	\$ 47,583,707.50	\$ 12,570,000	\$ 7,253,213.54	\$ 19,823,213.54	\$ 67,406,921.04

Average Annual Debt Service Requirements (2026-2049) ..... \$2,808,622  
Maximum Annual Debt Service Requirement (2027) ..... \$3,793,615

## Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Fort Bend County (a).....	\$ 1,237,428,859	8/31/2025	0.24%	\$ 2,969,829
Fort Bend County Drainage District.....	21,645,000	8/31/2025	0.25%	54,113
Katy Independent School District.....	2,657,125,000	8/31/2025	0.62%	16,474,175
Waller County (a).....	166,345,000	8/31/2025	0.36%	598,842
Total Estimated Overlapping Debt.....				\$ 20,096,959
The District.....	47,765,000 (b)	Current	100.00%	47,765,000
Total Direct and Estimated Overlapping Debt.....				\$ 67,861,959

Direct and Estimated Overlapping Debt as a Percentage of:

2025 Certified Taxable Assessed Valuation of \$430,042,808.....	15.78%
Estimated Taxable Assessed Valuation as of August 1, 2025 of \$436,571,724.....	15.54%

- (a) Approximately 52 acres of land in the District are within Waller County and approximately 361 acres are within Fort Bend County.
- (b) Includes the Bonds and the Outstanding Bonds.

## Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. On January 1 of each year a tax lien attaches to property to secure the payment of all taxes, penalties and interest imposed on such property. The lien exists in favor of 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 taxing authorities shown below. In addition to ad valorem taxes required to pay debt service on bonded debt of the District and other taxing authorities, certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes. See "—Estimated Overlapping Debt."

Set forth below are all of the taxes levied for the 2025 tax year by all overlapping taxing jurisdictions and for the District. 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.

	Tax Rate per \$100 of Taxable Assessed Valuation (Fort Bend County)	Tax Rate per \$100 of Taxable Assessed Valuation (Waller County)
Fort Bend County (a)(b).....	\$ 0.422000	\$ -
Waller County (a).....	-	0.532596
Fort Bend ESD #2.....	0.095749	-
Brookshire Katy Drainage District.....	-	0.057850
Waller-Harris ESD #200.....	-	0.100000
Waller County FM.....	-	0.023591
Katy Independent School District.....	1.117100	1.117100
Total Overlapping Tax Rate.....	\$ 1.634849	\$ 1.831137
The District (a).....	1.250000	1.250000
Total Tax Rate.....	\$ 2.884849	\$ 3.081137

- (a) Approximately 52 acres of the District are located within Waller County and approximately 361 acres are located within Fort Bend County.
- (b) Includes Fort Bend County Drainage District.

## TAX DATA

### **Debt Service Tax**

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds and the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See “Historical Tax Rate Distribution” and “Tax Roll Information” below, “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates.”

### **Maintenance Tax**

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted November 5, 2013, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 taxable assessed valuation. A maintenance tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above. At an election held on November 5, 2013, the voters of the District approved the levy and collection of a parks and recreational maintenance tax by an amount not to exceed \$0.10 per \$100 of taxable assessed valuation. To date, the District has not levied a parks and recreational facilities maintenance tax.

### **Historical Tax Rate Distribution**

	Tax Year				
	2025	2024	2023	2022	2021
Debt Service	\$ 0.800	\$ 0.750	\$ 0.750	\$ 0.750	\$ 0.805
Maintenance and Operations	0.450	0.520	0.540	0.570	0.575
Total	\$ 1.250	\$ 1.270	\$ 1.290	\$ 1.320	\$ 1.380

### **Tax Exemptions**

For tax year 2025, the District has granted a \$10,000 exemption for persons age 65 or older or for disabled persons. See “TAXING PROCEDURES.”

### **Additional Penalties**

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

### **Historical Tax Collections**

The following statement of tax collections sets forth in condensed form a portion of the historical tax experience of the District. Such table has been prepared for inclusion herein, based upon information obtained from the District’s Tax Assessor/Collector. Taxes are due October 1 and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed and no discounts are allowed. Reference is made to such statements and records for further and complete information. See “Tax Roll Information” below.

Tax Year	Certified	Tax Rate	Total Tax Levy (b)	Total Collections as of September 30, 2025 (c)	
	Taxable Assessed Valuation (a)			Amount	Percent
2020	\$ 176,090,529	\$ 1.43	\$ 2,478,794	\$ 2,478,794	100.00%
2021	201,232,876	1.38	2,733,713	2,733,713	100.00%
2022	258,676,635	1.32	3,414,532	3,414,532	100.00%
2023	289,882,473	1.29	3,739,484	3,734,333	99.86%
2024	368,446,257	1.27	4,679,267	4,656,426	99.51%

- (a) Net valuation represents final gross appraised value as certified by the Appraisal Districts less any exemptions granted. See “Tax Roll Information” below for gross appraised value and exemptions granted by the District.
- (b) Represents actual tax levy, including any adjustments by the Appraisal Districts, as of the date hereof.
- (c) Unaudited. Unaudited information is derived from the internal account balances of the District prior to the completion of year-end adjustments. The unaudited information is subject to revision after completion of the District’s annual audit.

## **Tax Roll Information**

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2021 through 2025 Certified Taxable Assessed Valuations. No tax will be levied on estimated values. A breakdown related to the Estimated Taxable Assessed Valuation as of August 1, 2025 of \$436,571,724 is subject to review and significant revision, and therefore is not included herein. Taxes are levied on taxable value certified by the Appraisal Districts as of January 1 of each year.

Tax Year	Type of Property			Gross Assessed Valuation	Deferments and Exemptions	Certified Taxable Assessed Valuation
	Land	Improvements	Personal Property			
2021	\$ 41,236,716	\$ 167,661,023	\$ 157,322	\$ 209,055,061	\$ (7,822,185)	\$ 201,232,876
2022	51,095,181	216,665,154	136,912	267,897,247	(9,220,612)	258,676,635
2023	56,436,639	244,205,003	1,045,288	301,686,930	(11,804,457)	289,882,473
2024	91,169,901	289,677,563	529,969	381,377,433	(12,931,176)	368,446,257
2025	93,489,684	339,123,984	12,117,321	444,730,989	(14,688,181)	430,042,808 (a)

(a) As certified by the Fort Bend Central Appraisal District (\$377,734,797) and the Waller County Appraisal District (\$52,308,011). See "TAXING PROCEDURES."

## **Principal Taxpayers**

The following table represents the ten principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed valuation as a percentage of the 2025 Certified Taxable Assessed Valuation of \$430,042,808. This represents ownership as of January 1, 2025. The principal taxpayer list related to the Estimated Taxable Assessed Valuation as of August 1, 2025 of \$436,571,724 is subject to review and significant revision, and therefore is not included herein.

Taxpayer	Taxable Assessed Valuation	Taxable Assessed Valuation (b)
Sealy IDV Anserra LLC (a)	\$ 58,674,747	13.64%
DPEG Territory at Anserra LP (a)	29,073,030	6.76%
Lecangs LLC	12,065,451	2.81%
DPEG BTR Anserra LP (a)	6,501,547	1.51%
DHMS Properties Katy LLC	3,496,680	0.81%
Trans Anserra LLC	2,180,898	0.51%
Individual	825,900	0.19%
Individual	822,897	0.19%
KLG Ventures LLC	805,261	0.19%
Individual	802,887	0.19%
Total	\$ 115,249,298	26.80% (c)

(a) See "THE DEVELOPERS."

(b) As certified by the Fort Bend Central Appraisal District (\$377,734,797) and the Waller County Appraisal District (\$52,308,011). See "TAXING PROCEDURES."

(c) See "INVESTMENT CONSIDERATIONS—Dependence on Principal Taxpayers."

## **Tax Adequacy for Debt Service**

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2025 Certified Taxable Assessed Valuation of \$430,042,808 and the Estimated Taxable Assessed Valuation as of August 1, 2025, of \$436,571,724. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" for additional information. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2026-2049) .....	\$2,808,622
\$0.69 Tax Rate on the 2025 Certified Taxable Assessed Valuation .....	\$2,818,931
\$0.68 Tax Rate on the Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$2,820,253
Maximum Annual Debt Service Requirement (2027).....	\$3,793,615
\$0.93 Tax Rate on the 2025 Certified Taxable Assessed Valuation .....	\$3,799,428
\$0.92 Tax Rate on the Estimated Taxable Assessed Valuation as of August 1, 2025 .....	\$3,815,637

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of August 1, 2025 provided by the Appraisal Districts for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

## **TAXING PROCEDURES**

### **Authority to Levy Taxes**

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

### **Property Tax Code and County-Wide Appraisal District**

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal Districts have the responsibility for appraising property for all taxing units within Fort Bend County and Waller County, including the District. Such appraisal values are subject to review and change by the Fort Bend County Appraisal Review Board and the Waller County Appraisal Review Board (collectively, the "Appraisal Review Boards").

### **Property Subject to Taxation by the District**

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. Beginning with the 2026 tax year, all intangible personal property is exempt from state taxation.

**Veterans Exemptions:** The District must grant certain exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of assessed valuation depending upon the disability of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% and the surviving spouse of such a veteran is entitled to an exemption for the full amount of the veteran's or surviving spouse's residential homestead. A partially disabled veteran or the surviving spouse of a partially disabled veteran is entitled to an exemption from taxation of a percentage of the appraised value of their residential homestead in an amount equal to the partially disabled veteran's disability rating if the residential homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces or a first responder as defined under Texas law, who was killed in the line of duty is, subject to certain conditions, entitled to a total tax exemption on such surviving spouse's residential homestead. If the surviving spouse changes homesteads, but does not remarry, then the amount of the exemption as of the last year of the first qualifying residential homestead is applicable to subsequent homesteads.

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

**Additional Homestead Exemptions:** The District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair its obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. For the 2025 tax year, the District has adopted a \$10,000 tax exemption for persons aged 65 or older or for disabled persons.

**Freeport Goods Exemption:** A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it 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. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created.

### **Certain Tax Exemptions Provided for Affordable Housing**

Chapter 392 of the Texas Local Government Code authorizes a housing authority to exempt certain property from all taxes and special assessments of a political subdivision, including a municipal utility district, if certain conditions are met and Chapter 303 of the Texas Local Government Code (the "PFC Act") authorizes cities, counties, school districts, housing authorities and special districts (a "Sponsor") to create a sponsored Public Facility Corporation ("PFC") to acquire, construct, rehabilitate, renovate, repair, equip, furnish and place in service public facilities. These activities may be financed through certain obligations of either the Sponsor or the PFC. Under the PFC Act, a "public facility" includes any real, personal, or mixed property, or an interest in property devoted or to be devoted to public use, and authorized to be financed under the PFC Act. A public facility, including a leasehold estate in a public facility, that is owned by a PFC is exempt from taxation by the State or a municipality or other political subdivision of the State, including the District. This exemption applies to both ad valorem and sales taxes levied by such taxing authorities. Subject to certain restrictions, a leasehold or other possessory interest granted by the PFC to the user of a PFC-owned multifamily residential development entitles that user to this same exemption. The 88th Texas Legislature passed H.B. 2071, which became effective June 18, 2023, to amend the PFC Act. H.B. 2071 significantly revised the PFC Act's requirements for the lessee of a multi-family residential development to qualify for this exemption and provides that the exemption for such projects does not apply to taxes imposed by a conservation and reclamation district providing water, sewer, or drainage services to the development, unless an agreement is entered into with the district concerning payments in lieu of taxation. Projects for which PFC or Sponsor approval was received prior to the effective date of H.B. 2071 are governed by the prior law and are not subject to the same requirements. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by a PFC.

Additionally, Chapter 394 of the Texas Local Government Code, known as the Texas Housing Finance Corporations Act (the "HFC Act") provides for the formation of housing finance corporations ("HFCs") by municipalities and counties for the purpose of providing decent, safe, and sanitary housing at affordable prices to residents of local governments. Historically, HFCs could receive certain tax exemptions on qualified projects under the HFC Act, provided certain conditions are met under the HFC Act. This exemption applies to both ad valorem and sales taxes levied by taxing authorities where the qualified project is located. Subject to certain restrictions, a leasehold or other possessory interest granted by the HFC to the user of an HFC-owned multifamily residential development entitles that user to this same exemption. Section 394.905(d) (as added by H.B. 21, 89th Texas Legislature, Regular Session) provides in part that such ad valorem tax exemptions do not apply to taxes levied by a conservation or reclamation district created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, that provides water, sewer, or drainage service to the multifamily residential development owned by the HFC, unless the applicable HFC has entered into a written agreement with the district to make a payment to the district in lieu of taxation, in the amount specified in the agreement. The District is not aware of any public facilities located within the boundaries of the District that are either owned or leased by an HFC.

The HFC Act provides that property acquired by an HFC after May 28, 2025, will, unless payment in lieu of tax is agreed upon, be subject to taxes imposed by conservation and reclamation districts created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, and certain emergency services districts.

### **Tax Abatement**

Fort Bend County or Waller County may designate all or part of the area within the District as a reinvestment zone. Thereafter, Fort Bend County, Waller County and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

### **Valuation of Property for Taxation**

Generally, property in the District must be appraised by the Appraisal Districts at market value as of January 1 of each year. Once an appraisal roll is prepared and formally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

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

Section 11.35 of the Property Tax Code authorizes a temporary tax exemption for certain damaged property in governor-declared disaster areas. In order to qualify for the exemption, the property must be at least 15% physically damaged, as determined by the chief appraiser of the appraisal district. Upon a property owner's application for an exemption, the chief appraiser must assign a damage rating of Level I – 15% (minimal damage), Level II – 30% (nonstructural damage), Level III – 60% (significant structural damage), or Level IV – 100% (total loss). The governing body of the taxing unit is not required to take any action in order for the taxpayer to be eligible for the exemption. The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage, which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year. The exemption expires on January 1 of the first tax year in which the property is reappraised.

### **District and Taxpayer Remedies**

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

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

## **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, 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 upon receipt of the tax bill, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional twenty percent (20%) penalty for collection costs of a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

Property owners affected by a disaster may pay property taxes in four equal installments following the disaster. In addition, certain classes of disabled veterans may receive a deferral or abatement of delinquent taxes without penalty during the time they own or occupy the property as their residential homestead.

## **Rollback of Operation and Maintenance Tax Rate**

Chapter 49 of the Texas Water Code, as amended, classifies municipal utility districts differently based on their current operation and maintenance tax rate or on the percentage of projected build-out that a 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 herein as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all land, 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 an 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 a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

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

***Developing Districts:*** Districts that do not meet the classification of a Special Taxing Unit or a Developed District are 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 a rollback election is called and the adopted tax rate is not approved by the voters, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.



*The District:* A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made on an annual basis, at the time a district sets its tax rate. For 2025, the District was designated as a Developing District. 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 rollback election calculation.

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

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the FDIC pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collections Limitations and Foreclosure Remedies."

## **INVESTMENT CONSIDERATIONS**

### **General**

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

### **Dependence on Principal Taxpayers**

The principal taxpayers in the District represent \$115,249,298 (26.80%) of the 2025 Certified Taxable Assessed Valuation. IDV DPEG Anserra is currently the principal taxpayer within the District. According to the District's 2025 tax rolls, IDV DPEG Anserra will be responsible for the payment of District taxes for approximately 13.64% of the 2025 tax roll. See "TAX DATA—Principal Taxpayers." The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Order, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis.

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

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, developed lots and commercial improvements. The market value of such homes, lots and commercial properties is related to general economic conditions affecting the demand for residences and commercial property. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

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

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 32 miles from the central downtown business district of the City, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of Houston and the nation could adversely affect development and home-building plans in the District and restrain the growth or reduce the value of the District's property tax base.

## **Competition**

The demand for and construction of townhomes in the District, which is 32 miles from downtown Houston, could be affected by competition from other residential developments including other residential townhome developments located in the west Houston and Houston metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developers in the sale of developed lots and in the construction of townhomes within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District. The District can give no assurance that building and marketing programs in the District by the Developers will be implemented or, if implemented, will be successful.

## **Possible Impact on District Tax Rates**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2025 Certified Taxable Assessed Valuation is \$430,042,808. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" for additional information. After issuance of the Bonds, the maximum annual debt service requirement is \$3,793,615 (2027) and the average annual debt service requirement is \$2,808,622 (2026-2049 inclusive). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements." Assuming no increase or decrease from the 2025 Certified Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of \$0.93 and \$0.69 per \$100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. The Estimated Taxable Assessed Valuation as of August 1, 2025, is \$436,571,724, which reduces the above calculations to \$0.92 and \$0.68 per \$100 of taxable assessed valuation, respectively. See "TAX DATA—Tax Adequacy for Debt Service."

No representation or suggestion is made that the Estimated Taxable Assessed Valuation as of August 1, 2025, provided by the Appraisal Districts for the District will be certified as taxable values by the Appraisal Districts, and no person should rely upon such amount or its inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

## **Potential Effects of Oil Price Volatility on the Houston Area**

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

## **Extreme Weather Events**

The greater Houston area is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017 and brought historic levels of rainfall during the successive four days.

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

## **Specific Flood Type Risks**

The District may be subject to the following flood risks:

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

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

## **Development in the District**

Future increases in value will result primarily from the construction of homes by builders and construction of commercial and single-family home and townhome improvements. The District makes no representation with regard to whether or not building programs will be successful. Additionally, approximately 14 acres of land within the District are served by trunkline water distribution, wastewater collection and storm drainage facilities where construction of a 318-unit multi-family apartment complex was completed in July of 2025, and approximately 30 acres of land within the District are served by trunkline water distribution for future development. See “THE DISTRICT—Land Use” and “THE DEVELOPERS.”

## **Tax Collections Limitations and Foreclosure Remedies**

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 local taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court’s stay of tax collection procedures against a taxpayer, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. Moreover, the proceeds of any sale of property within the District available to pay debt service on the Bonds may be limited by the existence of other tax liens on the property (see “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes”), by the current aggregate tax rate being levied against the property, and by other factors (including the taxpayers’ right to redeem property within two years of foreclosure for residential and agricultural use property and six months for other property). Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes assessed against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

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

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond 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, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District’s property. Further, the Registered

Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901- 946 (“Chapter 9”). The filing of such petition would automatically stay the enforcement of Registered Owner’s remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, the 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 Owner could potentially and adversely impair the value of the Registered Owner’s 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 the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners’ claims against a district.

A district may not be forced into bankruptcy involuntarily.

### **Future Debt**

The District has the right to issue additional bonds and other obligations, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. The District’s voters have authorized a total of \$96,500,000 principal amount of unlimited tax bonds for purchasing or constructing a water, wastewater and/ or storm drainage system, \$41,000,000 principal amount of unlimited tax bonds for road improvements, and \$7,000,000 principal amount of unlimited tax bonds for parks and recreational facilities. The District has also authorized \$144,750,000, \$61,500,000 and \$10,500,000 in the principal amount of unlimited tax bonds for refunding outstanding water, wastewater and storm drainage bonds, road improvement bonds and parks and recreational facilities bonds, respectively, all which amounts remain authorized but unissued. After the issuance of the Bonds, the District will have \$45,090,000 principal amount of unlimited tax bonds authorized but unissued for water, wastewater and storm drainage facilities and \$38,500,000 principal amount of the unlimited tax bonds authorized for constructing road facilities, and all of the unlimited tax bonds authorized for parks and recreational facilities. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District’s tax rate and adversely affect the security for, and the investment quality and value of, the Bonds. See “THE BONDS—Issuance of Additional Debt.”

In accordance with the terms of separate development financing agreements, the Developers have advanced certain funds for construction of water, wastewater and storm drainage facilities and roads for which they have not been reimbursed. After the reimbursements are made with Bond proceeds, the District will continue to owe the Developers approximately \$3,500,000 for such improvements. The District intends to issue additional bonds to fully reimburse the Developers and to develop the remainder of undeveloped but developable land currently in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. In addition, the District is currently in design of an expansion to its wastewater treatment plant. The issuance of additional bonds for water, sewer and storm drainage facilities and parks and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. Further, if the District does issue park bonds, the principal amount of bonds sold by the District to construct park and recreational facilities is limited to one percent of the District’s certified taxable assessed valuation, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See “THE BONDS—Issuance of Additional Debt.”

## **Environmental Regulations**

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

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

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

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

The HGB Area is currently designated as a “severe” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2027. The EPA issued a final rule determining that the HGB area failed to meet the attainment deadline under its previous “serious” classification, effective November 7, 2022. The State will be required to submit a SIP (as defined herein) within 18 months 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 “moderate” nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. The EPA issued a final rule determining that the HGB area failed to meet the attainment deadline under its prior “marginal” classification, effective November 7, 2022. 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.

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), 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. It 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 is 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. The District must apply for authorization or waiver of authorization under the MS4 Permit every 5 years as established by the TCEQ renewal of the MS4 Permit. If the District’s inclusion in the MS4 Permit were required at a future date through administering a Stormwater Management Program, the District could incur substantial costs to develop and implement the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the “waters of the United States.” The District must obtain a permit from the United States Army Corps of Engineers (“USACE”) if operations of the District require that wetlands be filled, dredged, or otherwise altered. On May 25, 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. While the *Sackett* decision removed a great deal of uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including additional permitting requirements, in the future.

### **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.

### **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 retroactive to the date of original issuance. See “LEGAL MATTERS.”

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

The Initial Purchaser has entered into an agreement with Assured Guaranty Inc. (“AG” or the “Insurer”) for the purchase of a municipal bond insurance policy (the “Policy”). At the time of entering into the agreement, the Insurer was rated “AA” (stable outlook) by S&P and “A1” (stable outlook) by Moody’s. See “MUNICIPAL BOND INSURANCE.”

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

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

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

### **2025 Legislative Session**

The 89th Regular Legislative Session convened on January 14, 2025, and concluded on June 2, 2025. The Legislature meets in regular session in odd numbered years for 140 days. When the Legislature is not in session, the Governor of Texas (the “Governor”) may call one or more special sessions, at the Governor’s discretion, each lasting no more than 30 days, and for which the Governor sets the agenda. During this time, the Legislature may enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Bonds. The Governor has called and the legislature has concluded two special sessions since the conclusion of the 89<sup>th</sup> Regular Session. The District can make no representations or predictions regarding the likelihood of future legislative sessions, any actions the Texas Legislature may take or the effect of any such actions.

### **Cybersecurity**

The District’s consultants use digital technologies to collect taxes, hold funds and process disbursements. These systems necessarily hold sensitive protected information that is valued on the black market. As a result, the electronic systems and networks of organizations like the District’s consultants are considered targets for cyber-attacks and other potential breaches of their systems. To the extent the District is determined to be the party responsible for various electronic systems or suffers a loss of funds due to a security breach, there could be a material adverse effect on the District’s finances. Insurance to protect against such breaches is limited.

## **MUNICIPAL BOND RATING**

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) is expected to assign a municipal bond insured rating of “AA” (stable outlook) and Moody’s Investors Service, Inc. (“Moody’s”) is expected to assign a municipal bond insured rating of “A1” (stable outlook), respectively, to the Bonds with the understanding that, upon issuance and delivery of the Bonds, a Policy ensuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Inc. (“AG” or the “Insurer”). Moody’s has also assigned an underlying rating of “Baa1” to the Bonds. An explanation of the ratings may be obtained from S&P and Moody’s. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”

There is no assurance that such ratings will continue for any given period of time or that they will not be revised or withdrawn entirely by Moody’s or S&P, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

## **MUNICIPAL BOND INSURANCE**

### **Bond Insurance Policy**

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. (“AG” or the “Insurer”) will issue its municipal bond insurance policy (the “Policy”) for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

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

### **Assured Guaranty Inc.**

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

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

#### *Merger of Assured Guaranty Municipal Corp. Into Assured Guaranty Inc.*

On August 1, 2024, Assured Guaranty Municipal Corp., a New York domiciled financial guaranty insurance company and an affiliate of AG ("AGM"), merged with and into AG, with AG as the surviving company (such transaction, the "Merger"). Upon the Merger, all liabilities of AGM, including insurance policies issued or assumed by AGM, became obligations of AG.

#### *Current Financial Strength Ratings*

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On July 10, 2024, Moody's, following Assured Guaranty's announcement of the Merger, announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.

#### *Capitalization of AG*

At June 30, 2025:

- The policyholders' surplus of AG was approximately \$3,514 million.
- The contingency reserve of AG was approximately \$1,453 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately \$2,437 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

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

#### *Incorporation of Certain Documents by Reference*

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2024 (filed by AGL with the SEC on February 28, 2025); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2025 (filed by AGL with the SEC on May 9, 2025); and
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2025 (filed by AGL with the SEC on August 8, 2025).



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

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

#### *Miscellaneous Matters*

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

## **LEGAL MATTERS**

### **Legal Opinions**

Issuance of the Bonds is subject to (i) the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from a continuing, direct annual ad valorem tax levied without limit as to rate or amount upon all taxable property within the District, and (ii) the legal opinion of Bond Counsel, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors’ rights or the exercise of judicial discretion in accordance with general principles of equity, and are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The District will also furnish the opinion of Bond Counsel that will address the matters described below under “Tax Opinion.” The legal opinion of Bond Counsel will accompany the Bonds deposited with DTC or will be printed on the definitive Bonds in the event of the discontinuance of the Book-Entry-Only System. Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

In addition to serving as Bond Counsel, Sanford Kuhl Hagan Kugle Parker Kahn LLP also acts as general counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

### **No-Litigation Certificate**

The District will furnish the Initial Purchaser one or more certificates, dated as of the Date of Delivery, executed by the President of the Board, to the effect that no litigation of any nature is then pending against or, to the best knowledge of the certifying officer, threatened against the District that would (i) affect the corporate existence or boundaries of the District, (ii) contest the right of the directors or officials of the District to hold and exercise their respective positions, (iii) contest the due organization and valid existence of the District, (iv) contest the validity, due authorization, and execution of the Bonds or the Bond Order, or (v) attempt to limit, enjoin or otherwise restrict or prevent the District from functioning and collecting taxes, including payments on the Bonds pursuant to the Bond Order, and other income or the levy and collection of the taxes pledged or to be pledged to pay the principal of and interest on the Bonds or the pledge thereof.

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

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” that are designated by a “qualified small issuer” as “qualified tax-exempt obligations.” A “qualified small issuer” is any governmental issuer (together with any “on-behalf of” and “subordinate” issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term “financial institution” as any “bank” described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to “qualified tax-exempt obligations” provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a “bank,” as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase “qualified tax-exempt obligations” shall be reduced by twenty-percent (20%) as a “financial institution preference item.”

The District has **not** designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Code.

## **No Material Adverse Change**

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

## **Tax Opinion**

In the opinion of Sanford Kuhl Hagan Kugle Parker Kahn LLP, Bond Counsel (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excludable from gross income for federal income tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in section 59(k) of the Code) for the purpose of determining the alternative minimum tax imposed on corporations.

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

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

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

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

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

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.

### **Proposed Tax Legislation**

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

### **Federal Income Tax Accounting Treatment of Original Issue Discount**

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

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

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

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

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

## **PREPARATION OF OFFICIAL STATEMENT**

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

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

### **Financial Advisor**

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

### **Consultants**

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants.

*Tax Assessor/Collector:* The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by Utility Tax Service, LLC, and is included herein in reliance upon the authority of such individual as an expert in assessing property values and collecting taxes.

*Engineer:* The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by Quiddity Engineering, LLC, Consulting Engineers and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

*Auditor:* The District's audited financial statement for the fiscal year ending May 31, 2025, was prepared by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See APPENDIX A.

Bond Counsel has reviewed the information appearing in this OFFICIAL STATEMENT under "THE BONDS," "THE DISTRICT—General," "TAXING PROCEDURES," "LEGAL MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District or the Developers for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

### **Updating the Official Statement**

If subsequent to the date of the OFFICIAL STATEMENT, the District learns, through the ordinary course of business and without undertaking any investigation or examination for such purposes, or is notified by the Initial Purchaser, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless such Initial Purchaser elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to such Initial Purchaser an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to such Initial Purchaser; provided, however, that the obligation of the District to the Initial Purchaser to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Initial Purchaser, unless the Initial Purchaser notifies the District in writing on or before such date that the Initial Purchaser retains an unsold balance of the Bonds for sale to the public, in which case the District's obligations hereunder will extend for an additional period of time as provided in SEC Rule 15c2-12 (but not more than the earlier of (i) 90 days after the end of the underwriting period (as described in SEC Rule 15c2-12(f)(2)) or (ii) the time the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the end of the underwriting period.

### **Certification of Official Statement**

At the time of payment for and delivery of the Bonds, the Initial Purchaser will be provided with a certificate, executed by a proper District official, acting in his official capacity to the general effect that to the best of their knowledge and belief (i) no event affecting the District has occurred since the date of the OFFICIAL STATEMENT that should be disclosed in the OFFICIAL STATEMENT for the purpose for which it is to be used or that is necessary to disclose therein, in light of the circumstances under which made, not misleading in any material respects, and (ii) the information contained in the OFFICIAL STATEMENT pertaining to the District and its affairs is correct in all material respects and, as of the date of the OFFICIAL STATEMENT did not, and as of the date of Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

## **CONTINUING DISCLOSURE OF INFORMATION**

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

### **Annual Reports**

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "THE SYSTEM—Water and Wastewater Operations," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" (except for information under the sub captions "Estimated Overlapping Debt" and "Overlapping Taxes") and "TAX DATA" (most of which information is contained in the District's annual audited financial statements) and in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2025.

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

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

### **Specified 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 IRS 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-exempt status of the Bonds, or other events affecting the tax-exempt 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 within the meaning of SEC Rule 15c2-12 (the “SEC Rule 15c2-12”); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of SEC Rule 15c2-12 or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of SEC Rule 15c2-12, 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 to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect bondholders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties. The term “financial obligation” when used in this paragraph shall have the meaning ascribed to it under federal securities laws including meaning a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities for which a final official statement has been provided to the MSRB consistent with SEC Rule 15c2-12. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

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

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

### **Limitations and Amendments**

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

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

### **Compliance With Prior Undertakings**

The District issued a bond anticipation note on August 17, 2023 and filed with EMMA notice of the bond anticipation note on February 5, 2024, which was not within ten (10) days of the incurrence of the financial obligation. The District issued a bond anticipation note on April 8, 2021 and filed with EMMA notice of the bond anticipation note on November 2, 2021, which was not within ten (10) days of the incurrence of the financial obligation. The District has put in place measures to timely file future event notices.

## MISCELLANEOUS

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

/s/ Simon VanDyk  
President, Board of Directors

ATTEST:

/s/ David L. Salley  
Secretary, Board of Directors

**AERIAL PHOTOGRAPH**  
**(As of August 2025)**



I 10

**WILLOW POINT  
MUNICIPAL UTILITY DISTRICT**

KINGSLAND BLVD.





**PHOTOGRAPHS OF THE DISTRICT**  
**(As of August 2025)**























## **APPENDIX A**

### **Financial Statement of the District for the year ended May 31, 2025**

The information contained in this appendix includes the Annual Audit Report of Willow Point Municipal Utility District and certain supplemental information for the fiscal year ended May 31, 2025.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**FORT BEND AND WALLER COUNTIES, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**MAY 31, 2025**

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

## TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET	9-10
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES	12-13
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	14
NOTES TO THE FINANCIAL STATEMENTS	15-29
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	31
SUPPLEMENTARY INFORMATION REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE	
NOTES REQUIRED BY THE WATER DISTRICT FINANCIAL MANAGEMENT GUIDE (Included in the notes to the financial statements)	
SERVICES AND RATES	33-35
GENERAL FUND EXPENDITURES	36-37
INVESTMENTS	38
TAXES LEVIED AND RECEIVABLE	39-40
LONG-TERM DEBT SERVICE REQUIREMENTS	41-49
CHANGE IN LONG-TERM BOND DEBT	50-51
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES GENERAL FUND AND DEBT SERVICE FUND - FIVE YEARS	52-55
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS	56-57

# ***McCall Gibson Swedlund Barfoot Ellis PLLC***

*Certified Public Accountants*

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

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

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Willow Point Municipal  
Utility District  
Fort Bend and Waller Counties, Texas

### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Willow Point Municipal Utility District (the "District") as of and for the year ended May 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

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

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

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

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

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

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

### **Required Supplementary Information**

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

Board of Directors  
Willow Point Municipal Utility District

### **Supplementary Information**

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

*McCall Gibson Swedlund Barfoot Ellis PLLC*

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

September 4, 2025

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2025**

Management's discussion and analysis of Willow Point Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the year ended May 31, 2025. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

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

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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

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

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

**FUND FINANCIAL STATEMENTS**

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2025**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$8,697,662 as of May 31, 2025.

A portion of the District's net position reflects its net investment in capital assets (water and wastewater facilities, less any debt used to acquire those assets that is still outstanding). The District uses those assets to provide water and wastewater services. The following is a comparative analysis of government-wide changes in net position.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2025**

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

	Summary of Changes in the Statement of Net Position		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 10,423,157	\$ 10,977,027	\$ (553,870)
Capital Assets (Net of Accumulated Depreciation)	37,147,258	35,483,433	1,663,825
Total Assets	\$ 47,570,415	\$ 46,460,460	\$ 1,109,955
Due to Developer	\$ 18,434,783	\$ 18,434,783	\$
Bonds Payable	36,820,691	37,964,941	1,144,250
Other Liabilities	1,012,603	787,240	(225,363)
Total Liabilities	\$ 56,268,077	\$ 57,186,964	\$ 918,887
Net Position:			
Net Investment in Capital Assets	\$ (17,449,466)	\$ (19,260,930)	\$ 1,811,464
Restricted	3,150,463	2,714,765	435,698
Unrestricted	5,601,341	5,819,661	(218,320)
Total Net Position	\$ (8,697,662)	\$ (10,726,504)	\$ 2,028,842

The following table provides a summary of the District's operations for the years ended May 31, 2025, and May 31, 2024. The District's net position increased by \$2,028,842.

	Summary of Changes in the Statement of Activities		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 4,665,442	\$ 3,740,503	\$ 924,939
Charges for Services	1,301,742	1,470,633	(168,891)
Other Revenues	454,543	709,718	(255,175)
Total Revenues	\$ 6,421,727	\$ 5,920,854	\$ 500,873
Expenses for Services	4,392,885	5,646,616	1,253,731
Change in Net Position	\$ 2,028,842	\$ 274,238	\$ 1,754,604
Net Position, Beginning of Year	(10,726,504)	(11,000,742)	274,238
Net Position, End of Year	\$ (8,697,662)	\$ (10,726,504)	\$ 2,028,842

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2025**

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

The District's combined fund balances as of May 31, 2025, were \$9,599,620, a decrease of \$795,443 from the prior year.

The General Fund fund balance decreased by \$233,759 from the prior year, primarily due to the costs of operation and capital expenditures exceeding tax and operating revenues.

The Debt Service Fund increased by \$434,927, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by \$996,611, primarily due to the use of prior bond proceeds for capital expenditures.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Directors did not amend the budget during the current year. Actual revenues were \$122,881 less than budgeted revenues and actual expenditures were \$1,292,669 less than budgeted expenditures. See the budget to actual comparison for additional information.

**CAPITAL ASSETS**

Capital assets as of May 31, 2025, total \$37,147,258 (net of accumulated depreciation). These capital assets include the water, wastewater and drainage systems, and park assets. Roads are conveyed to the County upon completion.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 7,245,721	\$ 7,245,721	\$
Construction in Progress	2,724,506	369,683	2,354,823
Capital Assets, Net of Accumulated Depreciation:			
Water System	5,071,985	5,288,849	(216,864)
Wastewater System	5,498,790	5,547,535	(48,745)
Drainage System	16,190,442	16,603,718	(413,276)
Park Assets	415,814	427,927	(12,113)
Total Net Capital Assets	<u>\$ 37,147,258</u>	<u>\$ 35,483,433</u>	<u>\$ 1,663,825</u>

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED MAY 31, 2025**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total bond debt payable of \$36,640,000. The changes in the debt position of the District during the fiscal year ended May 31, 2025, are summarized as follows:

Bond Debt Payable, June 1, 2024	\$ 37,775,000
Less: Bond Principal Paid	<u>1,135,000</u>
Bond Debt Payable, May 31, 2025	<u>\$ 36,640,000</u>

The Series 2015, Series 2017, and Series 2017 Road bonds do not carry an underlying rating or an insured rating. The Series 2019 bonds do not carry an underlying rating; however, they do carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty. The Series 2020 and Series 2023 bonds carry an underlying rating of "Baa2" and an insured rating of "AA/A1" by virtue of bond insurance issued by Assured Guaranty. The Series 2021 and Series 2024 bonds carry an underlying rating of "Baa2" and an insured rating of "AA" by virtue of bond insurance by Build America Mutual.

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Willow Point Municipal Utility District, c/o Sanford Kuhl Hagan Kugle Parker Kahn LLP, 1330 Post Oak Boulevard, Suite 2650, Houston, TX 77056.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**MAY 31, 2025**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 220,368	\$ 57,421
Investments	5,931,541	3,256,930
Receivables:		
Property Taxes	41,097	59,109
Penalty and Interest on Delinquent Taxes		
Service Accounts	87,664	
Accrued Interest	27,373	9,971
Due from Other Funds		58,838
Prepaid Costs	58,020	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<u>\$ 6,366,063</u>	<u>\$ 3,442,269</u>
<b>LIABILITIES</b>		
Accounts Payable	\$ 353,334	\$
Accrued Interest Payable		
Due to Other Funds	58,838	
Due to Developers		
Retainage Payable	220,900	
Due to Taxpayers		2,534
Security Deposits	131,650	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<u>\$ 764,722</u>	<u>\$ 2,534</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	<u>\$ 41,097</u>	<u>\$ 59,109</u>
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 58,020	\$
Restricted for Authorized Construction		
Restricted for Debt Service		3,380,626
Assigned to 2026 Budget	292,259	
Unassigned	5,209,965	
<b>TOTAL FUND BALANCES</b>	<u>\$ 5,560,244</u>	<u>\$ 3,380,626</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u>\$ 6,366,063</u>	<u>\$ 3,442,269</u>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 460	\$ 278,249	\$	\$ 278,249
658,290	9,846,761		9,846,761
	100,206		100,206
		14,913	14,913
	87,664		87,664
	37,344		37,344
	58,838	(58,838)	
	58,020		58,020
		7,245,721	7,245,721
		2,724,506	2,724,506
		27,177,031	27,177,031
<u>\$ 658,750</u>	<u>\$ 10,467,082</u>	<u>\$ 37,103,333</u>	<u>\$ 47,570,415</u>
\$	\$ 353,334	\$	\$ 353,334
		304,185	304,185
	58,838	(58,838)	
		18,434,783	18,434,783
	220,900		220,900
	2,534		2,534
	131,650		131,650
		1,445,000	1,445,000
		35,375,691	35,375,691
<u>\$ -0-</u>	<u>\$ 767,256</u>	<u>\$ 55,500,821</u>	<u>\$ 56,268,077</u>
<u>\$ -0-</u>	<u>\$ 100,206</u>	<u>\$ (100,206)</u>	<u>\$ -0-</u>
\$	\$ 58,020	\$ (58,020)	\$
658,750	658,750	(658,750)	
	3,380,626	(3,380,626)	
	292,259	(292,259)	
	5,209,965	(5,209,965)	
<u>\$ 658,750</u>	<u>\$ 9,599,620</u>	<u>\$ (9,599,620)</u>	<u>\$ -0-</u>
<u>\$ 658,750</u>	<u>\$ 10,467,082</u>		
		\$ (17,449,466)	\$ (17,449,466)
		3,150,463	3,150,463
		5,601,341	5,601,341
		<u>\$ (8,697,662)</u>	<u>\$ (8,697,662)</u>

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE  
SHEET TO THE STATEMENT OF NET POSITION  
MAY 31, 2025**

Total Fund Balances - Governmental Funds	\$ 9,599,620
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	37,147,258
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2024 and prior tax levies became part of recognized revenue in the governmental activities of the District.	115,119
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Due to Developer	\$ (18,434,783)	
Accrued Interest Payable	(304,185)	
Bonds Payable	<u>(36,820,691)</u>	<u>(55,559,659)</u>
Total Net Position - Governmental Activities		<u>\$ (8,697,662)</u>

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED MAY 31, 2025**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 1,894,676	\$ 2,731,854
Water Service	349,481	
Wastewater Service	453,121	
Regional Water Authority Fees	410,227	
Penalty and Interest	48,073	25,927
Investment Revenues	279,732	108,728
Miscellaneous Revenues	7,232	433
<b>TOTAL REVENUES</b>	<u>\$ 3,442,542</u>	<u>\$ 2,866,942</u>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 250,844	\$ 9,635
Contracted Services	315,336	82,269
Utilities	81,400	
Regional Water Authority Assessment	411,939	
Repairs and Maintenance	852,530	
Depreciation		
Other	320,362	15,823
Developer Interest		
Capital Outlay	1,391,390	
Debt Service:		
Bond Principal		1,135,000
Bond Interest		1,189,288
Issuance Costs	52,500	
<b>TOTAL EXPENDITURES/EXPENSES</b>	<u>\$ 3,676,301</u>	<u>\$ 2,432,015</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (233,759)</u>	<u>\$ 434,927</u>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - JUNE 1, 2024</b>	5,794,003	2,945,699
<b>FUND BALANCES/NET POSITION - MAY 31, 2025</b>	<u>\$ 5,560,244</u>	<u>\$ 3,380,626</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 4,626,530	\$ 38,912	\$ 4,665,442
	349,481		349,481
	453,121		453,121
	410,227		410,227
	74,000	14,913	88,913
58,418	446,878		446,878
	7,665		7,665
<u>\$ 58,418</u>	<u>\$ 6,367,902</u>	<u>\$ 53,825</u>	<u>\$ 6,421,727</u>
\$	\$ 260,479	\$	\$ 260,479
1,156	398,761		398,761
	81,400		81,400
	411,939		411,939
	852,530		852,530
		778,298	778,298
100	336,285		336,285
3,040	3,040		3,040
1,050,733	2,442,123	(2,442,123)	
	1,135,000	(1,135,000)	
	1,189,288	28,365	1,217,653
	52,500		52,500
<u>\$ 1,055,029</u>	<u>\$ 7,163,345</u>	<u>\$ (2,770,460)</u>	<u>\$ 4,392,885</u>
\$ (996,611)	\$ (795,443)	\$ 795,443	\$
		2,028,842	2,028,842
1,655,361	10,395,063	(21,121,567)	(10,726,504)
<u>\$ 658,750</u>	<u>\$ 9,599,620</u>	<u>\$ (18,297,282)</u>	<u>\$ (8,697,662)</u>

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



**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED MAY 31, 2025**

Net Change in Fund Balances - Governmental Funds	\$	(795,443)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.		38,912
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Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.		14,913
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Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.		(778,298)
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Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.		2,442,123
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Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.		1,135,000
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Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.		(28,365)
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Change in Net Position - Governmental Activities	\$	<u>2,028,842</u>
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The accompanying notes to the financial  
statements are an integral part of this report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

**NOTE 1. CREATION OF DISTRICT**

Willow Point Municipal Utility District (the “District”) was created and is operating pursuant to a special act of the 83rd Texas Legislature, now codified at Chapter 8413 of the Texas Special District Local Laws Code, June 14, 2013, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Texas Commission on Environmental Quality (the “Commission”). The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities, recreational facilities and road facilities and to provide such facilities and services to the customers of the District.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

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

Financial Statement Presentation

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

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

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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

Governmental Funds

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

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, costs and general expenditures.

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

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

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of May 31, 2025, the General Fund owed the Debt Service Fund \$58,838 for an over-transfer of maintenance tax collections.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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

Capital Assets

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

Assets are capitalized, including infrastructure assets, if they have an original cost greater than \$5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	<u>Years</u>
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original budget amounts compared to the actual amounts of revenues and expenditures for the current year.

Pensions

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

Measurement Focus

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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

Measurement Focus (Continued)

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

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

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

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

*Assigned*: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balance. As of May 31, 2025, the District has assigned \$292,259 of the General Fund fund balance for a projected budget deficit for fiscal year ending May 31, 2026.

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

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

Accounting Estimates

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

**NOTE 3. LONG-TERM DEBT**

	Series 2015	Series 2017	Series 2017 Road
Amount Outstanding – May 31, 2025	\$ 4,440,000	\$ 2,195,000	\$ 1,900,000
Interest Rates	3.25% - 4.20%	3.00% - 4.00%	3.00% - 4.00%
Maturity Date	September 1, 2025/2041	September 1, 2025/2042	September 1, 2025/2042
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	September 1, 2023*	September 1, 2023*

  

	Series 2019	Series 2020	Series 2021
Amount Outstanding – May 31, 2025	\$ 4,140,000	\$ 5,600,000	\$ 3,110,000
Interest Rates	2.00%-2.75%	2.00%-4.50%	2.00%-4.50%
Maturity Date	September 1, 2025/2043	September 1, 2025/2043	September 1, 2025/2044
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2024*	September 1, 2025*	September 1, 2027*

\* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2015 term bonds maturing on September 1, 2032, September 1, 2035, September 1, 2038, and September 1, 2041, are subject to mandatory redemption by random selection beginning September 1, 2030, September 1, 2033, September 1, 2036, and September 1, 2039, respectively. Series 2017 term bonds maturing September 1, 2033, September 1, 2039, and September 1, 2042, are subject to mandatory redemption by random selection beginning September 1, 2031, September 1, 2034, and September 1, 2040, respectively. Series 2017 Road term bonds maturing on September 1, 2042 are subject to mandatory redemption by random selection beginning September 1, 2035. Series 2020 term bonds maturing September 1, 2032, September 1, 2039, and September 1, 2043 are subject to mandatory redemption by random selection beginning September 1, 2031, September 1, 2038, and September 1, 2040, respectively. Series 2021 term bonds maturing on September 1, 2033, September 1, 2035, September 1, 2037, September 1, 2039 and September 1, 2044, are subject to mandatory redemption by random selection beginning September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, and September 1, 2040, respectively.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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

	Series 2023	Series 2024
Amount Outstanding – May 31, 2025	\$ 3,855,000	\$ 11,400,000
Interest Rates	3.00%-4.00%	3.00%-4.00%
Maturity Date	September 1, 2025/2045	September 1, 2025/2046
Interest Payment Dates	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2029*	September 1, 2030*

\* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2023 term bonds maturing on September 1, 2035, September 1, 2037, September 1, 2039, September 1, 2041, September 1, 2043 and September 1, 2045, are subject to mandatory redemption by random selection beginning September 1, 2034, September 1, 2036, September 1, 2038, September 1, 2040, September 1, 2042, September 1, 2044, respectively. Series 2025 term bonds maturing on September 1, 2041 and September 1, 2046 are subject to mandatory redemption by random selection beginning September 1, 2040 and September 1, 2042, respectively.

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

	June 1, 2024	Additions	Retirements	May 31, 2025
Bonds Payable	\$ 37,775,000	\$ - 0 -	\$ 1,135,000	\$ 36,640,000
Unamortized Discounts	(152,791)		(7,081)	(145,710)
Unamortized Premiums	342,732		16,331	326,401
Bonds Payable, Net	<u>\$ 37,964,941</u>	<u>\$ -0-</u>	<u>\$ 1,144,250</u>	<u>\$ 36,820,691</u>
		Amount Due Within One Year		\$ 1,445,000
		Amount Due After One Year		<u>35,375,691</u>
		Bonds Payable		<u>\$ 36,820,691</u>

As of May 31, 2025, the District has authorized and unissued bonds in the amount of \$57,660,000 for water, wastewater and drainage facilities, authorized but unissued bonds in the amount of \$7,000,000 for recreational facilities, and authorized and unissued bonds in the amount of \$38,500,000 for roads. The District has authorized and unissued refunding bonds totaling one and one-half times the bond authorizations.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,445,000	\$ 1,191,801	\$ 2,636,801
2027	1,560,000	1,142,333	2,702,333
2028	1,615,000	1,091,911	2,706,911
2029	1,675,000	1,040,638	2,715,638
2030	1,725,000	987,840	2,712,840
2031-2035	9,295,000	4,096,649	13,391,649
2036-2040	9,925,000	2,534,783	12,459,783
2041-2045	8,110,000	863,132	8,973,132
2046-2047	1,290,000	48,000	1,338,000
	<u>\$ 36,640,000</u>	<u>\$ 12,997,087</u>	<u>\$ 49,637,087</u>

During the year ended May 31, 2025, the District levied an ad valorem debt service tax rate of \$0.75 (\$0.71 for utilities and \$0.04 for roads) per \$100 of assessed valuation, which resulted in a tax levy of \$2,764,519 on the adjusted taxable valuation of \$368,602,504 for the 2024 tax year. The bond orders and bond resolutions require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 6 for the maintenance tax levy.

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

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

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

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At year end, the carrying amount of the District's deposits was \$2,393,249 and the bank balance was \$2,367,963. The District was not exposed to custodial credit risk at year-end.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 220,368	\$ 1,880,000	\$ 2,100,368
DEBT SERVICE FUND	57,421	235,000	292,421
CAPITAL PROJECTS FUND	460		460
TOTAL DEPOSITS	<u>\$ 278,249</u>	<u>\$ 2,115,000</u>	<u>\$ 2,393,249</u>

Investments

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

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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

Investments (Continued)

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

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

The District measures its investments in certificates of deposits at acquisition cost.

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
<u>GENERAL FUND</u>		
Texas CLASS	\$ 4,051,541	\$ 4,051,541
Certificates of Deposit	1,880,000	1,880,000
<u>DEBT SERVICE FUND</u>		
Texas CLASS	3,021,930	3,021,930
Certificate of Deposit	235,000	235,000
<u>CAPITAL PROJECTS FUND</u>		
Texas CLASS	658,290	658,290
<b>TOTAL INVESTMENTS</b>	<u><u>\$ 9,846,761</u></u>	<u><u>\$ 9,846,761</u></u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by investing in certificates of deposit with balances below FDIC coverage. At May 31, 2025, the District's investment in Texas CLASS was rated AAAM by Standard and Poor's.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

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

Investments (Continued)

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

Restrictions

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

**NOTE 6. MAINTENANCE TAX**

On November 5, 2013, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed \$1.50 per \$100 of assessed valuation. This maintenance tax is to be used to pay expenditures of operating the District. During the year ended May 31, 2025, the District levied a maintenance tax of \$0.52 per \$100 of assessed valuation resulting in a levy of \$1,916,733 on the adjusted taxable valuation of \$368,602,504 for the 2024 tax year.

On November 5, 2013, the voters of the District approved the levy and collection of a parks and recreational maintenance tax in an amount not to exceed \$0.10 per \$100 of assessed valuation. During the current year, the District did not levy a parks and recreational maintenance tax.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

**NOTE 7. CAPITAL ASSETS**

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

	June 1, 2024	Increases	Decreases	May 31, 2025
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 7,245,721	\$	\$	\$ 7,245,721
Construction in Progress	<u>369,683</u>	<u>2,442,123</u>	<u>87,300</u>	<u>2,724,506</u>
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 7,615,404</u>	<u>\$ 2,442,123</u>	<u>\$ 87,300</u>	<u>\$ 9,970,227</u>
<b>Capital Assets Subject to Depreciation</b>				
Water System	\$ 6,870,441	\$	\$	\$ 6,870,441
Wastewater System	6,433,392	87,300		6,520,692
Drainage System	18,597,428			18,597,428
Park Assets	<u>493,054</u>			<u>493,054</u>
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 32,394,315</u>	<u>\$ 87,300</u>	<u>\$ - 0 -</u>	<u>\$ 32,481,615</u>
<b>Accumulated Depreciation</b>				
Water System	\$ 1,581,592	\$ 216,864	\$	\$ 1,798,456
Wastewater System	885,857	136,045		1,021,902
Drainage System	1,993,710	413,276		2,406,986
Park Assets	<u>65,127</u>	<u>12,113</u>		<u>77,240</u>
<b>Total Accumulated Depreciation</b>	<u>\$ 4,526,286</u>	<u>\$ 778,298</u>	<u>\$ - 0 -</u>	<u>\$ 5,304,584</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 27,868,029</u>	<u>\$ (690,998)</u>	<u>\$ - 0 -</u>	<u>\$ 27,177,031</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u><u>\$ 35,483,433</u></u>	<u><u>\$ 1,751,125</u></u>	<u><u>\$ 87,300</u></u>	<u><u>\$ 37,147,258</u></u>

Roadways constructed by the District are accepted by either Fort Bend County or Waller County for maintenance and operation. The roadways conveyed had a total cost to the District in the amount of \$9,828,225.

**NOTE 8. UNREIMBURSED COSTS**

In accordance with the terms of development financing agreements, Developers within the District have made expenditures on behalf of the District for various projects. As of May 31, 2025, the District recorded amounts due to Developers of \$18,406,962, for completed projects. Since inception, the Developers have also made operating advances totaling \$538,171. Of these advances, \$510,350 has been reimbursed. Reimbursement for project costs and operating advances will come from proceeds of future bond sales, as allowed by the Commission.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

**NOTE 8. UNREIMBURSED COSTS (Continued)**

The following table summarizes the current year activity related to unreimbursed Developer costs for completed projects and operating advances:

Due to Developers, beginning of year	\$ 18,434,783
Less: Reimbursements/Adjustments	
Due to Developers, end of year	<u>\$ 18,434,783</u>

**NOTE 9. SEWAGE TREATMENT PLANT LEASE**

On November 26, 2013, the District entered an agreement with AUC Group, LP (AUC) to operate and maintain a sewage treatment plant to serve customers of the District. On March 1, 2021, the District entered into the first amendment to equipment lease agreement with AUC. The agreement calls for AUC to operate a Phase I sewage treatment plant capable of treating an average daily flow of 100,000 gallons per day (400,000 gallons per day peak flow) and a future Phase II capable of treating an average daily flow of 200,000 gallons per day (800,000 gallons per day peak flow). The initial term of the agreement is twelve months commencing the first day of the month following substantial completion and startup of Phase I. The term of the agreement for Phase II is 36 months commencing the first day of the month following substantial completion and startup of Phase II. If each Phase installation is not complete within 180 days of engineer notification, the District may terminate the contract under the terms of the contract.

Phase II installation costs total \$100,000, payable in partial payments. Phase I lease payments total \$91,200 payable in 12 monthly installments of \$7,600, with first and last month payable upon execution of the agreement. Phase II lease payments total \$253,800, payable in 36 monthly installments of \$7,050. The agreement may be extended on a month-to-month basis after the initial terms (either Phase I or Phase II) with Phase I extended term monthly rental payments of \$7,600 and Phase II extended term monthly rental payments of \$4,800.

The District has the option to purchase the Phase I and/or Phase II equipment as is, where is at any time during the initial term of the agreement or under any month-to-month extension of the agreement for a residual value as outlined in the agreement. During a prior year, the District exercised the option to purchase the Phase I equipment for \$490,190.

On April 2, 2024, the District entered an agreement with AUC to construct Phase III of the sewage treatment plant facilities capable of treating an average daily flow of 150,000 gallons per day (600,000 gallons per day peak flow). The initial term of the agreement is 60 months commencing on the date of substantial completion. The initial term shall automatically be extended and shall continue for successive one-year periods until the lease is terminated or the District exercises the purchase option. If installation is not complete within 210 days of notice to proceed, the District may terminate the contract under the terms of the contract.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

**NOTE 9. SEWAGE TREATMENT PLANT LEASE (Continued)**

The installation costs total \$1,757,990, payable in partial payments. Lease payments total \$1,596,600, payable in 60 monthly installments of \$26,610 with first and last month payable upon execution of the agreement. The agreement may be extended month-to-month basis after the initial term with rental payments of \$23,400. The District has the option to purchase the equipment as is, where it is at any time during the initial term of the agreement or under any month-to-month extension of the agreement for a residual value as outlined in the agreement.

During the prior year, the District paid the first and last month's lease payments of \$53,220 for Phase III expansion. This amount has been recorded as prepaid in the financial statements.

**NOTE 10. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and no settlements have exceeded coverage in the past three years.

**NOTE 11. NORTH FORT BEND WATER AUTHORITY**

The District is located within the boundaries of the North Fort Bend Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by Senate Bill 1798 (the "Act"), as passed by the 79<sup>th</sup> Texas Legislature, in 2005. The Act empowers the Authority for purposes including the acquisition and provision of surface water and groundwater for residential, commercial, industrial, agricultural, and other uses, the reduction of groundwater withdrawals, the conservation, preservation, protection, recharge, and prevention of waste of groundwater, and of groundwater reservoirs or their subdivisions, and the control of subsidence caused by withdrawal of water from those groundwater reservoirs or their subdivisions. The Authority is overseeing that its participants comply with subsidence district pumpage requirements. The District is required to convert its water supply to surface water over a period of time. A seven-member board of directors governs the Authority.

The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fees being charged are \$4.55 per 1,000 gallons of water pumped from each well and \$4.90 per 1,000 gallons of surface water purchased. Pumpage fees totaled \$411,939 during the current fiscal year.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**MAY 31, 2025**

**NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT**

Effective December 12, 2019, the District entered into a Strategic Partnership Agreement (“SPA”) with the City of Houston, Texas (“the City”). Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Local Government Code and Act, the City annexed a tract of land within the District for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the tract. Effective December 16, 2021 the agreement was amended to include an additional tract of land, referred to as the First Amendment Tract. The City may not annex the District for full purposes during the term of this agreement. The City imposes a Sales and Use Tax within the boundaries of the District under the SPA on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under the future amendments to Chapter 321 of the Tax Code. The City pays to the District an amount equal to one-half of all Sales and Use Tax revenues generated within the District within 30 days of the City receiving the funds from the State Comptroller’s office. The term of this SPA is 30 years from the effective date of the SPA or any amendment to the SPA. During the current fiscal year, the District did not record any sales tax revenue.

**NOTE 13. PENDING BOND APPLICATION**

Subsequent to year-end, on July 3, 2025, the District submitted an application to the Commission for Series 2025 bonds in the amount of \$12,570,000. Proceeds will be used to reimburse developers for construction and engineering costs related to water, wastewater and/or storm drainage to serve: Park at Anserra, Anserra, Section 6, Anserra Phase II detention, Kingsland Boulevard street dedication, Section 2, Katy Townhomes lift station; and land costs for Anserra Phase II detention, Trails of Katy lift station, and Trails of Katy, Section 7 detention. Proceeds will also be used to fund capitalized interest and bond issuance costs.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**MAY 31, 2025**

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED MAY 31, 2025**

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 1,878,923	\$ 1,894,676	\$ 15,753
Water Service	345,500	349,481	3,981
Wastewater Service	440,700	453,121	12,421
Regional Water Authority Fee	465,300	410,227	(55,073)
Penalty and Interest	41,500	48,073	6,573
Tap Connection and Inspection Fees	191,500		(191,500)
Investment Revenues	190,300	279,732	89,432
Miscellaneous Revenues	<u>11,700</u>	<u>7,232</u>	<u>(4,468)</u>
<b>TOTAL REVENUES</b>	<u>\$ 3,565,423</u>	<u>\$ 3,442,542</u>	<u>\$ (122,881)</u>
<b>EXPENDITURES</b>			
Service Operations:			
Professional Fees	\$ 187,300	\$ 250,844	\$ (63,544)
Contracted Services	283,560	315,336	(31,776)
Utilities	82,000	81,400	600
Regional Water Authority Assessment	465,300	411,939	53,361
Repairs and Maintenance	745,939	852,530	(106,591)
Other	459,871	320,362	139,509
Bond Issuance Costs		52,500	(52,500)
Capital Outlay	<u>2,745,000</u>	<u>1,391,390</u>	<u>1,353,610</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 4,968,970</u>	<u>\$ 3,676,301</u>	<u>\$ 1,292,669</u>
<b>NET CHANGE IN FUND BALANCE</b>	\$(1,403,547)	\$ (233,759)	\$ 1,169,788
<b>FUND BALANCE - JUNE 1, 2024</b>	<u>5,794,003</u>	<u>5,794,003</u>	<u></u>
<b>FUND BALANCE - MAY 31, 2025</b>	<u>\$ 4,390,456</u>	<u>\$ 5,560,244</u>	<u>\$ 1,169,788</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**MAY 31, 2025**



**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2025**

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

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

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ <sup>3</sup> / <sub>4</sub> "	<u>722</u>	<u>716</u>	x 1.0	<u>716</u>
1"	<u>11</u>	<u>11</u>	x 2.5	<u>28</u>
1½"	<u>6</u>	<u>6</u>	x 5.0	<u>30</u>
2"	<u>16</u>	<u>16</u>	x 8.0	<u>128</u>
3"	<u>1</u>	<u>1</u>	x 15.0	<u>15</u>
4"			x 25.0	
6"			x 50.0	
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"			x 115.0	
Total Water Connections	<u>757</u>	<u>751</u>		<u>997</u>
Total Wastewater Connections	<u>719</u>	<u>714</u>	x 1.0	<u>714</u>

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

Gallons pumped into system:	91,451,000	Water Accountability Ratio: 93 % (Gallons billed/Gallons pumped)
Gallons billed to customers:	85,198,000	

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
SERVICES AND RATES  
FOR THE YEAR ENDED MAY 31, 2025**

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

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

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

**4. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes ☐ No ☒

Counties in which District is located:

Fort Bend County, Texas

Waller County, Texas

Is the District located within a city?

Entirely ☐ Partly ☐ Not at all ☒

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

Entirely ☐ Partly ☒ Not at all ☐

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes ☐ No ☒

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**GENERAL FUND EXPENDITURES**  
**FOR THE YEAR ENDED MAY 31, 2025**

PROFESSIONAL FEES:

Auditing	\$ 16,250
Engineering	102,041
Legal	<u>132,553</u>

TOTAL PROFESSIONAL FEES	<u>\$ 250,844</u>
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CONTRACTED SERVICES:

Bookkeeping	\$ 65,968
General Management	12,584
Operations and Billing	54,738
Solid Waste Disposal	<u>182,046</u>

TOTAL CONTRACTED SERVICES	<u>\$ 315,336</u>
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UTILITIES:

Electricity	\$ 79,494
Telephone	<u>1,906</u>

TOTAL UTILITIES	<u>\$ 81,400</u>
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REPAIRS AND MAINTENANCE	<u>\$ 852,530</u>
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ADMINISTRATIVE EXPENDITURES:

Director Fees	\$ 23,112
Insurance	34,058
Office Supplies and Postage	11,788
Payroll Taxes	1,768
Travel and Meetings	14,776
Other	<u>52,779</u>

TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 138,281</u>
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See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED MAY 31, 2025**

CAPITAL OUTLAY	<u>\$ 1,391,390</u>
OTHER EXPENDITURES:	
Chemicals	\$ 35,218
Laboratory Fees	11,221
Permit Fees	33,890
Lease Costs	57,600
Inspection Fees	10,775
Regional Water Authority Assessment	411,939
Regulatory Assessment	3,748
Sludge Hauling	<u>29,629</u>
TOTAL OTHER EXPENDITURES	<u>\$ 594,020</u>
BOND ISSUANCE COSTS	<u>\$ 52,500</u>
TOTAL EXPENDITURES	<u><u>\$ 3,676,301</u></u>

See accompanying independent auditor's report.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**INVESTMENTS**  
**MAY 31, 2025**

<u>Funds</u>	<u>Identification or Certificate Number</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at End of Year</u>	<u>Accrued Interest Receivable at End of Year</u>
<u>GENERAL FUND</u>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 4,051,541	\$
Certificate of Deposit	XXXX0676	4.00%	08/19/25	235,000	2,575
Certificate of Deposit	XXXX7474	4.50%	04/21/26	235,000	1,217
Certificate of Deposit	XXXX4244	5.00%	06/09/25	235,000	11,428
Certificate of Deposit	XXXX0362	4.18%	11/21/25	235,000	162
Certificate of Deposit	XXXX6004	4.56%	07/04/25	235,000	4,257
Certificate of Deposit	XXXX0235	4.75%	12/01/25	235,000	5,383
Certificate of Deposit	XXXX5630	4.15%	03/22/26	235,000	1,870
Certificate of Deposit	XXXX3157	4.15%	05/13/26	235,000	481
TOTAL GENERAL FUND				<u>\$ 5,931,541</u>	<u>\$ 27,373</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXXX0006	Varies	Daily	\$ 2,815,835	\$
Texas CLASS	XXXX0007	Varies	Daily	206,095	
Certificate of Deposit	XXXX0993	5.25%	08/09/25	235,000	9,971
TOTAL DEBT SERVICE FUND				<u>\$ 3,256,930</u>	<u>\$ 9,971</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXXX0004	Varies	Daily	\$ 1,795	\$
Texas CLASS	XXXX0012	Varies	Daily	112,105	
Texas CLASS	XXXX0014	Varies	Daily	7,821	
Texas CLASS	XXXX0016	Varies	Daily	536,569	
TOTAL CAPITAL PROJECTS FUND				<u>\$ 658,290</u>	<u>\$ - 0 -</u>
TOTAL - ALL FUNDS				<u>\$ 9,846,761</u>	<u>\$ 37,344</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**TAXES LEVIED AND RECEIVABLE FOR THE**  
**YEAR ENDED MAY 31, 2025**

	Maintenance Taxes		Debt Service Taxes			
TAXES RECEIVABLE -						
JUNE 1, 2024	\$	25,658	\$	35,636		
Adjustments to Beginning						
Balance		<u>(6,618)</u>	<u>(9,192)</u>	\$	26,444	
Original 2024 Tax Levy	\$	1,904,121	\$	2,746,328		
Adjustment to 2024 Tax Levy		<u>12,612</u>	<u>1,916,733</u>	<u>18,191</u>	<u>2,764,519</u>	
TOTAL TO BE						
ACCOUNTED FOR		\$	1,935,773	\$	2,790,963	
TAX COLLECTIONS:						
Prior Years	\$	15,955	\$	22,159		
Current Year		<u>1,878,721</u>	<u>1,894,676</u>	<u>2,709,695</u>	<u>2,731,854</u>	
TAXES RECEIVABLE -						
MAY 31, 2025			<u>\$</u>	41,097	<u>\$</u>	59,109
TAXES RECEIVABLE BY						
YEAR:						
2024		\$	38,012	\$	54,824	
2023			<u>3,085</u>		<u>4,285</u>	
TOTAL		\$	41,097	\$	59,109	

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
TAXES LEVIED AND RECEIVABLE FOR THE  
YEAR ENDED MAY 31, 2025**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
PROPERTY VALUATIONS:				
Land	\$ 91,169,901	\$ 56,436,639	\$ 51,084,131	\$ 38,098,960
Improvements	289,833,810	244,597,510	217,650,284	167,726,633
Personal Property	529,969	1,045,288	136,912	157,322
Exemptions	<u>(12,931,176)</u>	<u>(11,378,197)</u>	<u>(8,522,736)</u>	<u>(7,314,435)</u>
TOTAL PROPERTY VALUATIONS	<u>\$ 368,602,504</u>	<u>\$ 290,701,240</u>	<u>\$ 260,348,591</u>	<u>\$ 198,668,480</u>
TAX RATES PER \$100 VALUATION:				
Debt Service	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.805
Maintenance	<u>0.52</u>	<u>0.54</u>	<u>0.57</u>	<u>0.575</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 1.27</u>	<u>\$ 1.29</u>	<u>\$ 1.32</u>	<u>\$ 1.380</u>
ADJUSTED TAX LEVY*	<u>\$ 4,681,252</u>	<u>\$ 3,750,046</u>	<u>\$ 3,436,601</u>	<u>\$ 2,741,625</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>98.02 %</u>	<u>99.80 %</u>	<u>100.00 %</u>	<u>100.00 %</u>

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters November 5, 2013.

Maintenance Tax for Parks and Recreational facilities – Maximum tax rate of \$0.10 per \$100 of assessed valuation approved by voters November 5, 2013.

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

S E R I E S - 2 0 1 5			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 170,000	\$ 174,301	\$ 344,301
2027	180,000	168,389	348,389
2028	185,000	161,886	346,886
2029	195,000	154,876	349,876
2030	205,000	147,376	352,376
2031	220,000	139,133	359,133
2032	230,000	130,133	360,133
2033	240,000	120,733	360,733
2034	255,000	110,832	365,832
2035	265,000	100,432	365,432
2036	280,000	89,532	369,532
2037	295,000	77,848	372,848
2038	310,000	65,370	375,370
2039	325,000	52,273	377,273
2040	345,000	38,325	383,325
2041	360,000	23,520	383,520
2042	380,000	7,980	387,980
2043			
2044			
2045			
2046			
2047			
	<u>\$ 4,440,000</u>	<u>\$ 1,762,939</u>	<u>\$ 6,202,939</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

S E R I E S - 2 0 1 7			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 125,000	\$ 80,133	\$ 205,133
2027	125,000	76,289	201,289
2028	125,000	72,257	197,257
2029	125,000	68,070	193,070
2030	125,000	63,758	188,758
2031	125,000	59,320	184,320
2032	125,000	54,695	179,695
2033	120,000	50,040	170,040
2034	120,000	45,480	165,480
2035	120,000	40,800	160,800
2036	120,000	36,000	156,000
2037	120,000	31,200	151,200
2038	120,000	26,400	146,400
2039	120,000	21,600	141,600
2040	120,000	16,800	136,800
2041	120,000	12,000	132,000
2042	120,000	7,200	127,200
2043	120,000	2,400	122,400
2044			
2045			
2046			
2047			
	<u>\$ 2,195,000</u>	<u>\$ 764,442</u>	<u>\$ 2,959,442</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

S E R I E S - 2 0 1 7 R O A D				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 100,000	\$ 68,325	\$	168,325
2027	100,000	65,325		165,325
2028	100,000	62,263		162,263
2029	100,000	59,075		159,075
2030	100,000	55,763		155,763
2031	100,000	52,325		152,325
2032	100,000	48,825		148,825
2033	100,000	45,263		145,263
2034	110,000	41,388		151,388
2035	110,000	37,263		147,263
2036	110,000	33,000		143,000
2037	110,000	28,600		138,600
2038	110,000	24,200		134,200
2039	110,000	19,800		129,800
2040	110,000	15,400		125,400
2041	110,000	11,000		121,000
2042	110,000	6,600		116,600
2043	110,000	2,200		112,200
2044				
2045				
2046				
2047				
	<u>\$ 1,900,000</u>	<u>\$ 676,615</u>	<u>\$</u>	<u>2,576,615</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

S E R I E S - 2 0 1 9			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 215,000	\$ 94,162	\$ 309,162
2027	215,000	89,862	304,862
2028	215,000	85,562	300,562
2029	215,000	81,262	296,262
2030	215,000	76,962	291,962
2031	215,000	72,662	287,662
2032	215,000	68,228	283,228
2033	215,000	63,660	278,660
2034	215,000	58,957	273,957
2035	215,000	54,119	269,119
2036	220,000	49,088	269,088
2037	220,000	43,726	263,726
2038	220,000	38,225	258,225
2039	220,000	32,725	252,725
2040	220,000	27,087	247,087
2041	220,000	21,313	241,313
2042	220,000	15,402	235,402
2043	225,000	9,282	234,282
2044	225,000	3,094	228,094
2045			
2046			
2047			
	<u>\$ 4,140,000</u>	<u>\$ 985,378</u>	<u>\$ 5,125,378</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

S E R I E S - 2 0 2 0			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 250,000	\$ 120,343	\$ 370,343
2027	250,000	112,218	362,218
2028	250,000	107,218	357,218
2029	250,000	102,218	352,218
2030	250,000	97,218	347,218
2031	250,000	92,218	342,218
2032	300,000	86,718	386,718
2033	300,000	80,718	380,718
2034	300,000	74,718	374,718
2035	300,000	68,718	368,718
2036	300,000	62,718	362,718
2037	325,000	56,265	381,265
2038	325,000	49,156	374,156
2039	325,000	41,844	366,844
2040	325,000	34,531	359,531
2041	325,000	27,016	352,016
2042	325,000	19,297	344,297
2043	325,000	11,578	336,578
2044	325,000	3,871	328,871
2045			
2046			
2047			
	<u>\$ 5,600,000</u>	<u>\$ 1,248,581</u>	<u>\$ 6,848,581</u>

See accompanying independent auditor's report.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

S E R I E S - 2 0 2 1			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 100,000	\$ 80,462	\$ 180,462
2027	155,000	74,725	229,725
2028	155,000	67,750	222,750
2029	155,000	62,712	217,712
2030	155,000	59,613	214,613
2031	155,000	56,512	211,512
2032	155,000	53,413	208,413
2033	155,000	50,215	205,215
2034	155,000	46,922	201,922
2035	155,000	43,434	198,434
2036	160,000	39,694	199,694
2037	160,000	35,794	195,794
2038	160,000	31,794	191,794
2039	160,000	27,694	187,694
2040	160,000	23,494	183,494
2041	160,000	19,294	179,294
2042	160,000	15,094	175,094
2043	165,000	10,828	175,828
2044	165,000	6,497	171,497
2045	165,000	2,166	167,166
2046			
2047			
	<u>\$ 3,110,000</u>	<u>\$ 808,107</u>	<u>\$ 3,918,107</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

S E R I E S - 2 0 2 3				
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total	
2026	\$ 185,000	\$ 144,025	\$	329,025
2027	185,000	138,475		323,475
2028	185,000	132,925		317,925
2029	185,000	127,375		312,375
2030	185,000	120,900		305,900
2031	185,000	113,500		298,500
2032	185,000	106,100		291,100
2033	185,000	98,700		283,700
2034	185,000	91,300		276,300
2035	185,000	83,900		268,900
2036	185,000	76,500		261,500
2037	185,000	69,100		254,100
2038	185,000	61,700		246,700
2039	185,000	54,300		239,300
2040	185,000	46,900		231,900
2041	180,000	39,600		219,600
2042	180,000	32,400		212,400
2043	180,000	25,200		205,200
2044	180,000	18,000		198,000
2045	180,000	10,800		190,800
2046	180,000	3,600		183,600
2047				
	<u>\$ 3,855,000</u>	<u>\$ 1,595,300</u>	<u>\$</u>	<u>5,450,300</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

S E R I E S - 2 0 2 4			
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2026	\$ 300,000	\$ 430,050	\$ 730,050
2027	350,000	417,050	767,050
2028	400,000	402,050	802,050
2029	450,000	385,050	835,050
2030	490,000	366,250	856,250
2031	525,000	345,950	870,950
2032	525,000	327,575	852,575
2033	560,000	311,300	871,300
2034	560,000	294,150	854,150
2035	560,000	276,300	836,300
2036	560,000	256,000	816,000
2037	560,000	233,600	793,600
2038	560,000	211,200	771,200
2039	560,000	188,800	748,800
2040	555,000	166,500	721,500
2041	555,000	144,300	699,300
2042	555,000	122,100	677,100
2043	555,000	99,900	654,900
2044	555,000	77,700	632,700
2045	555,000	55,500	610,500
2046	555,000	33,300	588,300
2047	555,000	11,100	566,100
	<u>\$ 11,400,000</u>	<u>\$ 5,155,725</u>	<u>\$ 16,555,725</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**LONG-TERM DEBT SERVICES REQUIREMENTS**  
**MAY 31, 2025**

ANNUAL REQUIREMENTS  
FOR ALL SERIES

Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 1,445,000	\$ 1,191,801	\$ 2,636,801
2027	1,560,000	1,142,333	2,702,333
2028	1,615,000	1,091,911	2,706,911
2029	1,675,000	1,040,638	2,715,638
2030	1,725,000	987,840	2,712,840
2031	1,775,000	931,620	2,706,620
2032	1,835,000	875,687	2,710,687
2033	1,875,000	820,629	2,695,629
2034	1,900,000	763,747	2,663,747
2035	1,910,000	704,966	2,614,966
2036	1,935,000	642,532	2,577,532
2037	1,975,000	576,133	2,551,133
2038	1,990,000	508,045	2,498,045
2039	2,005,000	439,036	2,444,036
2040	2,020,000	369,037	2,389,037
2041	2,030,000	298,043	2,328,043
2042	2,050,000	226,073	2,276,073
2043	1,680,000	161,388	1,841,388
2044	1,450,000	109,162	1,559,162
2045	900,000	68,466	968,466
2046	735,000	36,900	771,900
2047	555,000	11,100	566,100
	<u>\$ 36,640,000</u>	<u>\$ 12,997,087</u>	<u>\$ 49,637,087</u>

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**CHANGE IN LONG-TERM BOND DEBT**  
**FOR THE YEAR ENDED MAY 31, 2025**

Description	Original Bonds Issued	Bonds Outstanding June 1, 2024	
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2015	\$ 5,520,000	\$ 4,600,000	
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2017	3,070,000	2,320,000	
Willow Point Municipal Utility District Unlimited Tax Road Bonds - Series 2017	2,500,000	2,000,000	
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2019	5,000,000	4,355,000	
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2020	6,500,000	5,850,000	
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2021	3,310,000	3,210,000	
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2023	4,040,000	4,040,000	
Willow Point Municipal Utility District Unlimited Tax Bonds - Series 2024	<u>11,400,000</u>	<u>11,400,000</u>	
TOTAL	<u>\$ 41,340,000</u>	<u>\$ 37,775,000</u>	
Bond Authority:	<u>Utility Bonds</u>	<u>Refunding Bonds</u>	<u>Road Bonds</u>
Amount Authorized by Voters	\$ 96,500,000	\$ 216,570,000	\$ 41,000,000
Amount Issued	<u>38,840,000</u>		<u>2,500,000</u>
Remaining to be Issued	\$ 57,660,000	\$ 216,570,000	\$ 38,500,000

\*

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

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

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding May 31, 2025	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 160,000	\$ 179,464	\$ 4,440,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX	
	125,000	83,883	2,195,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX	
	100,000	71,325	1,900,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX	
	215,000	98,463	4,140,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX	
	250,000	131,593	5,600,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX	
	100,000	84,962	3,110,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX	
	185,000	149,575	3,855,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX	
		390,023	11,400,000	The Bank Of New York Mellon Trust Company, N.A. Dallas, TX	
<u>\$ - 0 -</u>	<u>\$ 1,135,000</u>	<u>\$ 1,189,288</u>	<u>\$ 36,640,000</u>		
Park Bonds					
\$ 7,000,000					
<u>\$ 7,000,000</u>					

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

\$ 3,314,351

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

\$ 2,256,231

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FIVE YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 1,894,676	\$ 1,547,737	\$ 1,481,156
Water Service	349,481	337,561	338,566
Wastewater Service	453,121	426,689	407,758
Regional Water Authority Fee	410,227	452,117	449,408
Penalty and Interest	48,073	41,455	43,246
Tap Connection and Inspection Fees		186,064	160,995
Investment Revenues	279,732	258,351	122,327
Miscellaneous Revenues	7,232	13,300	35,119
<b>TOTAL REVENUES</b>	<u>\$ 3,442,542</u>	<u>\$ 3,263,274</u>	<u>\$ 3,038,575</u>
<b>EXPENDITURES</b>			
Professional Fees	\$ 250,844	\$ 194,769	\$ 211,085
Contracted Services	315,336	262,354	252,531
Lease Costs	57,600	57,600	80,100
Utilities	81,400	81,233	82,387
Regional Water Authority Assessment	411,939	439,407	410,010
Repairs and Maintenance	852,530	514,459	421,982
Other	262,762	252,390	270,468
Bond Issuance Costs	52,500		56,688
Capital Outlay	1,391,390	145,525	146,261
<b>TOTAL EXPENDITURES</b>	<u>\$ 3,676,301</u>	<u>\$ 1,947,737</u>	<u>\$ 1,931,512</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ (233,759)</u>	<u>\$ 1,315,537</u>	<u>\$ 1,107,063</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In (Out)	<u>\$ - 0 -</u>	<u>\$ 51,850</u>	<u>\$ 43,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (233,759)</u>	<u>\$ 1,367,387</u>	<u>\$ 1,150,063</u>
<b>BEGINNING FUND BALANCE</b>	<u>5,794,003</u>	<u>4,426,616</u>	<u>3,276,553</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 5,560,244</u>	<u>\$ 5,794,003</u>	<u>\$ 4,426,616</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 1,153,053	\$ 1,076,632	55.0 %	47.4 %	48.8 %	51.8 %	49.8 %
285,087	279,836	10.2	10.3	11.1	12.8	12.9
390,866	366,060	13.2	13.1	13.4	17.6	16.9
334,039	341,549	11.9	13.9	14.8	15.0	15.8
28,725	20,754	1.4	1.3	1.4	1.3	1.0
11,403	54,414		5.7	5.3	0.5	2.5
8,709	16,284	8.1	7.9	4.0	0.4	0.8
12,756	6,900	0.2	0.4	1.2	0.6	0.3
<u>\$ 2,224,638</u>	<u>\$ 2,162,429</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 217,319	\$ 134,140	7.3 %	6.0 %	6.9 %	9.8 %	6.2 %
213,726	178,796	9.2	8.0	8.3	9.6	8.3
84,600	84,600	1.7	1.8	2.6	3.8	3.9
75,545	70,493	2.4	2.5	2.7	3.4	3.3
310,762	320,200	12.0	13.5	13.5	14.0	14.8
305,492	300,480	24.8	15.8	13.9	13.7	13.9
193,030	197,500	7.6	7.7	8.9	8.7	9.1
43,000	49,239	1.5		1.9	1.9	2.3
197,327	38,630	40.4	4.4	4.8	8.9	1.8
<u>\$ 1,640,801</u>	<u>\$ 1,374,078</u>	<u>106.9 %</u>	<u>59.7 %</u>	<u>63.5 %</u>	<u>73.8 %</u>	<u>63.6 %</u>
<u>\$ 583,837</u>	<u>\$ 788,351</u>	<u>(6.9) %</u>	<u>40.3 %</u>	<u>36.5 %</u>	<u>26.2 %</u>	<u>36.4 %</u>
<u>\$ 49,239</u>	<u>\$ 60,855</u>					
\$ 633,076	\$ 849,206					
<u>2,643,477</u>	<u>1,794,271</u>					
<u>\$ 3,276,553</u>	<u>\$ 2,643,477</u>					

See accompanying independent auditor's report.



**WILLOW POINT MUNICIPAL UTILITY DISTRICT**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 2,731,854	\$ 2,149,163	\$ 1,949,819
Property Taxes-Rollback		16,894	105,834
Penalty and Interest	25,927	26,747	17,800
Investment Revenues	108,728	94,072	48,432
Miscellaneous Revenues	433	6,359	48
<b>TOTAL REVENUES</b>	<u>\$ 2,866,942</u>	<u>\$ 2,293,235</u>	<u>\$ 2,121,933</u>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 102,027	\$ 88,733	\$ 79,275
Debt Service Principal	1,135,000	940,000	835,000
Debt Service Interest and Fees	1,194,988	836,151	714,115
<b>TOTAL EXPENDITURES</b>	<u>\$ 2,432,015</u>	<u>\$ 1,864,884</u>	<u>\$ 1,628,390</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 434,927</u>	<u>\$ 428,351</u>	<u>\$ 493,543</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Long-Term Debt Issued	\$ - 0 -	\$ 218,025	\$ 76,175
<b>NET CHANGE IN FUND BALANCE</b>	\$ 434,927	\$ 646,376	\$ 569,718
<b>BEGINNING FUND BALANCE</b>	<u>2,945,699</u>	<u>2,299,323</u>	<u>1,729,605</u>
<b>ENDING FUND BALANCE</b>	<u>\$ 3,380,626</u>	<u>\$ 2,945,699</u>	<u>\$ 2,299,323</u>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<u>751</u>	<u>746</u>	<u>718</u>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<u>714</u>	<u>709</u>	<u>680</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 1,611,311	\$ 1,364,581	95.3 %	93.7 %	91.9 %	91.9 %	98.8 %
			0.7	5.0		
22,190	9,257	0.9	1.2	0.8	0.8	0.7
4,312	6,534	3.8	4.1	2.3	2.3	0.5
1,849	13		0.3		5.0	
<u>\$ 1,639,662</u>	<u>\$ 1,380,385</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 75,770	\$ 55,444	3.6 %	3.9 %	3.7 %	4.6 %	4.0 %
730,000	355,000	39.6	41.0	39.4	44.5	25.7
<u>666,252</u>	<u>602,875</u>	<u>41.6</u>	<u>36.4</u>	<u>33.7</u>	<u>40.6</u>	<u>43.7</u>
<u>\$ 1,472,022</u>	<u>1,013,319</u>	<u>84.8 %</u>	<u>81.3 %</u>	<u>76.8 %</u>	<u>89.7 %</u>	<u>73.4 %</u>
<u>\$ 167,640</u>	<u>\$ 367,066</u>	<u>15.2 %</u>	<u>18.7 %</u>	<u>23.2 %</u>	<u>10.3 %</u>	<u>26.6 %</u>
<u>45,856</u>	<u>83,234</u>					
\$ 213,496	\$ 450,300					
<u>1,516,109</u>	<u>1,065,809</u>					
<u>\$ 1,729,605</u>	<u>\$ 1,516,109</u>					
<u>685</u>	<u>683</u>					
<u>652</u>	<u>649</u>					

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
MAY 31, 2025**

District Mailing Address - Willow Point Municipal Utility District  
c/o Sanford Kuhl Hagan Kugle Parker Kahn, LLP  
1330 Post Oak Boulevard, Suite 2650  
Houston, TX 77056

District Telephone Number - (713) 850-9000

<b>Board Members</b>	<b>Term of Office (Elected or Appointed)</b>	<b>Fees of office for the year ended May 31, 2025</b>	<b>Expense reimbursements for the year ended May 31, 2025</b>	<b>Title</b>
Simon VanDyk	05/2024 – 05/2028 (Elected)	\$ 7,200	\$ 848	President
Paul Breaux	06/2024 – 05/2028 (Appointed)	\$ 4,420	\$ 343	Vice President
David L. Salley	05/2022 – 05/2026 (Elected)	\$ 2,652	\$ 33	Secretary
Jim Moses	11/2024 – 05/2026 (Appointed)	\$ 2,652	\$ 225	Assistant Secretary
Dave Hall	11/2024 – 05/2028 (Appointed)	\$ 2,431	\$ 116	Assistant Secretary

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

Submission date of most recent District Registration Form: November 8, 2024

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

See accompanying independent auditor's report.

**WILLOW POINT MUNICIPAL UTILITY DISTRICT  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
MAY 31, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended May 31, 2025</u>	<u>Title</u>
Sanford Kuhl Hagan Kugle Parker Kahn LLP	01/22/13	\$ 142,487 \$ -0-	General Counsel/ Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	06/25/14	\$ 16,250 \$ -0-	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	05/03/18	\$ 71,213 \$ -0-	Bookkeeper Bond Related
Perdue Brandon Fielder Collins & Mott, LLP	03/04/21	\$ 9,635	Delinquent Tax Attorney
Quiddity Engineering LLC	01/22/13	\$ 370,642	Engineer
Masterson Advisors LLC	05/03/18	\$ -0-	Financial Advisor
Mark Burton		\$ -0-	Investment Officer
Ghia Lewis		\$ -0-	Investment Officer
Si Environmental LLC	08/14/13	\$ 342,232	Operator
Utility Tax Services, LLC	06/19/13	\$ 49,025	Tax Assessor/ Collector

See accompanying independent auditor's report.

## **APPENDIX B**

### **Specimen Municipal Bond Insurance Policy**



## MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$        in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

ASSURED GUARANTY INC.

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

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)