

**PRELIMINARY OFFICIAL STATEMENT DATED MAY 21, 2026**

**This PRELIMINARY OFFICIAL STATEMENT is subject to completion and amendment and is intended solely for the solicitation of initial bids to purchase the Bonds. Upon sale of the Bonds, the OFFICIAL STATEMENT will be completed and delivered to the Underwriter.**

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

THE BONDS WILL **NOT** BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS."

**NEW ISSUE-Book-Entry Only**

Underlying Rating: Moody's "A1"  
See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" herein.

**NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5**  
*(A political subdivision of the State of Texas located within Harris County)*

**\$12,310,000**  
**UNLIMITED TAX BONDS**  
**SERIES 2026**

The \$12,310,000 Unlimited Tax Bonds, Series 2026 (the "Bonds") are obligations solely of Northwest Harris County Municipal Utility District No. 5 (the "District"), and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District.

The Bonds, 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, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District. The Bonds are subject to special investment risks described herein. See "INVESTMENT CONSIDERATIONS."

**Dated Date: July 1, 2026**

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

**Interest accrual date: Date of Delivery**

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., Houston, Texas (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 on or about July 23, 2026) (the "Date of Delivery"), and is payable each November 1 and May 1, commencing November 1, 2026, until maturity or prior redemption. The Bonds will be issued only in fully registered form. The Bonds will be issued in denominations of \$5,000 each or integral multiples 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."

**MATURITY SCHEDULE**

Principal Amount (a)	Maturity (May 1)	CUSIP Number (c)	Interest Rate	Initial Reoffering Yield (d)	Principal Amount (a)	Maturity (May 1)	CUSIP Number (c)	Interest Rate	Initial Reoffering Yield (d)
			%	%				%	%
\$ 495,000	2027				\$ 490,000	2040 (b)			
495,000	2028				490,000	2041 (b)			
495,000	2029				490,000	2042 (b)			
495,000	2030				490,000	2043 (b)			
495,000	2031				490,000	2044 (b)			
495,000	2032				490,000	2045 (b)			
495,000	2033 (b)				490,000	2046 (b)			
495,000	2034 (b)				490,000	2047 (b)			
495,000	2035 (b)				490,000	2048 (b)			
495,000	2036 (b)				490,000	2049 (b)			
495,000	2037 (b)				490,000	2050 (b)			
495,000	2038 (b)				490,000	2051 (b)			
490,000	2039 (b)								

- (a) The Underwriter may designate one or more maturities of term bonds. See accompanying "OFFICIAL NOTICE OF SALE."
- (b) Bonds maturing on or after May 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 May 1, 2032, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
- (c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
- (d) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter for offers to the public and which subsequently may be changed.

The Bonds are offered by the Underwriter (defined herein) subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel. Delivery of the Bonds through DTC is expected on or about July 23, 2026.

**Bids Due: Thursday, June 18, 2026 at 9:00 A.M., Houston Time in Houston, Texas**  
**Bid Award: Thursday, June 18, 2026 at 10:15 A.M., Houston Time in Houston, Texas**

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

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## USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, as amended and in effect on the date hereof, this document constitutes an OFFICIAL STATEMENT with respect to the Bonds that has been “deemed final” by the District as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

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

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

All of the summaries of the statutes, orders, resolutions, 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 Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019, upon payment of duplication costs.

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

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

## 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 \_\_\_\_\_ (the "Underwriter") paying the interest rates shown on the cover page hereof, at a price of \_\_\_\_\_% of the par value thereof which resulted in a net effective interest rate of \_\_\_\_\_%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

### **Prices and Marketability**

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

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

### **Securities Laws**

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

## 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

<i>Description...</i>	The District is a political subdivision of the State of Texas, operating pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District was created by an order of the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ") dated December 3, 1974, and confirmed at an election held within the District on April 3, 1976. The District recently annexed approximately 59 acres into its boundaries and currently encompasses approximately 3,051 acres of land. See "THE DISTRICT."
<i>Location...</i>	The District is located approximately 25 miles northwest of the central business district of the City of Houston, Texas and is located entirely within the City of Houston's exclusive extraterritorial jurisdiction. A portion of the District is located in the Cypress-Fairbanks Independent School District and the remaining portion of the District is located in the Tomball Independent School District. Access to the District is by U.S. Highway 290 to Spring-Cypress Road. See "THE DISTRICT" and "AERIAL PHOTOGRAPH."
<i>Status of Development...</i>	<p>Development of the District began in the 1970s. The District has been developed as a predominantly single-family residential development. The most recent development of lots has been completed by Caldwell Companies, David Weekley Homes, Newmark Homes and Woodmere Development Co., Ltd. See "USE AND DISTRIBUTION OF BOND PROCEEDS" and "INVESTMENT CONSIDERATIONS—Future Debt."</p> <p>Approximately 2,150 acres (8,354 lots) have been developed as the single-family residential subdivisions of Copper Ridge at Indian Trails, Fairwood, Lakewood Oaks Estates, Village Creek, Rock Creek, The Reserve at Cypress Creek, The Village of Indian Trails, Villages on Grant, Lakes at NorthPointe, Forest Creek Farms, Wildwood at Oakcrest North, Oakcrest North, Grant Meadows, Treeline, Wildwood at Northpointe, Enclave at NorthPointe, Valencia Pines, Hayden Lakes, Willow Wood Place, Telge Ranch, Mirella, Telge Ranch North, and Meadows at Telge, and Cypress Manor. Homes within the District have an average market value of approximately \$450,000 for 2025. See "THE DISTRICT—Status of Development." As of May 21, 2026, the District had 8,341 completed homes (72 unoccupied), 8 homes under construction or in a builder's name and 5 vacant developed lots. There are an additional 195 single-family residential lots under construction on approximately 35 acres with an expected completion date in the fourth quarter of 2026. All homes located in Mirella and Cypress Manor (248 homes) are rental properties. See "THE DISTRICT—Status of Development."</p> <p>Commercial development in the District consists of a grocery store, storage facilities, fast food, retail shopping centers, gas stations, an orthodontist office, an urgent care center, daycares, and three swim schools on approximately 201 acres. There are currently approximately 111 developable acres that have not been fully provided with water distribution, wastewater collection and storm drainage facilities and approximately 554 undevelopable acres in the District. See "THE DISTRICT—Status of Development."</p>
<i>Builders...</i>	Homebuilders actively conducting building programs within the District include Newmark Homes and Long Lake Ltd.. See "THE DISTRICT—Status of Development—Single Family Residential."
<i>Payment Record...</i>	The District has previously sold \$281,090,000 principal amount of unlimited tax bonds or combination unlimited tax and revenue bonds in twenty-one series, \$17,050,000 principal amount of unlimited tax park bonds in two series and \$77,065,000 principal amount of unlimited tax or combination unlimited tax and revenue refunding bonds in eight series, \$155,275,000 of which collectively remains outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District has never defaulted in the payment of principal of and interest on the Outstanding Bonds.

## THE BONDS

<i>Description...</i>	The \$12,310,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”) are being issued as fully registered bonds pursuant to an order authorizing the issuance of the Bonds (the “Bond Order”) adopted by the District’s Board of Directors (the “Board”). The Bonds are scheduled to mature as serial bonds on May 1 in each of the years 2027 through 2051, both inclusive, in the principal amounts set forth 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 Date of Delivery, at the rates per annum set forth on the cover page hereof, and is payable November 1, 2026, and each May 1 and November 1 thereafter, until the earlier of maturity or redemption. See “THE BONDS.”
<i>Book-Entry-Only System...</i>	The Depository Trust Company (defined as “DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Redemption...</i>	Bonds maturing on or after May 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 May 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. See “THE BONDS—Redemption Provisions.”
<i>Use of Proceeds...</i>	Proceeds of the Bonds will be used to pay for the items shown herein under “USE AND DISTRIBUTION OF BOND PROCEEDS.” In addition, Bond proceeds will be to pay administrative costs and to pay certain other costs and engineering fees related to the issuance of the Bonds.
<i>Authority for Issuance...</i>	The Bonds are the twenty-second series of bonds issued out of an aggregate of \$343,900,000 principal amount of unlimited tax bonds authorized by the District’s voters for the purpose of constructing and/or acquiring a water, wastewater and drainage system (the “Facilities”) and for refunding outstanding debt. The Bonds are issued by the District pursuant to an order of the TCEQ, the terms and conditions of the Bond Order, an election held in the District, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and 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.”
<i>Source of Payment...</i>	Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations of the District and are not obligations of the City of Houston, Harris County, the State of Texas or any entity other than the District. See “THE BONDS—Source and Security of Payment.”
<i>Municipal Bond Rating and Municipal Bond Insurance...</i>	<p>Moody’s Investors Service (“Moody’s”) has assigned a credit rating of “A1” on the Bonds. An explanation of the rating may be obtained from Moody’s. The fee associated with the rating assigned to the District by Moody’s will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Underwriter. See “MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE.”</p> <p>Application has also been made for municipal bond insurance. If qualified for insurance, the purchase of municipal bond insurance is optional and at the expense of the Underwriter. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance.”</p>
<i>Not Qualified Tax-Exempt Obligations...</i>	The District will <b>NOT</b> designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS—Not Qualified Tax-Exempt Obligations for Financial Institutions.”

<i>Bond Counsel...</i>	Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas. See “MANAGEMENT OF THE DISTRICT,” “LEGAL MATTERS,” and “TAX MATTERS.”
<i>Financial Advisor...</i>	Masterson Advisors LLC, Houston, Texas. See “MANAGEMENT OF THE DISTRICT.”
<i>Disclosure Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Disclosure Counsel, Houston, Texas.
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. 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.....	\$3,622,388,682	(a)
2026 Preliminary Taxable Assessed Valuation.....	\$3,792,310,862	(b)
Estimated Taxable Assessed Valuation as of May 1, 2026 .....	\$3,836,141,424	(c)
Gross Direct Debt Outstanding .....	\$167,585,000	(d)
Estimated Overlapping Debt .....	<u>190,758,090</u>	(e)
Gross Direct Debt and Estimated Overlapping Debt.....	\$358,343,090	
Ratios of Gross Direct Debt to:		
2026 Preliminary Taxable Assessed Valuation .....	4.42%	
Estimated Taxable Assessed Valuation as of May 1, 2026 .....	4.37%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Preliminary Taxable Assessed Valuation.....	9.45%	
Estimated Taxable Assessed Valuation as of May 1, 2026 .....	9.34%	
Debt Service Funds Available as of May 21, 2026 .....	\$ 9,224,523	
Operating Funds Available as of May 21, 2026 .....	\$38,399,041	
Capital Projects Funds Available as of May 21, 2026.....	\$47,439,693	
2025 Debt Service Tax Rate.....	\$0.465	
2025 Maintenance Tax Rate.....	<u>0.215</u>	
2025 Total Tax Rate.....	\$0.680	
Projected Average Annual Debt Service Requirement (2027-2051).....	\$ 8,993,919	(f)
Projected Maximum Annual Debt Service Requirement (2027).....	\$17,466,256	(f)
Tax Rates Required to Pay Average Annual Debt Service (2027-2051) at a 95% Collection Rate		
Based upon 2026 Preliminary Taxable Assessed Valuation .....	\$0.25	(g)
Based upon Estimated Taxable Assessed Valuation as of May 1, 2026 .....	\$0.25	(g)
Tax Rates Required to Pay Maximum Annual Debt Service (2027) at a 95% Collection Rate		
Based upon 2026 Preliminary Taxable Assessed Valuation .....	\$0.49	(g)
Based upon Estimated Taxable Assessed Valuation as of May 1, 2026 .....	\$0.48	(g)
Status of Development as of May 21, 2026 (h):		
Total Developed Lots .....	8,354	
Homes Completed (8,269 occupied homes, 72 unoccupied homes).....	8,341	
Homes Under Construction or in a Builder's Name .....	8	
Lots Available for Construction .....	5	
Lots Under Construction .....	195	
Estimated Population .....	28,942	(i)

- (a) As certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District as a preliminary indication of the 2026 taxable value as of January 1, 2026. Such value is subject to property owner protest and Appraisal District review and downward revision prior to certification. See "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on May 1, 2026. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."
- (d) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
- (e) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
- (f) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
- (g) See "TAX DATA—Tax Adequacy for Debt Service."
- (h) See "THE DISTRICT—Land Use" and "—Status of Development."
- (i) Based upon 3.5 persons per occupied single-family residence.

## PRELIMINARY OFFICIAL STATEMENT

### NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5 *(A political subdivision of the State of Texas located within Harris County)*

#### **\$12,310,000 UNLIMITED TAX BONDS SERIES 2026**

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Northwest Harris County Municipal Utility District No. 5 (the “District”) of its \$12,310,000 Unlimited Tax Bonds, Series 2026 (the “Bonds”).

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

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, 2727 Allen Parkway, Suite 100, Houston, Texas 77019, upon payment of duplication costs.

## THE BONDS

### **General**

The 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 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 July 1, 2026, with interest payable on November 1, 2026, and on each May 1 and November 1 thereafter (each an “Interest Payment Date”) until maturity or redemption. Interest will accrue from the Date of Delivery and the Bonds will mature on May 1 in each of the years and in the principal amounts and bear interest at the rates shown under “MATURITY SCHEDULE” on the cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York (“DTC”), in its nominee name of Cede & Co., pursuant to the book-entry system described herein (“Registered Owners”). No physical delivery of the Bonds will be made to the purchasers thereof. See “BOOK-ENTRY-ONLY SYSTEM.” Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

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

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

The Board has appointed The Bank of New York Mellon Trust Company, National Association, having its principal payment office in Houston, Texas as the initial paying agent/registrar (the “Paying Agent/Registrar”) for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.” Interest calculations are based upon a thirty (30) day month and a three hundred sixty (360) day year.

### **Record Date**

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

## **Source and Security of Payment**

The Bonds, together with the Outstanding Bonds and any additional unlimited tax bonds issued hereafter, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. In the Bond Order, the District covenants to levy a tax sufficient to pay the principal of and interest in the Bonds, with full allowance being made for delinquencies, costs of levy and collection, Paying Agent/Registrar and Appraisal District fees. See "TAXING PROCEDURES." The Bonds involve certain elements of risk, and all prospective purchasers are urged to examine carefully this OFFICIAL STATEMENT with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS." The Bonds are obligations solely of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any political subdivision or entity other than the District.

## **Funds**

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

The proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of paying certain construction costs, and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund after completion of construction of the entire water, sanitary sewer and drainage system will be used as described in the Bond Order or ultimately transferred to the Debt Service Fund. See "USE AND DISTRIBUTION OF BOND PROCEEDS" for a description of the use of Bond proceeds and the projects related thereto.

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

## **Redemption Provisions**

The District reserves the right, at its option, to redeem the Bonds maturing on or after May 1, 2033, prior to their scheduled maturities, in whole or, from time to time in part, in integral multiples of \$5,000 on May 1, 2032, or any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption.

If less than all of the Bonds are redeemed at any time, the maturities of the Bonds to be redeemed shall be selected by the District. If less than all of the Bonds of a certain maturity are to be redeemed, the particular Bonds or portions thereof to be redeemed will be selected by DTC in accordance with its procedures or, if the Bonds are no longer in the Book-Entry-Only System, the Paying Agent/Registrar by such method of random selection as it deems fair and appropriate.

If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like series, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

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 less 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 have been 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 which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

### **Authority for Issuance**

At bond elections held within the District, the voters of the District authorized the issuance of \$343,900,000 principal amount of bonds for the purpose of constructing and/or acquiring a water, wastewater and drainage system (the "Facilities") and for refunding outstanding debt. The Bonds are being issued pursuant to such authorization. See "Issuance of Additional Debt" below.

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, as amended, and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

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

### **Registration**

The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one Paying Agent/Registrar in the State of Texas for the purpose of maintaining the bond register on behalf of the District.

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

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

If, after the delivery of such replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the District and Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the District or the Paying Agent/Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become payable, the District in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of the Bond Order to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

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

Provisions are 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 be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least \$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

### **Issuance of Additional Debt**

The District's voters have authorized the issuance of \$343,900,000 principal amount of bonds for the purpose of constructing and/or acquiring the Facilities and refunding outstanding debt of the District and could authorize additional amounts. After the issuance of the Bonds, \$49,005,000 principal amount of unlimited tax bonds for constructing and/or acquiring the Facilities and refunding outstanding bonds will remain authorized but unissued.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of parks and recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) 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 value 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; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District has prepared and adopted a detailed park plan and the voters of the District have authorized the issuance of \$26,000,000 principal amount of unlimited tax bonds for constructing and/or acquiring parks and recreational facilities, \$8,950,000 of which remains authorized but unissued.

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the TCEQ for "road powers" nor calling such an election at this time.

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. Issuance of additional bonds could dilute the investment security for the Bonds. See "INVESTMENT CONSIDERATIONS—Future Debt."

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

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

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

### **Strategic Partnership**

On December 20, 2007, and amended May 14, 2013, the District entered into a Strategic Partnership Agreement (the "SPA") with the City of Houston pursuant to Chapter 43 of the Texas Local Government Code. The SPA provides for a "limited purpose annexation" of that portion of the District developed for retail and commercial purposes in order to apply certain City of Houston health, safety, planning and zoning ordinances within the District. Residential development within the District is not subject to the limited purpose annexation. The SPA also provides that the City of Houston will not annex the District for "full purposes" for at least thirty (30) years (December 20, 2037). Also, as a condition to full purpose annexation, any unpaid reimbursement obligations due to a developer by the District for water, wastewater, and drainage facilities must be assumed by the City of Houston to the maximum extent permitted by Commission rules.

Upon execution of the SPA, the City of Houston imposed the one percent (1%) retail City of Houston Sales Tax within the portion of the District included in the limited purpose annexation. The City of Houston pays to the District an amount equal to one-half of all retail sales tax revenues generated within such area of the District and received by the City of Houston from the Comptroller (herein defined as the "Sales Tax Revenue"). Pursuant to State law, the District is authorized to use the Sales Tax Revenue generated under the SPA for any lawful purpose. None of the anticipated Sales Tax Revenue is pledged toward the payment of principal and interest on the Bonds.

### **Amendments**

The District has reserved the right to amend the Bond Order without the consent of the Registered Owners as may be required (a) by the provisions of the Bond Order, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Order, or (c) in connection with any other change not to the prejudice of the Registered Owners, but the District may not otherwise amend the terms of the Bonds or of the Bond Order without the consent of the Registered Owners.

## **No Arbitrage**

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

## **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 might apply to or which might be utilized by any of such persons or entities to limit the acceptability or suitability of the Bonds for any of the foregoing purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability or acceptability of the Bonds for investment or collateral purposes.

## **Defeasance**

The Bond 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) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing the discharge amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

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

The information in this section concerning DTC and DTC's book-entry-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 Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is 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"). DTC has a rating of "AA+" by S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect 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.

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

Principal, premium, if any, interest payments and redemption proceeds 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.

## USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below 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 BGE, Inc., the District’s engineer (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.

### I. CONSTRUCTION COSTS

•	Water Plant No. 2 Generator Replacement.....	\$ 1,050,000
•	Wastewater Treatment Plant No. 1 Drum Screen Addition.....	1,500,000
•	Water Plant No. 5 Expansion.....	1,750,000
•	Regional Lift Station.....	2,025,000
•	Regional Lift Station Sanitary Sewer Trunkline and Forcemain.....	2,500,000
•	Contingency.....	882,500
•	Engineering.....	1,601,738
	<b>Total Construction Costs.....</b>	<b>\$ 11,309,238</b>

### II. NON-CONSTRUCTION COSTS

•	Underwriter’s Discount (a).....	\$ 369,300
	<b>Total Non-Construction Costs.....</b>	<b>\$ 369,300</b>

### III. ISSUANCE COSTS AND FEES

•	Issuance Costs and Professional Fees.....	\$ 541,187
•	Bond Application Report.....	50,000
•	State Regulatory Fees.....	40,275
	<b>Total Issuance Costs and Fees.....</b>	<b>\$ 631,462</b>
	<b>TOTAL BOND ISSUE.....</b>	<b>\$ 12,310,000</b>

(a) The TCEQ approved a maximum Underwriter’s discount of 3.00%.

## THE DISTRICT

### General

The District is a political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code. The District was created by an Order of the Texas Water Rights Commission, predecessor to the TCEQ dated December 3, 1974, and confirmed at an election held within the District on April 3, 1976. The District is vested with all of the rights, privileges, authority and functions conferred by the general laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered, among other things, to purchase, construct, operate, acquire, own, and maintain water and wastewater facilities and improvements and to provide for the control and diversion of storm water. The District is additionally empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to issue bonds for such purposes, after approval by the TCEQ and the District’s voters of the District’s plans in such regard. The District is also empowered to provide for parks and recreation facilities and solid waste disposal services. The District is subject to the continuing supervision of the TCEQ.

### Description and Location

The District recently annexed approximately 59 acres of land into its boundaries and currently contains approximately 3,051 acres of land. The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston. A portion of the District is within the boundaries of the Cypress-Fairbanks Independent School District and the remaining portion of the District is within the boundaries of the Tomball Independent School District. Access to the District is by U.S. Highway 290 to Spring-Cypress Road. See “AERIAL PHOTOGRAPH.”

**Land Use**

The District currently includes approximately 2,150 developed acres of single-family residential development (8,354 lots), approximately 554 undevelopable acres (utility sites, drainage and easements), approximately 201 acres developed for commercial purposes, approximately 35 acres under construction for 195 single-family residential lots, and approximately 111 developable acres that have not been fully provided with water distribution, wastewater collection and storm drainage facilities.

**Status of Development**

*Single Family Residential:* The District encompasses approximately 3,051 acres, of which approximately 2,150 acres (8,354 lots) have been developed as the single-family residential subdivisions of Copper Ridge at Indian Trails, Fairwood, Lakewood Oaks Estates, Village Creek, Rock Creek, The Reserve at Cypress Creek, The Village of Indian Trails, Villages on Grant, Lakes at NorthPointe, Forest Creek Farms, Wildwood at Oakcrest North, Oakcrest North, Grant Meadows, Treeline, Wildwood at Northpointe, Enclave at NorthPointe, Valencia Pines, Hayden Lakes, Willow Wood Place, Telge Ranch, Mirella, Telge Ranch North, Meadows at Telge, and Cypress Manor. Homes within the District have an average market value of approximately \$450,000 for 2026. As of May 21, 2026, the District had 8,341 completed homes (72 unoccupied), 8 homes under construction or in a builder’s name and 5 vacant developed lots. There are an additional 195 single-family residential lots under construction on approximately 35 acres with an expected completion date in the fourth quarter of 2026. All homes located in Mirella and Cypress Manor (248 homes) are rental properties. The estimated population of the District is 28,942 based upon 3.5 persons per occupied single family residence. The most recent development of lots has been completed by Caldwell Companies, David Weekley Homes, Newmark Homes and Woodmere Development Co., Ltd.

Homebuilders actively conducting building programs within the District include Newmark Homes and Long Lake Ltd.

*Commercial:* Approximately 201 acres have been developed for commercial use. Commercial development in the District consists of a grocery store, storage facilities, fast food, retail shopping centers, gas stations, an orthodontist office, an urgent care center, daycares, a Chick-fil-A, and a three swim schools.

*Other:* There are currently approximately 111 developable acres that have not been fully provided with water distribution, wastewater collection and storm drainage facilities and approximately 554 undevelopable acres in the District.

**Future Development**

The District is currently being developed as a primarily single-family residential development. Approximately 111 developable acres of land currently within the District are not yet fully served with Facilities. While the District anticipates future development of this acreage as business conditions warrant, there can be no assurances if and when any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to accomplish full development of the District. The Engineer has stated that under current development plans, the authorized but unissued bonds (\$49,005,000) should be sufficient to finance the construction of the Facilities to complete the District’s water, wastewater and drainage system for full development of the District. See “INVESTMENT CONSIDERATIONS—Future Debt.”

**MANAGEMENT OF THE DISTRICT**

**Board of Directors**

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to staggered four-year terms and elections are held in May in even numbered years only. All of the Board members reside within the District. The current members and officers of the Board along with their titles and terms, are listed as follows:

<u>Name</u>	<u>District Board Title</u>	<u>Term Expires</u>
Larry L. Milberger	President	May 2028
Jim Adams	Secretary	May 2030
H. Bruce Gallun	Treasurer	May 2028
Jordan Griffith	Vice President	May 2030
Timothy Walden	Director	May 2028

## **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 Smith, Murdaugh, Little & Bonham, L.L.P. 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 based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

*Auditor:* As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audit is filed with the TCEQ. The District's financial statements for the year ended July 31, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's July 31, 2025, financial statements.

*Engineer:* The District's engineer is BGE, Inc. (the "Engineer").

*Tax Appraisal/Collection:* The Harris Central Appraisal District has the responsibility of appraising all property within the District. The District has contracted with the Harris County Tax Assessor to collect the District's taxes. See "TAXING PROCEDURES."

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

*Utility System Operator:* The operator of the District's internal water and wastewater system is Municipal District Services, LLC (the "Operator").

## **PARK AND RECREATIONAL FACILITIES**

The existing park and recreational facilities within the District include green spaces, recreational centers, trail systems and amenity ponds located in the various subdivisions. There are currently 22 homeowner's associations in the District that maintain each of these facilities located within each respective community.

## **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 drainage facilities is subject to the regulatory authority of the Harris County Flood Control District. Harris County, the City of Houston, and the Texas Department of Health also exercise regulatory jurisdiction over the District's system.

### **Water, Wastewater and Drainage System**

*Water Supply:* The District currently owns and operates five water plants and six water wells. Water Plant No. 1 consists of one 837 gallon per minute ("gpm") well, one 10,000 gallon and one 15,000 gallon pressure tank, a 420,000 gallon ground storage tank, a 500,000 gallon ground storage tank, and three booster pumps totaling 2,000 gpm. Water Plant No. 2 consists of an 924 gpm water well, an 1,528 gpm water well, two 400,000 gallon ground storage tanks, two 20,000 gallon pressure tanks and three booster pumps with a total capacity of 3,000 gpm. Water Plant No. 3 consists of a 1,792 gpm water well, two 600,000 gallon ground storage tanks, three 30,000 gallon pressure tanks, and six booster pumps totaling 8,400 gpm. Water Plant No. 4 consists of a 1,234 gpm well, a 652,000 gallon ground storage tank, two pressure tanks totaling 30,000 gallons, and four booster pumps totaling 3,500 gpm. Water Plant No. 5 consists of a 1,100 gpm well, two 596,000 gallon ground storage tanks, two 20,000 gallon pressure tanks and four booster pumps totaling 4,500 gpm. According to the District's Engineer, the District's existing water supply facilities have the capacity to serve approximately 11,325 single family equivalent connections. As of May 21, 2026, the District was serving 8,394 active connections (including 8 homes under construction or in a builder's name, 72 unoccupied homes and 45 commercial connections). Additionally, Water Plant No. 2 and Water Plant No. 3 receive surface water from the North Harris County Regional Water Authority. A portion of the Bond proceeds will be used to finance the construction of improvements at Water Plant No. 2 and an expansion at Water Plant No. 5. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

The District has an interconnect agreement with Harris County Municipal Utility District No. 360 and an agreement with Harris County Municipal Utility District No. 416 (“MUD 416”) to provide services to 300 single-family residential connections in MUD 416.

Water Supply Contract: The District entered into a water supply contract (“Water Supply Contract”) with South Central Water Company dated July 27, 2010, which was amended on February 14, 2011, and later assigned by South Central Water Company to Quadvest, L.P. and then assigned to Texas Water Utilities, L.P. The Water Supply Contract provided for construction of a 12” water line from the District’s water distribution system to a point of delivery to Quadvest for service to the Shaw Acres subdivision. Quadvest has paid the District \$4.6 million in three installments pursuant to the Water Supply Contract and pays a monthly fee of \$2.45 per thousand gallons of water delivered, plus all associated fees, including fees charged by the North Harris County Regional Water Authority. The monthly rate will be adjusted from time to time as rates are adjusted inside the District’s boundaries.

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

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

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

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

Wastewater Treatment: The District currently owns and operates an 800,000 gpd wastewater treatment plant which is sufficient to serve approximately 3,125 single-family equivalent connections and a 990,000 gpd wastewater treatment plant which is sufficient to serve approximately 4,882 single family equivalent connections. Additionally, the District owns 809,250 gpd in a regional wastewater treatment plant that is operated by Northwest Harris County MUD No. 15 which is sufficient to serve approximately 3,161 single family equivalent connections. Combined, the District has capacity in the plants of 2,599,250 gpd which will serve approximately 11,168 equivalent single family equivalent connections. As of May 21, 2026, the District was serving 8,394 active connections (including 8 homes under construction or in a builder’s name, 72 unoccupied homes and 45 commercial connections).

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

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 8,354 single family lots in the District and approximately 201 acres of commercial development. In addition, approximately 195 single-family residential lots are under construction with expected completion in the fourth quarter of 2026. 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 no assurance that homes built in such area will not be flooded. The District’s drainage system has been designed and constructed to all current standards.

According to the District’s Engineer, maps prepared by Federal Emergency Management Agency (“FEMA”) indicate that a portion of Grant Meadows, Section Three is located in the flood plain. A letter of map revision has been processed to remove the developed parts of the subdivision from the flood plain. One lot within Oakcrest Section 5 has been filled, and a LOMR-F has been granted removing it from the official floodplain. The sites for the Grant Meadows North Detention Pond and the Oakcrest Detention Pond are currently in the floodplain, and will not be removed. These projects are detention within the floodplain. None of the developed lots in the District are located in the 100-year flood plain. Approximately 55.60 acres at the northeast corner of Grant Road and Boudreaux Road is within the 100-year flood plain. This site has been mitigated and filled to remove the property, and a LOMR-F will be processed to remove the tract from the flood plain. See “INVESTMENT CONSIDERATIONS—Extreme Weather Events.”

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

**General Operating Fund**

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. Net revenues from operations of the District’s Facilities, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds and the Outstanding Bonds. It is anticipated that no significant operation revenues will be used for debt service on the Bonds or the Outstanding Bonds in the foreseeable future.

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 ended July 31, 2022, through July 31, 2025 and an unaudited summary prepared by the Bookkeeper for the nine month period ended April 30, 2026. 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.

	8/1/2025 to 4/30/2026 (unaudited)	Fiscal Year Ended July 31,			
		2025	2024	2023	2022
<b>Revenues:</b>					
Property Taxes	\$ 7,109,570	\$ 7,418,285	\$ 7,374,518	\$ 6,853,670	\$ 4,186,394
Sales Tax Revenue	80,835	122,576	77,664	72,032	65,813
Water and Sewer Service	4,156,024	5,601,018	5,604,301	5,363,713	5,176,396
Regional Water Fee	2,828,151	3,952,437	5,358,419	5,834,384	5,886,314
Penalty and Interest	110,849	175,243	177,821	182,307	165,872
Tap Connection and Inspection	287,866 50,440	449,662	1,002,782	186,231	332,183
Investment Revenues	1,023,425	1,478,446	1,496,349	977,228	78,396
Regional Water Authority Reimbursements	48,746	64,995	64,995	64,995	64,995
Other Income	169,685	197,852	104,504	47,247	51,701
<b>Total Revenue</b>	<b>\$ 15,865,591</b>	<b>\$ 19,460,514</b>	<b>\$ 21,261,353</b>	<b>\$ 19,581,807</b>	<b>\$ 16,008,064</b>
<b>Expenditures:</b>					
Purchased Services	\$ 387,426	\$ 442,494	\$ 361,668	\$ 374,584	\$ 1,126,941
Professional Fees	605,787	800,956	756,421	811,870	552,410
Contracted Services	3,582,548	3,735,820	3,586,544	2,972,409	2,598,480
Utilities	619,449	731,221	723,904	670,771	557,142
Regional Water Authority	3,082,486	4,449,886	5,143,583	5,794,471	5,392,465
Repairs and Maintenance	1,866,788	3,652,722	3,326,449	3,410,705	2,537,755
Other	1,493,043	1,614,950	1,567,896	1,143,100	1,114,436
Capital Outlay	210,019	320,633	1,491,984	706,264	129,829
<b>Total Expenditures</b>	<b>\$ 11,847,545</b>	<b>\$ 15,748,682</b>	<b>\$ 16,958,449</b>	<b>\$ 15,884,174</b>	<b>\$ 14,009,458</b>
<b>NET REVENUES</b>	<b>\$ 4,018,045</b>	<b>\$ 3,711,832</b>	<b>\$ 4,302,904</b>	<b>\$ 3,697,633</b>	<b>\$ 1,998,606</b>
Other Financing Sources (a)	\$ -	\$ 785,987	\$ 177,548	\$ 336,045	\$ 48,674
<b>General Operating Fund</b>					
Balance (Beginning of Year)	\$ 32,586,250	\$ 28,088,431	\$ 23,607,979	\$ 19,574,301	\$ 17,527,021
General Operating Fund Balance (End of Year)	\$ 36,604,295	\$ 32,586,250	\$ 28,088,431	\$ 23,607,979	\$ 19,574,301

(a) Transfers from Capital Projects.

**FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)**

2025 Certified Taxable Assessed Valuation.....	\$3,622,388,682	(a)
2026 Preliminary Taxable Assessed Valuation.....	\$3,792,310,862	(b)
Estimated Taxable Assessed Valuation as of May 1, 2026 .....	\$3,836,141,424	(c)
Gross Direct Debt Outstanding .....	\$167,585,000	(d)
Estimated Overlapping Debt .....	<u>190,758,090</u>	(e)
Gross Direct Debt and Estimated Overlapping Debt.....	\$358,343,090	
Ratios of Gross Direct Debt to:		
2026 Preliminary Taxable Assessed Valuation .....	4.42%	
Estimated Taxable Assessed Valuation as of May 1, 2026 .....	4.37%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2026 Preliminary Taxable Assessed Valuation.....	9.45%	
Estimated Taxable Assessed Valuation as of May 1, 2026 .....	9.34%	
Debt Service Funds Available as of May 21, 2026 .....	\$ 9,224,523	
Operating Funds Available as of May 21, 2026 .....	\$38,399,041	
Capital Projects Funds Available as of May 21, 2026.....	\$47,439,693	

- (a) As certified by the Harris Central Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
- (b) Provided by the Appraisal District as a preliminary indication of the 2026 taxable value as of January 1, 2026. Such value is subject to property owner protest and Appraisal District review and downward revision prior to certification. See "TAXING PROCEDURES."
- (c) Provided by the Appraisal District for informational purposes only. Such amounts reflect an estimate of the taxable assessed value within the District on May 1, 2026. No tax will be levied on such amount until it is certified. See "TAXING PROCEDURES."
- (d) Includes the Bonds and the Outstanding Bonds. See "Outstanding Bonds" herein.
- (e) See "Estimated Overlapping Debt" and "—Overlapping Taxes" herein.

**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 Debt**

The District has previously issued twenty-one series of unlimited tax bonds totaling \$281,090,000 principal amount, eight series of unlimited tax refunding bonds totaling \$77,065,000 principal amount and two series of unlimited tax park bonds totaling \$17,050,000. The District has a total of \$155,275,000 principal amount of bonds outstanding (the “Outstanding Bonds”) as of the date hereof. The following table lists the Outstanding Bonds and the original principal amount of the Outstanding Bonds as of the date hereof.

Series	Original Principal Amount	Amount Outstanding as of May 2, 2026
2015A	\$ 31,945,000	\$ 18,620,000
2016 (a)	18,375,000	10,885,000
2017	24,690,000	15,450,000
2018	20,760,000	14,705,000
2018A (b)	8,000,000	5,655,000
2019	17,140,000	12,135,000
2021	8,845,000	6,995,000
2021A (a)	6,420,000	4,545,000
2021B	11,310,000	9,135,000
2022 (a)	9,530,000	660,000
2023	26,505,000	23,320,000
2023A (b)	9,050,000	8,320,000
2025	25,890,000	24,850,000
Total	\$ 218,460,000	\$ 155,275,000

- (a) Unlimited tax refunding bonds.
- (b) Unlimited tax park bonds.

## Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds (see “Outstanding Debt” in this section) and the estimated debt service on the Bonds at an estimated interest rate of 4.75%.

Year	Outstanding Bonds		Plus: The Bonds			Total Debt Service Requirements
	Debt Service Requirements	(a)	Principal	Interest	Total	
2026	\$ 2,681,187.50	(a)	-	\$ 194,908.33	\$ 194,908.33	\$ 2,876,095.83
2027	16,398,287.50		\$ 495,000	572,968.75	1,067,968.75	17,466,256.25
2028	14,406,125.00		495,000	549,456.25	1,044,456.25	15,450,581.25
2029	14,168,615.63		495,000	525,943.75	1,020,943.75	15,189,559.38
2030	13,956,412.50		495,000	502,431.25	997,431.25	14,953,843.75
2031	13,728,559.38		495,000	478,918.75	973,918.75	14,702,478.13
2032	13,510,293.75		495,000	455,406.25	950,406.25	14,460,700.00
2033	11,398,734.38		495,000	431,893.75	926,893.75	12,325,628.13
2034	11,160,293.75		495,000	408,381.25	903,381.25	12,063,675.00
2035	10,268,665.63		495,000	384,868.75	879,868.75	11,148,534.38
2036	10,010,118.75		495,000	361,356.25	856,356.25	10,866,475.00
2037	9,754,450.00		495,000	337,843.75	832,843.75	10,587,293.75
2038	9,496,356.25		495,000	314,331.25	809,331.25	10,305,687.50
2039	9,230,096.88		490,000	290,937.50	780,937.50	10,011,034.38
2040	8,959,096.88		490,000	267,662.50	757,662.50	9,716,759.38
2041	7,384,412.50		490,000	244,387.50	734,387.50	8,118,800.00
2042	6,150,715.63		490,000	221,112.50	711,112.50	6,861,828.13
2043	5,963,003.13		490,000	197,837.50	687,837.50	6,650,840.63
2044	3,901,728.13		490,000	174,562.50	664,562.50	4,566,290.63
2045	3,777,621.88		490,000	151,287.50	641,287.50	4,418,909.38
2046	3,291,503.13		490,000	128,012.50	618,012.50	3,909,515.63
2047	3,172,740.63		490,000	104,737.50	594,737.50	3,767,478.13
2048	2,623,393.75		490,000	81,462.50	571,462.50	3,194,856.25
2049	1,476,618.75		490,000	58,187.50	548,187.50	2,024,806.25
2050	1,059,581.25		490,000	34,912.50	524,912.50	1,584,493.75
2051	-		490,000	11,637.50	501,637.50	501,637.50
Total	\$ 207,928,612.50		\$ 12,310,000.00	\$ 7,485,445.83	\$ 19,795,445.83	\$ 227,724,058.33

(a) Excludes the May 1, 2026 debt service payment of \$13,954,900.

Average Annual Debt Service Requirements (2027-2051) .....	\$ 8,993,919
Maximum Annual Debt Service Requirement (2027) .....	\$17,466,256

**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.

<u>Taxing Jurisdiction</u>	<u>Outstanding Bonds</u>	<u>As of</u>	<u>Percent</u>	<u>Overlapping Amount</u>
Harris County .....	\$2,473,177,553	4/30/26	0.53%	\$ 13,107,841
Harris County Flood Control District .....	937,165,000	4/30/26	0.53%	4,966,975
Harris County Hospital District.....	861,580,000	4/30/26	0.53%	4,566,374
Harris County Department of Education.....	28,960,000	4/30/26	0.53%	153,488
Port of Houston Authority.....	386,074,397	4/30/26	0.53%	2,046,194
NorthPointe WC&ID (a).....	9,060,000	4/30/26	9.75%	883,350
Lone Star College.....	342,055,000	4/30/26	1.11%	3,796,811
Tomball Independent School District.....	1,056,965,000	4/30/26	9.21%	97,346,477
Cypress-Fairbanks Independent School District .....	3,276,440,000	4/30/26	1.95%	63,890,580
Total Estimated Overlapping Debt.....				\$ 190,758,090
The District's Total Direct Debt (b).....				167,585,000
Total Direct and Estimated Overlapping Debt .....				\$358,343,090

Direct and Estimated Overlapping Debt as a Percentage of:

2026 Preliminary Taxable Assessed Valuation of \$3,792,310,862 .....	9.45%
Estimated Taxable Assessed Valuation as of May 1, 2026 of \$3,836,141,424 .....	9.34%

- (a) Approximately 283 acres within the District's boundaries are also within NorthPointe Water Control & Improvement District.  
 (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 (see “Estimated Overlapping Debt” above), certain taxing jurisdictions, including the District, are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation and maintenance purposes.

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

	2025 Tax Rate per \$100 of Taxable <u>Assessed Valuation</u>
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority).....	\$ 0.628928
Cypress-Fairbanks Independent School District (a).....	1.066900
Harris County ESD No. 13 (b) .....	0.100000
Lone Star College System.....	<u>0.106000</u>
Total Overlapping Tax Rate.....	\$ 1.901828
The District.....	<u>0.680000</u>
Total Tax Rate (c).....	\$ 2.581828

- (a) A portion of the District is located in the Cypress-Fairbanks Independent School District and the remaining portion of the District is located in the Tomball Independent School District. The Tomball Independent School District levied a \$1.0629 tax rate in 2025.
- (b) A portion of the District is also located in Harris County Emergency Services District No. 11, which levied a 2025 tax rate of \$0.038078, Harris County Emergency Services District No. 9, which levied a 2025 tax rate of \$0.038831, Harris County Emergency Services District No. 15, which levied a 2025 tax rate of \$0.05, Harris County Emergency Services District No. 16, which levied a 2025 tax rate of \$0.05, and Harris County Emergency Services District No. 8, which levied a 2025 tax rate of \$0.099659.
- (c) Approximately 283 acres within the District’s boundaries are also within NorthPointe Water Control & Improvement District which levied a \$0.225 tax rate in 2025.

**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 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 “TAXING PROCEDURES.”

**Maintenance and Operations 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 May 7, 1988, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$0.50 per \$100 taxable assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above.”

**Historical Tax Rate Distribution**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Debt Service Tax	\$0.465	\$0.465	\$0.460	\$0.470	\$0.560
Maintenance Tax	<u>0.215</u>	<u>0.215</u>	<u>0.230</u>	<u>0.240</u>	<u>0.170</u>
Total District Tax Rate	\$0.680	\$0.680	\$0.690	\$0.710	\$0.730

**Exemptions**

As described in the section titled “TAXING PROCEDURES” herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation. For 2026, the District has exempted \$15,000 of the taxable value of resident homesteads for persons who are disabled or 65 years of age or older.

**Additional Penalties**

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

**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. Reference is made to such statements and records for further and complete information.

	Certified Taxable Assessed Valuation (a)	Tax Rate	Total (b) Tax Levy	Total Collections As of 4/30/2026 (c)	
				Amount	Percent
				2021	\$ 2,478,947,249
2022	2,853,453,575	0.71	20,259,520	20,223,475	99.82%
2023	3,205,807,369	0.69	22,120,071	22,075,046	99.80%
2024	3,442,861,159	0.68	23,411,456	23,339,643	99.69%
2025	3,622,388,682	0.68	24,632,243	24,165,006	98.10%

- (a) As provided by the Appraisal District. See “Tax Roll Information” below.
- (b) Represents actual tax levy, as of the date hereof.
- (c) Unaudited.

**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 a breakdown of the 2021 through 2025 Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year. Breakdowns related to the 2026 Preliminary Taxable Assessed Valuation of \$3,792,310,862 and the Estimated Taxable Assessed Valuation as of May 1, 2026 of \$3,836,141,424 are not available from the Appraisal District. Information in this summary may differ slightly from the assessed valuations shown herein due to difference in dates of data.

	2025 Taxable Assessed Valuation	2024 Taxable Assessed Valuation	2023 Taxable Assessed Valuation	2022 Taxable Assessed Valuation	2021 Taxable Assessed Valuation
Land	\$ 142,523,653	\$ 55,483,250	\$ 38,732,397	\$ 36,267,528	\$ 44,547,274
Improvements	3,540,889,670	3,474,815,201	3,243,230,097	2,866,167,809	2,486,524,569
Personal Property	57,244,600	40,567,483	37,387,169	51,893,502	40,942,718
Exempt Property	(118,269,241)	(128,004,775)	(113,542,294)	(100,875,264)	(93,067,312)
Total	\$ 3,622,388,682	\$ 3,442,861,159	\$ 3,205,807,369	\$ 2,853,453,575	\$ 2,478,947,249

**Principal Taxpayers**

The following table represents the ten principal taxpayers, the taxable assessed value of such property, and such property’s taxable assessed value as a percentage of the 2025 Certified Taxable Assessed Valuation of \$3,622,388,682. Accurate principal taxpayer lists related to the 2026 Preliminary Taxable Assessed Valuation of \$3,792,310,862 and the Estimated Taxable Assessed Valuation as of \$3,836,141,424 are not available as of the date hereof.

<u>Taxpayer</u>	<u>2025 Certified Taxable Assessed Valuation</u>	<u>% of 2025 Certified Taxable Assessed Valuation</u>
CC Shaw BTR 1 Prop Co LLC (a)	\$ 35,343,816	0.98%
HEB Grocery Company LP	27,185,640	0.75%
Cypress SFR Owner LLC	25,627,055	0.71%
Centerpoint Energy Inc.	12,637,330	0.35%
PS LPT Properties Investors	9,660,490	0.27%
Grant Road & Spring Cypress LLC	9,000,695	0.25%
Cypress Property Group LLC (b)	8,705,853	0.24%
Four Seasons Business Park I LLC	7,880,710	0.22%
Rock Creek Centre LLC	7,506,796	0.21%
Telge Warehouses LLC	6,692,322	0.18%
Total	\$ 150,240,707	4.15%

- (a) Represents rental homes located in Mirella, owned and leased by CC Shaw BTR 1 Prop Co LLC. See “THE DISTRICT—Status of Development.”
- (b) Represents rental homes located in Cypress Manor, owned and leased by Cypress Property Group LLC. See “THE DISTRICT—Status of Development.”

**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 2026 Preliminary Taxable Assessed Valuation of \$3,792,310,862 and the Estimated Taxable Assessed Valuation as of May 1, 2026, of \$3,836,141,424. 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—Debt Service Requirements” and “TAX DATA—Tax Roll Information.”

Average Annual Debt Service Requirement (2027-2051) .....	\$8,993,919
\$0.25 Tax Rate on the 2026 Preliminary Taxable Assessed Valuation .....	\$9,006,738
\$0.25 Tax Rate on the Estimated Taxable Assessed Valuation as of May 1, 2026 .....	\$9,110,836
Maximum Annual Debt Service Requirement (2027).....	\$17,466,256
\$0.49 Tax Rate on the 2026 Preliminary Taxable Assessed Valuation .....	\$17,653,207
\$0.48 Tax Rate on the Estimated Taxable Assessed Valuation as of May 1, 2026 .....	\$17,492,805

No representation or suggestion is made that the 2026 Preliminary Taxable Assessed Valuation will not be adjusted downward prior to certification by the Appraisal District or the Estimated Taxable Assessed Valuation as of May 1, 2026, provided by the Appraisal District for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See “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 (see “INVESTMENT CONSIDERATIONS—Future Debt”) and to pay the expenses of assessing and collecting such taxes. 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 and Security of Payment.” Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District’s facilities. See “TAX DATA.”

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

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

The Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Harris Central Appraisal District has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the “Appraisal Review Board”). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax rolls and tax rate. The District is responsible under current Texas law for the levy and collection of its taxes.

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

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District has adopted a residential homestead exemption in the amount of \$15,000 for persons age 65 and older and disabled persons. Additionally, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. Subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. See “TAX DATA.”

Partially disabled veterans or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization. The surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

*Residential Homestead Exemptions:* The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than \$5,000) 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 District has not granted a general homestead exemption.

*Freeport Goods Exemption:* A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2011 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2012 and subsequent years, such Goods-in-Transit Exemption is limited to tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for the tax year 2011 and prior years, and has taken official action to allow taxation of all such goods-in-transit personal property for the tax year 2012 and subsequent years.

### **Tax Abatement**

Harris County or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, Harris County, the District, and the City of Houston, 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 certain terms for its tax abatement agreements without regard to such terms approved by the other taxing jurisdictions.

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

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Tax Code permits land designated for agricultural or timber land use to be appraised at its value based on the land’s capacity to produce agricultural products or, with respect to timber land, the value based upon accepted income capitalization methods. The Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural, timber land or residential real property appraisal must apply for such appraisal, and the Appraisal District is required to act on each claimant’s application individually. If a claimant receives the agricultural or timber land appraisal on land and later changes the land use or sells the land to an unqualified owner, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the three years preceding the year in which the change of use occurs that the land was appraised as agricultural or timber land and the tax that would have been imposed had the land been taxed on the basis on market value in each of those years. Provisions of the Tax Code are complex and are not fully summarized here.

The Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis. The District, however, at its expense has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses formally to include such values on its appraisal roll.

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

### **District and Taxpayer Remedies**

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Tax Code. The Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

### **Levy and Collection of Taxes**

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

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

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

Chapter 49 of the Texas Water Code, as amended, classifies 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 in the district, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

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

*The District:* A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, at the time a district sets its tax rate. For 2026, 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)—Estimated Overlapping Debt." 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, among other collection methods available, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on homesteads as described above under "Levy and Collection of Taxes". In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within two (2) years for residential and agricultural property and within six (6) months for commercial and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS."

## INVESTMENT CONSIDERATIONS

### **General**

The Bonds are obligations solely of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on 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 and Security of 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.

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

There are approximately 111 developable acres of land in the District that have not been fully provided with water, sanitary sewer, storm sewer, road and other facilities necessary for the construction of taxable improvements and 5 developed lots that remain vacant. In addition, there are approximately 195 single-family residential lots under construction on approximately 35 acres with an expected completion date in the fourth quarter of 2026. The District makes no representation as to when or if development of the undeveloped acreage will occur or the success of any homebuilding program. Failure of developers to develop the developable land or of any builders to construct taxable improvements on developed lots could restrict the rate of growth of taxable values in the District. See "THE DISTRICT—Land Use" and "—Status of Development."

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

A majority of the taxable value of the District results from the current market value of single-family residences, commercial development and of developed lots which are currently being marketed by developers for sale to homebuilders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions in the Houston region and the national economy and those conditions can affect the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Market and Liquidity in the Financial Markets" below), construction costs 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 construction activity in the District, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles northwest from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and decline in the nation's real estate and financial markets 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 single-family homes in the District, which is 25 miles northwest from downtown Houston, could be affected by competition from other residential developments including other residential developments located in the northwestern portion of the 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 closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

## **Potential Effects of Oil Price Fluctuations 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 industry could have on property values in the District.

## **Extreme Weather Events**

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

According to the Operator, the District’s water and sewer system did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. However, approximately 25 homes within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

## **Specific Flood Type Risks**

The District is 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 man made drainage systems (canals or channels) downstream.

## **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 state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by market conditions limiting the proceeds from a foreclosure sale of taxable property and collection procedures. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. The costs of collecting any such taxpayer’s delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See “TAXING PROCEDURES—District’s Rights in the Event of Tax Delinquencies.”

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

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 involuntary bankruptcy.

### **Future Debt**

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of \$343,900,000 principal amount of unlimited tax bonds for constructing and/or acquiring the Facilities and for refunding outstanding debt and \$26,000,000 principal amount of unlimited tax bonds for parks and recreational facilities have been authorized by the District's voters. After the issuance of the Bonds, \$49,005,000 principal amount of the unlimited tax bonds for constructing and/or acquiring the Facilities and/or refunding outstanding bonds will remain authorized but unissued and \$8,950,000 principal amount of unlimited tax bonds for constructing and/or acquiring recreational facilities remains authorized but unissued. 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.

To date, certain developers have advanced certain funds for construction of water, sewer and drainage facilities for which they have not been reimbursed. The District owes various developers approximately \$4,950,000 plus interest for construction of such facilities paid on behalf of the District. The District intends to reimburse this amount with surplus capital projects funds. The District intends to issue additional bonds in order to develop the remainder of undeveloped but developable land (approximately 111 acres). The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

### **Environmental Regulation and Air Quality**

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

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

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

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

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

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

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

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

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

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

Texas Pollutant Discharge Elimination System (“TPDES”) permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), 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.

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

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

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

### **Marketability of the Bonds**

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

### **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 “TAX MATTERS.”

### **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.

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

The District has applied for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. If the Policy is issued, investors should be aware of the following investment considerations:

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 Underwriter have 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.

### **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.

## **LEGAL MATTERS**

### **Legal Opinions**

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied without limitation as to rate or amount upon all taxable property within the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel to the District (“Bond Counsel”), to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting rights of creditors of political subdivisions such as the District and that interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws subject to the matters described under the caption which follows entitled “TAX MATTERS.”

### **Legal Review**

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P. has reviewed the information appearing in this OFFICIAL STATEMENT under the captions “THE BONDS,” “THE DISTRICT—General,” “TAXING PROCEDURES,” “LEGAL MATTERS,” “TAX MATTERS,” and “CONTINUING DISCLOSURE OF INFORMATION” to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this OFFICIAL STATEMENT nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and therefore, such fees are contingent on the sale and delivery of the Bonds. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

### **No-Litigation Certificate**

The District will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature has been filed or is then pending or threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

### **No Material Adverse Change**

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

## TAX MATTERS

### Opinion

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof, and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Interest on the Bonds may be excludable in certain corporations “adjusted financial statement income” determined under Section 56A of the Code to calculate the alternative minimum tax imposed by Section 55 of the Code. Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

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

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

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

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

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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 date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and 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 Original Issue Discount Bond.

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

### **Federal Income Tax Accounting Treatment of Premium Bonds**

The initial public offering price of certain Bonds (the "Premium Bonds") may be greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the underwriter of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such underwriter must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an underwriter is determined by using such purchaser's yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

### **Collateral Federal Income Tax Consequence**

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

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

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

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

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

### **Future and Proposed Legislation**

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law and could affect the market price or marketability of the Bonds. Any such proposal could limit the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

### **State, Local and Foreign Taxes**

Investors should consult their own tax advisors concerning the tax implications of the purchase, ownership or disposition of the Bonds under applicable state or local laws. Foreign investors should also consult their own tax advisors regarding the tax consequences unique to investors who are not United States persons.

### **Not Qualified Tax-Exempt Obligations for Financial Institutions**

The Bonds are **NOT** designated as “qualified tax-exempt obligations” within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

## **MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE**

Moody’s Investors Service (“Moody’s”) has assigned a credit rating of “A1” on the Bonds. An explanation of the rating may be obtained from Moody’s. The fee associated with the rating assigned to the District by Moody’s will be paid by the District; however, the fee associated with ratings provided by other agencies will be at the expense of the Underwriter.

Application has also been made to various municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, the purchase of municipal bond insurance is optional and at the expense of the Underwriter. The rating fees of Moody’s will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Underwriter. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance.”

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

## **PREPARATION OF OFFICIAL STATEMENT**

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

The financial data and other information contained in this OFFICIAL STATEMENT have been obtained primarily from the District’s records, developers, the Engineer, the Tax Assessor/Collector, the Appraisal District 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 the Appraisal District.

*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 BGE, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

*Auditor:* As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audit is filed with the TCEQ. The District's financial statements for the year ended July 31, 2025, were audited by McCall Gibson Swedlund Barfoot Ellis PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's July 31, 2025, financial statements.

*Bookkeeper:* The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "THE SYSTEM—General Operating Fund" has been provided by Municipal Accounts and Consulting, LP and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

## **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 Underwriter, of any adverse event which causes the OFFICIAL STATEMENT to be materially misleading, and unless the Underwriter elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the OFFICIAL STATEMENT satisfactory to the Underwriter, provided, however, that the obligation of the District to the Underwriter to so amend or supplement the OFFICIAL STATEMENT will terminate when the District delivers the Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time as required by law (but not more than 90 days after the date the District delivers the Bonds).

## **Certification of Official Statement**

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

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Bond Order, the District has made the following agreement for the benefit of the Registered Owners and Beneficial Owners. 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 and material events, to the Municipal Securities Rulemaking Board (“MSRB”) through its Electronic Municipal Market Access (“EMMA”) or any successor to its functions as a repository through the MSRB’s system. This information will be publicly available on the MSRB’s website at [www.emma.msrb.org](http://www.emma.msrb.org).

### **Annual Reports**

The District will provide certain updated financial information and operating data annually to the MSRB via EMMA. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this OFFICIAL STATEMENT under the headings titled “THE SYSTEM—General Operating Fund,” “TAX DATA,” “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)” (except “Estimated Overlapping Debt”) and in “APPENDIX A—Audited Financial Statements.” The District will update and provide this information to EMMA within six months after the end of each fiscal year.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents on the EMMA system, as permitted by SEC Rule 15c2-12 (the “Rule”). The updated information will include audited financial statements, if such audit completed by the required time. If audited financial statements are not available by the required time, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix A 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 July 31. Accordingly, it must provide updated information by January 31, in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA.

### **Specified Event Notices**

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

### **Availability of Information 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 the EMMA internet portal at [www.emma.msrb.org](http://www.emma.msrb.org).

**Limitations and Amendments**

The District has agreed to update information and to provide notices of specified events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although 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 underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Order if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**Compliance With Prior Undertakings**

During the last five years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

**MISCELLANEOUS**

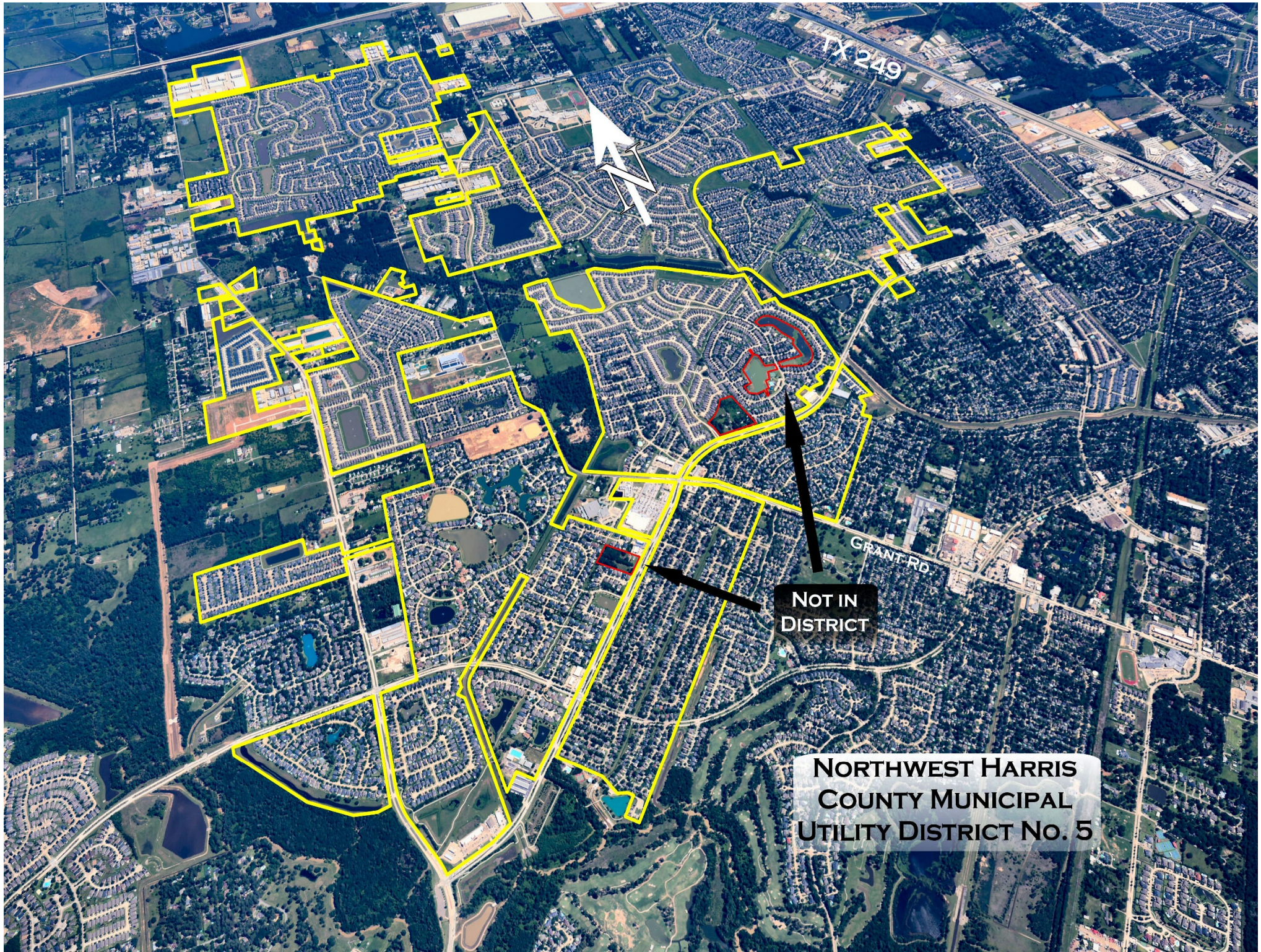
All estimates, statements and assumptions in this OFFICIAL STATEMENT and the APPENDICES hereto have been made on the basis of the best information available and are believed to be reliable and accurate. Any statements in this OFFICIAL STATEMENT involving matters of opinion or estimates, whether or not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

/s/ \_\_\_\_\_  
President, Board of Directors

ATTEST:

/s/ \_\_\_\_\_  
Secretary, Board of Directors

**AERIAL PHOTOGRAPH**  
**(As of April 2026)**



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GRANT RD

NOT IN DISTRICT

NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 5

**PHOTOGRAPHS OF THE DISTRICT  
(As of April 2026)**















## **APPENDIX A**

The information contained in this appendix includes the Auditor's Report and Financial Statements of Northwest Harris County Municipal Utility District No. 5 and certain supplemental information for the fiscal year ended July 31, 2025.

**NORTHWEST HARRIS COUNTY**  
**MUNICIPAL UTILITY DISTRICT NO. 5**  
**HARRIS COUNTY, TEXAS**  
**ANNUAL FINANCIAL REPORT**  
**JULY 31, 2025**

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

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***McCall Gibson Swedlund Barfoot Ellis PLLC***  
*Certified Public Accountants*

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

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

INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Northwest Harris County  
Municipal Utility District No. 5  
Harris County, Texas

**Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Harris County Municipal Utility District No. 5 (the "District") as of and for the year ended July 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 July 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  
Northwest Harris County Municipal Utility District No. 5

**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

November 20, 2025

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2025**

Management's discussion and analysis of Northwest Harris County Municipal Utility District No. 5's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended July 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 like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities and, if applicable, deferred inflows 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 fiscal year. All current year revenues and expenditures 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.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2025**

**FUND FINANCIAL STATEMENTS (Continued)**

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

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

**NOTES TO THE FINANCIAL STATEMENTS**

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

**OTHER INFORMATION**

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

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by \$85,651,527 as of July 31, 2025.

A portion of the District's net position reflects its net investment in capital assets (e.g. land, construction in progress, buildings and equipment as well as water, wastewater and drainage facilities and park and recreation facilities, less any debt used to acquire those assets that is still outstanding).

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2025**

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

The following is a comparative analysis of the government-wide changes in net position:

	<u>Summary of Changes in the Statement of Net Position</u>		
	2025	2024	Change Positive (Negative)
Current and Other Assets	\$ 103,303,819	\$ 89,816,251	\$ 13,487,568
Capital Assets and Intangible Assets (Net of Depreciation and Amortization)	<u>156,264,379</u>	<u>144,532,916</u>	<u>11,731,463</u>
Total Assets	<u>\$ 259,568,198</u>	<u>\$ 234,349,167</u>	<u>\$ 25,219,031</u>
Deferred Outflows of Resources	<u>\$ 937,633</u>	<u>\$ 1,119,876</u>	<u>\$ (182,243)</u>
Long-Term Liabilities	\$ 157,178,883	\$ 142,996,479	\$ (14,182,404)
Due to Developers	71,637	71,637	
Other Liabilities	<u>17,603,784</u>	<u>17,598,871</u>	<u>(4,913)</u>
Total Liabilities	<u>\$ 174,854,304</u>	<u>\$ 160,666,987</u>	<u>\$ (14,187,317)</u>
Net Position:			
Net Investment in Capital Assets	\$ 43,937,333	\$ 37,625,018	\$ 6,312,315
Restricted	8,311,028	8,242,546	68,482
Unrestricted	<u>33,403,166</u>	<u>28,934,492</u>	<u>4,468,674</u>
Total Net Position	<u>\$ 85,651,527</u>	<u>\$ 74,802,056</u>	<u>\$ 10,849,471</u>

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

	<u>Summary of Changes in the Statement of Activities</u>		
	2025	2024	Change Positive (Negative)
Revenues:			
Property Taxes	\$ 23,483,998	\$ 22,165,787	\$ 1,318,211
Sales Tax Receipts	122,576	77,664	44,912
Charges for Services	10,239,424	12,194,059	(1,954,635)
Other Revenues	<u>4,623,066</u>	<u>4,896,519</u>	<u>(273,453)</u>
Total Revenues	<u>\$ 38,469,064</u>	<u>\$ 39,334,029</u>	<u>\$ (864,965)</u>
Expenses for Services	<u>27,619,593</u>	<u>25,959,361</u>	<u>(1,660,232)</u>
Change in Net Position	<u>\$ 10,849,471</u>	<u>\$ 13,374,668</u>	<u>\$ (2,525,197)</u>
Net Position, Beginning of Year	<u>74,802,056</u>	<u>61,427,388</u>	<u>13,374,668</u>
Net Position, End of Year	<u>\$ 85,651,527</u>	<u>\$ 74,802,056</u>	<u>\$ 10,849,471</u>

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2025**

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

The District's combined fund balances as of July 31, 2025, were \$96,954,136, an increase of \$13,288,152 from the prior year.

The General Fund fund balance increased by \$4,497,819, primarily due to property taxes, operating revenues and a transfer from the Capital Projects Fund exceeding operating expenditures and capital outlay.

The Debt Service Fund fund balance increased by \$80,940, primarily due to the structure of the District's debt service payments.

The Capital Projects Fund fund balance increased by \$8,709,393, primarily due to the sale of Series 2025 bonds to fund utility construction costs.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District annually adopts an unappropriated budget and did not amend the budget during the fiscal year. Actual revenues were \$2,721,881 less than budgeted revenues. Actual expenditures were \$1,405,918 less than budgeted expenditures. Actual transfers in and insurance proceeds were \$685,987 more than budgeted for. This resulted in a total negative budget to actual comparison of \$629,976 for fiscal year 2025.

**CAPITAL ASSETS**

Capital assets as of July 31, 2025, totaled \$156,023,751 (net of accumulated depreciation) and included land, construction in progress, buildings and equipment as well as the water, wastewater and drainage systems and park and recreation facilities. Significant capital asset events during the current fiscal year included completion of Lift Station 6, 7 and 8 rehabilitation project, wastewater treatment plant no. 1 rehabilitation project and Rock Creek detention pond 14 slope repair.

Construction in progress includes Wastewater Treatment Plant No. 2 headworks modification and lift station additions project, Grand Road sanitary sewer trunk line and relocation of 12" waterline for Telge Road.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2025**

**CAPITAL ASSETS (Continued)**

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2025	2024	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	\$ 13,730,674	\$ 12,288,152	\$ 1,442,522
Construction in Progress	6,739,411	4,927,083	1,812,328
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	114,962	124,558	(9,596)
Parks and Recreation Facilities	7,975,893	8,164,231	(188,338)
Water System	35,195,073	35,707,330	(512,257)
Wastewater System	40,323,366	37,628,114	2,695,252
Drainage System	51,944,372	45,372,610	6,571,762
Total Net Capital Assets	\$ 156,023,751	\$ 144,212,078	\$ 11,811,673

Additional information on the District's capital assets can be found in Note 6 of this report.

**LONG-TERM DEBT ACTIVITY**

As of July 31, 2025, the District had total long-term debt payable of \$166,355,000. The changes in the debt position of the District during the fiscal year ended July 31, 2025, are summarized as follows:

Bond Debt Payable, August 1, 2024	\$ 151,785,000
Add: Series 2025 Bond Sale	25,890,000
Less: Bond Principal Paid/Refunded	11,320,000
Bond Debt Payable, July 31, 2025	\$ 166,355,000

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JULY 31, 2025**

**LONG-TERM DEBT ACTIVITY (Continued)**

The District's bonds carry an underlying rating of "A1" from Moody's Investors Service.

The Series 2016 Refunding Bonds, Series 2018A, Series 2018, Series 2019 Bonds and Series 2021A Refunding Bonds carry insured ratings of "A1" and "AA" based on insurance issued by Assured Guaranty.

The Series 2015A, Series 2017, Series 2021, Series 2021B, Series 2022 Refunding, Series 2023 Series 2023A and Series 2025 Bonds carry an insured rating of "AA" based on insurance issued by Build America Mutual Assurance Company.

See also Note 16 for information related to the District's subscription liability.

**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 Northwest Harris County Municipal Utility District No. 5, c/o Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JULY 31, 2025**

	General Fund	Debt Service Fund
<b>ASSETS</b>		
Cash	\$ 1,465,573	\$
Investments	33,552,057	9,110,471
Due from Harris County Tax Office		90,498
Receivables:		
Property Taxes	97,787	253,358
Penalty and Interest on Delinquent Taxes		
Service Accounts	948,435	
Accrued Interest	23,589	21,069
Other	20	
Due from Other Government	26,251	
Due from Other Funds	5,000	
Prepaid Costs	234,024	
Advance for Regional Wastewater Treatment		
Plant Operations	94,202	
Regional Water Authority Chloramine		
Conversion Receivable		
Right-to-Use Subscription-Based Service Asset		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
<b>TOTAL ASSETS</b>	<b>\$ 36,446,938</b>	<b>\$ 9,475,396</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charges on Refunding Bonds	\$ - 0 -	\$ - 0 -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 36,446,938</b>	<b>\$ 9,475,396</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 840	\$ 1,466,413	\$	\$ 1,466,413
56,519,666	99,182,194		99,182,194
	90,498		90,498
	351,145		351,145
		146,850	146,850
	948,435		948,435
	44,658		44,658
	20		20
	26,251		26,251
	5,000	(5,000)	
	234,024	56,263	290,287
	94,202		94,202
		662,866	662,866
		240,628	240,628
		13,730,674	13,730,674
		6,739,411	6,739,411
		<u>135,553,666</u>	<u>135,553,666</u>
<u>\$ 56,520,506</u>	<u>\$ 102,442,840</u>	<u>\$ 157,125,358</u>	<u>\$ 259,568,198</u>
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ 937,633</u>	<u>\$ 937,633</u>
<u>\$ 56,520,506</u>	<u>\$ 102,442,840</u>	<u>\$ 158,062,991</u>	<u>\$ 260,505,831</u>

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
STATEMENT OF NET POSITION AND  
GOVERNMENTAL FUNDS BALANCE SHEET  
JULY 31, 2025**

	General Fund	Debt Service Fund
<b>LIABILITIES</b>		
Accounts Payable	\$ 929,571	\$
Accrued Interest Payable		
Due to Other Governments	537,816	
Retainage Payable		
Due to Developers		
Due to Other Funds		
Due to Taxpayers	584,496	
Due to Others	21,320	
Security Deposits	1,689,698	
Long-Term Liabilities:		
Subscription Payable, Due Within One Year		
Subscription Payable, Due After One Year		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
<b>TOTAL LIABILITIES</b>	<b>\$ 3,762,901</b>	<b>\$ - 0 -</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	\$ 97,787	\$ 253,358
<b>FUND BALANCES</b>		
Nonspendable:		
Prepaid Costs	\$ 234,024	\$
Advance for Wastewater Treatment Plant Operations	94,202	
Restricted for Authorized Construction		
Restricted for Debt Service		9,222,038
Unassigned	32,258,024	
<b>TOTAL FUND BALANCES</b>	<b>\$ 32,586,250</b>	<b>\$ 9,222,038</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 36,446,938</b>	<b>\$ 9,475,396</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
<b>TOTAL NET POSITION</b>		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 990,233	\$ 1,919,804	\$	\$ 1,919,804
		1,311,218	1,311,218
	537,816		537,816
379,425	379,425		379,425
		71,637	71,637
5,000	5,000	(5,000)	
	584,496		584,496
	21,320		21,320
	1,689,698		1,689,698
		80,007	80,007
		172,520	172,520
		11,080,000	11,080,000
		157,006,363	157,006,363
<u>\$ 1,374,658</u>	<u>\$ 5,137,559</u>	<u>\$ 169,716,745</u>	<u>\$ 174,854,304</u>
<u>\$ - 0 -</u>	<u>\$ 351,145</u>	<u>\$ (351,145)</u>	<u>\$ - 0 -</u>
\$	\$ 234,024	\$ (234,024)	\$
	94,202	(94,202)	
55,145,848	55,145,848	(55,145,848)	
	9,222,038	(9,222,038)	
	32,258,024	(32,258,024)	
<u>\$ 55,145,848</u>	<u>\$ 96,954,136</u>	<u>\$ (96,954,136)</u>	<u>\$ - 0 -</u>
<u>\$ 56,520,506</u>	<u>\$ 102,442,840</u>		
		\$ 43,937,333	\$ 43,937,333
		8,311,028	8,311,028
		33,403,166	33,403,166
		<u>\$ 85,651,527</u>	<u>\$ 85,651,527</u>

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
JULY 31, 2025**

Total Fund Balances - Governmental Funds \$ 96,954,136

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

The difference between the net carrying amount of refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. 937,633

Bond insurance premiums paid at closing are amortized over the term of the debt in the government-wide financial statements. 56,263

Long-term receivables are not current financial resources and, therefore, are not reported as assets in the governmental funds. 662,866

Capital assets and intangible assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 156,264,379

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 revenues in the governmental activities of the District. 497,995

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 Developers	\$ (71,637)	
Accrued Interest Payable	(1,311,218)	
Subscription Payable	(252,527)	
Bonds Payable	<u>(168,086,363)</u>	<u>(169,721,745)</u>

Total Net Position - Governmental Activities \$ 85,651,527

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JULY 31, 2025**

	General Fund	Debt Service Fund
<b>REVENUES</b>		
Property Taxes	\$ 7,418,285	\$ 16,044,687
Sales Tax Receipts	122,576	
Water Service	2,793,589	
Wastewater Service	2,807,429	
Regional Water Authority Fees	3,952,437	
Penalty and Interest	175,243	38,969
Tap Connection and Inspection Fees	449,662	
Investment Revenues	1,478,446	579,041
Regional Water Authority Reimbursements	64,995	
Miscellaneous Revenues	197,852	12,314
<b>TOTAL REVENUES</b>	<b>\$ 19,460,514</b>	<b>\$ 16,675,011</b>
<b>EXPENDITURES/EXPENSES</b>		
Service Operations:		
Professional Fees	\$ 800,956	\$ 26,113
Contracted Services	3,735,820	201,752
Purchased Wastewater Service	442,494	
Utilities	731,221	
Regional Water Authority Assessments	4,449,886	
Repairs and Maintenance	3,652,722	
Depreciation and Amortization		
Other	1,614,950	
Capital Outlay	320,633	
Developer Interest		
Debt Service:		
Bond Principal		11,320,000
Bond Interest		5,046,206
Bond Issuance Costs		
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 15,748,682</b>	<b>\$ 16,594,071</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 3,711,832</b>	<b>\$ 80,940</b>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers In (Out)	\$ 708,909	\$
Long-Term Debt Issued		
Bond Discount		
Insurance Proceeds	77,078	
<b>TOTAL OTHER FINANCING SOURCES, NET</b>	<b>\$ 785,987</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 4,497,819</b>	<b>\$ 80,940</b>
<b>CHANGE IN NET POSITION</b>		
<b>FUND BALANCES/NET POSITION - AUGUST 1, 2024</b>	<b>28,088,431</b>	<b>9,141,098</b>
<b>FUND BALANCES/NET POSITION - JULY 31, 2025</b>	<b>\$ 32,586,250</b>	<b>\$ 9,222,038</b>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 23,462,972	\$ 21,026	\$ 23,483,998
	122,576		122,576
	2,793,589		2,793,589
	2,807,429		2,807,429
	3,952,437		3,952,437
	214,212	22,095	236,307
	449,662		449,662
2,237,135	4,294,622	41,200	4,335,822
	64,995	(64,995)	
	210,166	77,078	287,244
<u>\$ 2,237,135</u>	<u>\$ 38,372,660</u>	<u>\$ 96,404</u>	<u>\$ 38,469,064</u>
\$ 103,972	\$ 931,041	\$	\$ 931,041
2,450	3,940,022		3,940,022
	442,494		442,494
	731,221		731,221
	4,449,886		4,449,886
52,586	3,705,308	21,508	3,726,816
		4,705,770	4,705,770
34,853	1,649,803		1,649,803
16,214,221	16,534,854	(16,534,854)	
822,069	822,069		822,069
	11,320,000	(11,320,000)	
	5,046,206	(109,483)	4,936,723
1,283,748	1,283,748		1,283,748
<u>\$ 18,513,899</u>	<u>\$ 50,856,652</u>	<u>\$ (23,237,059)</u>	<u>\$ 27,619,593</u>
\$ (16,276,764)	\$ (12,483,992)	\$ 23,333,463	\$ 10,849,471
\$ (708,909)	\$	\$	\$
25,890,000	25,890,000	(25,890,000)	
(194,934)	(194,934)	194,934	
	77,078	(77,078)	
<u>\$ 24,986,157</u>	<u>\$ 25,772,144</u>	<u>\$ (25,772,144)</u>	<u>\$ - 0 -</u>
\$ 8,709,393	\$ 13,288,152	\$ (13,288,152)	\$
		10,849,471	10,849,471
46,436,455	83,665,984	(8,863,928)	74,802,056
<u>\$ 55,145,848</u>	<u>\$ 96,954,136</u>	<u>\$ (11,302,609)</u>	<u>\$ 85,651,527</u>

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JULY 31, 2025**

Net Change in Fund Balances - Governmental Funds	\$ 13,288,152
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.	21,026
Governmental funds report penalty and interest revenues on delinquent property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.	22,095
Governmental funds report Regional Water Authority credits as revenues. However, in the government-wide financial statements, the principal portion of the credits decreases long-term receivables and the balance is recorded as investment revenue.	(23,795)
Governmental funds do not account for depreciation and amortization. However, in the government-wide financial statements, capital assets are depreciated and intangible assets are amortized and the expense is recorded in the Statement of Activities.	(4,705,770)
Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.	16,513,346
Governmental funds report bond insurance costs as expenditures and bond discounts and bond premiums as other financing sources/uses in the year paid. However, in the government-wide financial statements, bond insurance costs, bond discounts and bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in interest expense.	536,326
Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected.	11,320,000
Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on the debt through fiscal year-end.	(49,666)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(25,890,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, in government-wide financial statements, long-term liabilities are decreased by the amount of the bonds refunded and the difference is recorded as a deferred outflow of resources and systematically charged to interest expense.	(182,243)
Change in Net Position - Governmental Activities	<u>\$ 10,849,471</u>

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 1. CREATION OF DISTRICT**

Northwest Harris County Municipal Utility District No. 5, located in Harris County, Texas (the "District"), was created effective December 3, 1974 by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 54 and 49 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct and maintain parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on April 10, 1975, and the first bonds were delivered on July 6, 1977.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether 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.

The District has entered into a joint venture with Northwest Harris County Municipal Utility District No. 15 ("District No. 15"), Harris County Municipal Utility District No. 273, Harris County Municipal Utility District No. 280, Harris County Municipal Utility District No. 281 and Harris County Municipal Utility District No. 282 for waste disposal through the North Pointe Regional Wastewater Treatment Plant. Currently, District No. 15 has operating and oversight responsibility over the wastewater treatment plant. Additional disclosure concerning this joint venture is provided in Note 10.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

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”).

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.
- 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.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in 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 Governmental Funds Balance Sheet and a Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has three governmental funds and considers these funds to be major funds.

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 revenues 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.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

Basis of Accounting (Continued)

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

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

Assets are capitalized, including infrastructure assets, if they have an original cost of \$25,000 or more and an estimated useful life of at least two years following the date of acquisition. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

Capital Assets Intangible Assets (Continued)

In accordance with GASB Statement No. 96, the District records its subscription based meter reading service as an intangible asset (see Note 16). The right-to-use asset is being amortized over the same term as the subscription contract using the straight-line method of amortization.

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 wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

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

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 Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriate 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:

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

Measurement Focus (Continued)

*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 formal action 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 did not have any assigned fund balances.

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

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

Accounting Estimates

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

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 3. LONG-TERM DEBT**

	<u>Series 2015A</u>	<u>Refunding Series 2016</u>	<u>Series 2017</u>
Amount Outstanding – July 31, 2025	\$ 19,950,000	\$ 12,255,000	\$ 16,480,000
Interest Rates	3.00% - 3.625%	4.00%	2.25% - 3.50%
Maturity Dates - Serially Beginning/Ending	May 1, 2026/2040	May 1, 2026/2032	May 1, 2026/2041
Interest Payment Dates	November 1/ May 1	November 1/ May 1	November 1/ May 1
Callable Dates	May 1, 2023*	May 1, 2025*	May 1, 2024*

	<u>Series 2018</u>	<u>Series 2018A</u>	<u>Series 2019</u>
Amount Outstanding – July 31, 2025	\$ 15,570,000	\$ 5,990,000	\$ 12,850,000
Interest Rates	3.00% - 3.75%	3.00% - 3.75%	2.00% - 3.00%
Maturity Dates - Serially Beginning/Ending	May 1, 2026/2043	May 1, 2026/2043	May 1, 2026/2043
Interest Payment Dates	November 1/ May 1	November 1/ May 1	November 1/ May 1
Callable Dates	May 1, 2023*	May 1, 2023*	May 1, 2024*

\* Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2015A term bonds maturing May 1, 2028 are subject to mandatory redemption beginning May 1, 2027, by lot or other customary random method. The Series 2017 term bonds maturing May 1, 2031, May 1, 2039 and May 1, 2041 are subject to mandatory redemption beginning May 1, 2030, May 1, 2038 and May 1, 2040, respectively. The Series 2019 term bonds maturing May 1, 2043 are subject to mandatory redemption beginning May 1, 2040, by lot or other customary random method.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

	Series 2021	Refunding Series 2021A	Series 2021B
Amount Outstanding – July 31, 2025	\$ 7,365,000	\$ 5,040,000	\$ 9,570,000
Interest Rates	1.00% - 2.00%	2.00% - 3.00%	2.00% - 4.00%
Maturity Dates - Serially Beginning/Ending	May 1, 2026/2045	May 1, 2026/2034	May 1, 2026/2047
Interest Payment Dates	November 1/ May 1	November 1/ May 1	November 1/ May 1
Callable Dates	May 1, 2026**	May 1, 2026**	May 1, 2027**

	Refunding Series 2022	Series 2023	Series 2023A
Amount Outstanding – July 31, 2025	\$ 2,330,000	\$ 24,380,000	\$ 8,685,000
Interest Rates	4.00%	4.00% - 5.00%	4.00% - 6.00%
Maturity Dates - Serially Beginning/Ending	May 1, 2026/2027	May 1, 2026/2048	May 1, 2026/2049
Interest Payment Dates	November 1/ May 1	November 1/ May 1	November 1/ May 1
Callable Dates	Not applicable	May 1, 2029**	May 1, 2030**

\*\* Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. The Series 2021 term bonds maturing May 1, 2033, May 1, 2040, May 1, 2042 and May 1, 2045 are subject to mandatory redemption beginning May 1, 2032, May 1, 2039, May 1, 2041 and May 1, 2043, respectively. The Series 2021B term bonds maturing May 1, 2044 and May 1, 2047 are subject to mandatory redemption beginning May 1, 2042 and May 1, 2045, respectively. The Series 2023A term bonds maturing May 1, 2049 are subject to mandatory redemption beginning May 1, 2046.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

	Series 2025
Amount Outstanding – July 31, 2025	\$ 25,890,000
Interest Rates	4.00% - 4.75%
Maturity Dates - Serially Beginning/Ending	May 1, 2026/2050
Interest Payment Dates	November 1/ May 1
Callable Dates	May 1, 2031***

\*\*\* Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption.

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

	August 1, 2024	Additions	Retirements	July 31, 2025
Bonds Payable	\$ 151,785,000	\$ 25,890,000	\$ 11,320,000	\$ 166,355,000
Unamortized Discounts	(142,048)	(194,934)	(7,908)	(329,074)
Unamortized Premiums	2,421,000		360,563	2,060,437
Bonds Payable, Net	\$ 154,063,952	\$ 25,695,066	\$ 11,672,655	\$ 168,086,363
		Amount Due Within One Year		\$ 11,080,000
		Amount Due After One Year		157,006,363
		Bonds Payable, Net		\$ 168,086,363

On June 12, 2025, the District issued \$25,890,000 of Unlimited Tax Bonds, Series 2025, with interest rates ranging from 4.00% to 4.75%. The net proceeds of \$24,479,381 (after payment of the underwriting fees and other issuance costs) were used to fund utility related construction and related engineering costs.

At an election held within the District on May 7, 2022, voters of the District authorized additional bonds in the amount of \$100,000,000 for utility facilities and \$18,000,000 for park and recreation facilities.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

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

Fiscal Year	Principal	Interest	Total
2026	\$ 11,080,000	\$ 5,624,636	\$ 16,704,636
2027	11,230,000	5,362,374	16,592,374
2028	9,590,000	4,974,200	14,564,200
2029	9,670,000	4,658,049	14,328,049
2030	9,775,000	4,339,181	14,114,181
2031-2035	43,690,000	17,084,818	60,774,818
2036-2040	37,635,000	10,466,197	48,101,197
2041-2045	23,020,000	4,579,840	27,599,840
2046-2050	10,665,000	1,188,956	11,853,956
	<u>\$ 166,355,000</u>	<u>\$ 58,278,251</u>	<u>\$ 224,633,251</u>

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. The District has authorized but unissued tax bonds totaling \$61,315,000 for utilities and refundings, and \$8,950,000 remaining for parks and recreation.

During the year ended July 31, 2025, the District levied an ad valorem debt service tax at the rate of \$0.465 per \$100 of assessed valuation, which resulted in a tax levy of \$16,071,006 on the adjusted taxable valuation of \$3,447,132,128 for the 2024 tax year. The bond orders require the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for 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.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on each 5<sup>th</sup> year anniversary of each issue.

The bond orders state that the District is required to annually provide continuing disclosure of certain general financial information and operating data to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access (“EMMA”) system. 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.

**NOTE 5. DEPOSITS AND INVESTMENTS**

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$5,696,413 and the bank balances were \$6,114,124. Of the bank balance, \$6,038,606 was covered by federal depository insurance and the remaining was covered by pledged collateral held by a third party in the District’s name.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 1,465,573	\$ 2,585,000	\$ 4,050,573
DEBT SERVICE FUND		1,645,000	1,645,000
CAPITAL PROJECTS FUND	840		840
TOTAL DEPOSITS	\$ 1,466,413	\$ 4,230,000	\$ 5,696,413

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

Investments

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

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

The District invests in 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.

Certificates of deposit are valued at acquisition cost at the date of purchase.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

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

Investments (Continued)

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

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
Texas CLASS	\$ 30,967,057	\$ 30,967,057	\$	\$	\$
Certificates of Deposit	2,585,000	2,585,000			
<u>DEBT SERVICE FUND</u>					
Texas CLASS	7,465,471	7,465,471			
Certificates of Deposit	1,645,000	1,645,000			
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	56,519,666	56,519,666			
<b>TOTAL INVESTMENTS</b>	<b>\$ 99,182,194</b>	<b>\$ 99,182,194</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2025, the District's investments in Texas CLASS were rated "AAAm" by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit with balances covered in accordance with Texas statutes.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments 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. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately one year or less.

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.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended July 31, 2025:

	August 1, 2024	Increases	Decreases	July 31, 2025
<b>Capital Assets Not Being Depreciated</b>				
Land and Land Improvements	\$ 12,288,152	\$ 1,442,522	\$	\$ 13,730,674
Construction in Progress	4,927,083	16,513,346	14,701,018	6,739,411
<b>Total Capital Assets Not Being Depreciated</b>	<b>\$ 17,215,235</b>	<b>\$ 17,955,868</b>	<b>\$ 14,701,018</b>	<b>\$ 20,470,085</b>
<b>Capital Assets Subject to Depreciation</b>				
Buildings and Improvements	\$ 383,826	\$	\$	\$ 383,826
Parks and Recreation Facilities	8,475,204			8,475,204
Water System	52,013,148	921,260		52,934,408
Wastewater System	58,031,910	4,214,566		62,246,476
Drainage System	63,475,019	8,046,557		71,521,576
Other	205,020			205,020
<b>Total Capital Assets Subject to Depreciation</b>	<b>\$ 182,584,127</b>	<b>\$ 13,182,383</b>	<b>\$ - 0 -</b>	<b>\$ 195,766,510</b>
<b>Accumulated Depreciation</b>				
Buildings and Improvements	\$ 259,268	\$ 9,596	\$	\$ 268,864
Parks and Recreation Facilities	310,973	188,338		499,311
Water System	16,305,818	1,433,517		17,739,335
Wastewater System	20,403,796	1,519,314		21,923,110
Drainage System	18,102,409	1,474,795		19,577,204
Other	205,020			205,020
<b>Total Accumulated Depreciation</b>	<b>\$ 55,587,284</b>	<b>\$ 4,625,560</b>	<b>\$ - 0 -</b>	<b>\$ 60,212,844</b>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 126,996,843</b>	<b>\$ 8,556,823</b>	<b>\$ - 0 -</b>	<b>\$ 135,553,666</b>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<b>\$ 144,212,078</b>	<b>\$ 26,512,691</b>	<b>\$ 14,701,018</b>	<b>\$ 156,023,751</b>

The District has financed certain drainage facilities which have been conveyed to other entities for maintenance. Capital assets are added above when the facilities are placed into service.

**NOTE 7. MAINTENANCE TAX**

On April 3, 1976, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$0.15 per \$100 of assessed valuation of taxable property within the District. On May 7, 1988, the voters agreed to increase the amount of maintenance tax not to exceed \$0.50 per \$100 of assessed valuation. During the year ended July 31, 2025, the District levied an ad valorem maintenance tax at the rate of \$0.215 per \$100 of assessed valuation, which resulted in a tax levy of \$7,430,680 on the adjusted taxable valuation of \$3,447,132,128 for the 2024 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 8. WATER SUPPLY CONTRACTS**

Harris County Municipal Utility District No. 360

On June 13, 1994, as amended on June 14, 2000, the District entered into an emergency water supply contract with Harris County Municipal Utility District No. 360 ("District No. 360"). The contract requires District No. 360 to construct, at its own cost, the 8" water lines necessary to connect the systems. Each district shall be responsible for maintaining its respective interconnect lines within its boundaries at its sole cost. Each district shall own and have title to its respective interconnect line. The term of the contract is 40 years.

The price to be paid for water delivered during an emergency shall be billed at a rate of \$0.50 per 1,000 gallons of "average daily usage" for the number of days water is received. In the event that the supplying district had to purchase all or a portion of the water supplied, then the rate per 1,000 gallons shall be the greater of the rate paid by the supplying district for such water or \$0.50. If the supplying district has converted to use surface water in whole or in part, the rate per 1,000 gallons shall be the actual costs to the supplying district to purchase surface water, or the \$0.50 rate shall be increased by the amount of the fees imposed by such regional water authority or governmental entity.

Harris Count Municipal Utility District No. 416

On February 14, 2007, the District and Harris County Municipal Utility District No. 416 ("District No. 416") entered into a Water Facilities Contract (the "Water Facilities Contract"). On April 4, 2007, the District purchased the water well and water plant located in District No. 416 for \$2,185,150. Pursuant to the Water Facilities Contract, District No. 416 held the option to repurchase 50 percent of the capacity within one year for 50 percent of the purchase price plus interest calculated at the rate at which the District financed the purchase. District No. 416 was unable to exercise the option to repurchase and the Water Facilities Contract was terminated by the Water Supply Agreement.

On August 15, 2013, the District and District No. 416 entered into the Water Supply Agreement (the "Water Supply Agreement"). Pursuant to the Water Supply Agreement, District No. 416 relinquished any right to the water well and plant located within District No. 416 and the District agreed to provide water service to up to 300 equivalent single-family connections to District No. 416. District No. 416 will design and construct all water distribution facilities and will purchase water capacity from the District at a cost of \$1,500.00 per connection to provide service to customers within District No. 416. Upon completion and acceptance by District No. 416 and developer reimbursement, the water distribution facilities will be conveyed to the District, which will assume responsibility for their maintenance and operation.

On January 17, 2019, the District and District No. 416 entered into the First Amendment to the Water Supply Agreement (the "Amendment") which allows the District to provide and charge

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 8. WATER SUPPLY CONTRACTS (Continued)**

Harris Count Municipal Utility District No. 416 (Continued)

for water services to certain parties, as detailed out in the Amendment, that are outside of the boundaries of District No. 416.

Harris Count Municipal Utility District No. 583

On June 10, 2024, the District entered into an interim water supply and emergency interconnect agreement with Harris County Municipal Utility District No. 583 (“District No. 583”). The contract requires District No. 583 to construct, at its own cost, the water lines necessary to connect the systems. Each district shall be responsible for maintaining its respective interconnect lines within its boundaries at its sole cost. Each district shall own and have title to its respective interconnect line. The term of the contract is 30 years. The price to be paid for water delivered during shall be billed at a rate of \$1.00 per 1,000 gallons plus fees imposed by such regional water authority.

**NOTE 9. LEASE AGREEMENT AND MAINTENANCE AND OPERATING AGREEMENT - ADMINISTRATION BUILDING**

On March 16, 1995, the District entered into an agreement to lease from Fairwood Homeowners Association (the “HOA”) the land on which the District’s administration building is constructed. The lease is for a term of 40 years from the date of this agreement, except if the District is annexed by the City of Houston, the agreement shall terminate upon the date of annexation. The District agreed to pay rent to the HOA at the rate of \$1.00 per year, in advance, for the term of the lease. The District agreed to construct a district administration building on the premises and pay all real property taxes during the term of the lease. The leased premises shall be used only for the construction and use of an administration building. The District further agreed to provide its own property and liability insurance for all of the District’s personal property located on the premises.

On March 16, 1995, the District and the HOA entered into an operation and maintenance agreement to arrange for the shared use and operation of the administration building for the term of the lease agreement. On June 1, 1998, the District and the HOA entered into a maintenance and operating agreement which terminated the prior agreement. The District agreed to pay all operating and maintenance costs for the building from the date of completion and occupancy of the building until two years following completion. Upon expiration of the two years following the date of completion of the building and until the expiration or termination of the lease agreement, the HOA will pay all costs of maintaining and repairing the building up to and including \$100. The District agreed to pay for all maintenance and repair costs in excess of \$100. However, the District agreed to pay all of maintenance and repair costs related to the conference room.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 9. LEASE AGREEMENT AND MAINTENANCE AND OPERATING AGREEMENT - ADMINISTRATION BUILDING (Continued)**

The District and the HOA agree that any revenues generated from the use of the building must be used to maintain the building, including normal recurring maintenance and repairs, regardless of the cost of repairs. The District's obligation to pay extraordinary maintenance and repair costs shall arise only if the revenue generated by the building is insufficient to pay the cost of repairs.

**NOTE 10. WASTE DISPOSAL AGREEMENT**

The District is a participant in a 2,613,350 gallon per-day ("gpd") regional wastewater treatment plant that is operated by Northwest Harris County Municipal Utility District No. 15 (the "Plant"). The District originally purchased rights to 1,055,600 gpd which is 40.39% of the capacity. On March 1, 2010, the District sold 28,350 gpd of its capacity in the Plant to Harris County Municipal Utility District No. 281 at a purchase price of \$99,225. On May 6, 2015, the District approved the sale of wastewater treatment capacity in the Plant to Harris County Municipal Utility District No. 282 in the amount of \$245,478 for 70,000 gpd of wastewater capacity. On July 1, 2015, the District approved the sale of wastewater treatment capacity in the Plant to Harris County Municipal Utility District No. 273 in the amount of \$542,225 for 148,000 gpd of wastewater capacity. After this transaction, the District owns rights to 809,250 gpd which is 30.97% of the capacity. The term of the agreement is for a period of 40 years from March 1, 2010.

Each party owning capacity in the Plant appoints one member of its Board of Directors or its general manager to serve on an operations committee to oversee the operation and maintenance of the Plant. All costs incurred in connection with the meetings and activities of the operations committee shall be costs of the Plant. During the current fiscal year, the District maintained a reserve of \$94,202 and recorded current operating costs of \$442,494. The following summary financial data of the wastewater treatment plant is presented for the fiscal year ending September 30, 2024. Separate financial statements are not issued on this joint venture.

	Joint Venture
Total Assets	\$ 916,069
Total Liabilities	836,186
Total Fund Balance	\$ 79,883
Total Revenues and Other Financing Sources	\$ 1,185,438
Total Expenditures	1,179,443
Net Change in Fund Balance	\$ 5,995
Beginning Fund Balance – October 1, 2023	73,888
Ending Fund Balance – September 30, 2024	\$ 79,883

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY**

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the seventy-fifth Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District ("HGSD") pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of their water use to surface water over a period of time.

The Authority currently charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The rate at July 31, 2025 was \$2.60 per 1,000 gallons of water pumped from each well. The District recorded an expenditure of \$2,422,417 for fees assessed during the current fiscal year.

The District started purchasing water from the Authority in December of 2010. The rate at July 31, 2025 was \$3.05 per 1,000 gallons of water purchased. The District recorded an expenditure for water purchased from the Authority during the current fiscal year of \$2,027,469.

The District funded the construction costs for the conversion to surface water based on their capacity in the water supply facilities. The total cost of the project approved by the Authority for reimbursement was \$894,644, which will be credited to the District over 30 years at a rate of 6%. The District began taking monthly credits of \$5,416 in November 2011.

Future repayments are as follows:

Fiscal Year	Principal	Interest	Total
2026	\$ 25,223	\$ 39,772	\$ 64,995
2027	26,736	38,259	64,995
2028	28,341	36,654	64,995
2029	30,041	34,954	64,995
2030	31,843	33,152	64,995
2031-2035	190,274	134,700	324,974
2036-2040	254,630	70,345	324,975
2041-2042	75,778	4,777	80,555
	<u>\$ 662,866</u>	<u>\$ 392,613</u>	<u>\$ 1,055,479</u>

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT**

Effective December 20, 2007, the District entered into a Strategic Partnership Agreement (“SPA”) with the City of Houston, Texas. Under the SPA, and in accordance with Subchapter F of Chapter 43 of the Texas Local Government Code, the City has annexed the District for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the District. Effective May 14, 2013, the District entered into the First Amended and Restated Strategic Partnership Agreement with the City of Houston. This agreement confirms the terms of the original agreement and provides for the limited purpose annexation by the City of additional land in the District.

The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. The taxable property within the District is not liable for any present or future debts of the City, and current and future taxes levied by the City may not be levied on taxable property within the District. The City’s municipal courts have jurisdiction to adjudicate criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and certain state laws. The District’s assets, liabilities, indebtedness, and obligations will remain the responsibility of the District during the period preceding full-purpose annexation. The City may not annex the District for full purposes until eight years after at least 90 percent of the District’s water, wastewater and drainage facilities have been developed and the developer(s) reimbursed by the District (or the City has assumed obligation for such reimbursement). The District will pay an annual \$100 fee to the City for the provision of city services in lieu of full-purpose annexation. The qualified voters of the District may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the District.

The City shall impose 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 future amendments to Chapter 321 of the Tax Code. The City agrees to pay to the District an amount equal to one-half of all Sales and Use Tax receipts generated within the District. The sales tax became effective on January 1, 2008. The City agrees to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Controller’s office. During the current fiscal year, the District recorded \$122,576 in sales tax receipts, of which \$26,251 was receivable from the City at July 31, 2025.

The term of this SPA is 30 years from the effective date of December 20, 2007.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 13. UNREIMBURSED COSTS**

As of July 31, 2025, developers had advanced approximately \$71,637 on behalf of the District for easements used by the District. This liability, and the related facilities, has been recorded in the Statement of Net Position.

**NOTE 14. INTERFUND TRANSFERS**

During the current fiscal year, the Capital Projects Fund transferred \$708,909 to the General Fund to reimburse the General Fund for bond related costs.

**NOTE 15. RISK MANAGEMENT**

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

**NOTE 16. SUBSCRIPTION-BASED SERVICE AGREEMENT**

In accordance with the requirements of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, the District recorded a right-to-use asset and related subscription payable in its financial statements pertaining to the subscription service agreement it has with Badger Meter dated September 13, 2018. The term of the agreement continues through September 13, 2028.

Monthly payments are based on the number of connections serviced times the contractual rate per connection. The monthly costs are approximately \$7,600 per month but will vary from time-to-time as the number of connections change. Current year subscription payments totaled \$83,248 with \$69,624 allocated to principal and the remainder to interest. The subscription liability was measured using a discount rate of 5.00%.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
NOTES TO THE FINANCIAL STATEMENTS  
JULY 31, 2025**

**NOTE 16. SUBSCRIPTION-BASED SERVICE AGREEMENT (Continued)**

Right-to-use assets, current amortization expense, and accumulated amortization are summarized in the following table.

	August 1, 2024	Increases	Decreases	July 31, 2025
<b>Intangible Assets Subject to Amortization</b>				
Subscription Based Service	\$ 401,048	\$	\$	\$ 401,048
<b>Accumulated Amortization</b>				
Subscription Based Service	<u>80,210</u>	<u>80,210</u>	<u></u>	<u>160,420</u>
<b>Total Intangible Assets, Net of Accumulated Amortization</b>	<u>\$ 320,838</u>	<u>\$ (80,210)</u>	<u>\$ - 0 -</u>	<u>\$ 240,628</u>

The change in subscription payable during the current fiscal year is summarized in the following table:

	August 1, 2024	Additions	Retirements	July 31, 2025
Subscription Payable	<u>\$ 328,640</u>	<u>\$ -0-</u>	<u>\$ 76,113</u>	<u>\$ 252,527</u>

Future subscription payments, including the amount due within one year and amounts due after one year, are summarized in the following tables:

Fiscal Year	Principal	Interest	Total
2026	\$ 80,007	\$ 10,809	\$ 90,816
2027	84,100	6,716	90,816
2028	<u>88,420</u>	<u>2,143</u>	<u>90,563</u>
	<u>\$ 252,527</u>	<u>\$ 19,668</u>	<u>\$ 272,195</u>

Amount Due Within One Year	\$ 80,007
Amount Due After One Year	<u>172,520</u>
Total Subscription Payable	<u>\$ 252,527</u>

**NORTHWEST HARRIS COUNTY**  
**MUNICIPAL UTILITY DISTRICT NO. 5**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**JULY 31, 2025**

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FOR THE YEAR ENDED JULY 31, 2025**

	Original Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 7,663,600	\$ 7,418,285	\$ (245,315)
Sales Tax Receipts	81,600	122,576	40,976
Water Service	3,216,300	2,793,589	(422,711)
Wastewater Service	2,914,100	2,807,429	(106,671)
Regional Water Authority Fees	5,855,200	3,952,437	(1,902,763)
Penalty and Interest	179,400	175,243	(4,157)
Tap Connection and Inspection Fees	700,000	449,662	(250,338)
Investment Revenues	1,453,400	1,478,446	25,046
Regional Water Authority Reimbursements	64,995	64,995	
Miscellaneous Revenues	53,800	197,852	144,052
<b>TOTAL REVENUES</b>	<b>\$ 22,182,395</b>	<b>\$ 19,460,514</b>	<b>\$ (2,721,881)</b>
<b>EXPENDITURES</b>			
Services Operations:			
Professional Fees	\$ 711,100	\$ 800,956	\$ (89,856)
Contracted Services	3,830,400	3,735,820	94,580
Purchased Wastewater Service	406,900	442,494	(35,594)
Utilities	756,300	731,221	25,079
Regional Water Authority Assessments	6,000,000	4,449,886	1,550,114
Repairs and Maintenance	3,014,600	3,652,722	(638,122)
Other	1,591,300	1,614,950	(23,650)
Capital Outlay	844,000	320,633	523,367
<b>TOTAL EXPENDITURES</b>	<b>\$ 17,154,600</b>	<b>\$ 15,748,682</b>	<b>\$ 1,405,918</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 5,027,795</b>	<b>\$ 3,711,832</b>	<b>\$ (1,315,963)</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	\$ 100,000	\$ 708,909	\$ 608,909
Insurance Proceeds		77,078	77,078
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 100,000</b>	<b>\$ 785,987</b>	<b>\$ 685,987</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 5,127,795</b>	<b>\$ 4,497,819</b>	<b>\$ (629,976)</b>
<b>FUND BALANCE - AUGUST 1, 2024</b>	<b>28,088,431</b>	<b>28,088,431</b>	
<b>FUND BALANCE - JULY 31, 2025</b>	<b>\$ 33,216,226</b>	<b>\$ 32,586,250</b>	<b>\$ (629,976)</b>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY**  
**MUNICIPAL UTILITY DISTRICT NO. 5**  
**SUPPLEMENTARY INFORMATION REQUIRED BY THE**  
**WATER DISTRICT FINANCIAL MANAGEMENT GUIDE**  
**JULY 31, 2025**

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 2025**

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

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

**2. RETAIL SERVICE PROVIDERS**

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

Based on the rate order effective on November 21, 2024.

	<u>Minimum Charge</u>	<u>Minimum Usage</u>	<u>Flat Rate Y/N</u>	<u>Rate per 1,000 Gallons over Minimum Use</u>	<u>Usage Levels</u>
WATER:	\$ 12.25	5,000	N	\$ 1.25	5,001 to 10,000
				\$ 1.75	10,001 to 15,000
				\$ 2.25	15,001 to 20,000
				\$ 2.75	20,001 to 25,000
				\$ 3.25	25,001 and up
WASTEWATER:	\$27.75 *		Y		
SURCHARGE:					
Regional Water Authority Fees				\$ 3.05	1,000 and up

District employs winter averaging for wastewater usage?

<u>      </u>	<u>  X  </u>
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$18.50 Wastewater: \$27.75 Surcharge: \$30.50 Total: \$76.75

\* Includes solid waste disposal

\*\* The District collects wastewater through the sewer system for a fee from customers.

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 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	
≤¾"	7,504	7,484	x 1.0	7,484
=1"	842	836	x 2.5	2,090
1½"	24	24	x 5.0	120
2"	129	128	x 8.0	1,024
3"	3	3	x 15.0	45
4"	2	2	x 25.0	50
6"	2	2	x 50.0	100
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water Connections	<u>8,508</u>	<u>8,481</u>		<u>11,073</u>
Total Wastewater Connections	<u>8,296</u>	<u>8,271</u>	x 1.0	<u>8,271</u>

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

Gallons pumped into system:	862,010,000	Water Accountability Ratio: 82.4% (Gallons billed and sold/Gallons pumped and purchased)
Gallons purchased:	629,924,000	From: North Harris County Regional Water Authority
Gallons billed to customer:	1,228,498,000	
Gallons sold:	624,000	To: Harris County MUD No. 360

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
SERVICES AND RATES  
FOR THE YEAR ENDED JULY 31, 2025**

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

Does the District have Debt Service standby fees?                      Yes     No

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes                       No

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely                       Partly                       Not at all

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

Entirely                       Partly                       Not at all

ETJ's 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.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED JULY 31, 2025**

PROFESSIONAL FEES:	
Arbitrage	\$ 2,625
Auditing	34,000
Engineering	409,107
Legal	<u>355,224</u>
TOTAL PROFESSIONAL FEES	<u>\$ 800,956</u>
PURCHASED SERVICES FOR RESALE -	
Purchased Wastewater Service	<u>\$ 442,494</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 112,442
Operations and Billing	248,094
Solid Waste Disposal	1,938,438
Security	<u>1,436,846</u>
TOTAL CONTRACTED SERVICES	<u>\$ 3,735,820</u>
UTILITIES:	
Electricity	\$ 551,475
Telephone	<u>179,746</u>
TOTAL UTILITIES	<u>\$ 731,221</u>
REPAIRS AND MAINTENANCE:	
Water	\$ 1,697,035
Wastewater	1,206,310
Detention Ponds	620,564
Landscaping	<u>128,813</u>
TOTAL REPAIRS AND MAINTENANCE	<u>\$ 3,652,722</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
GENERAL FUND EXPENDITURES  
FOR THE YEAR ENDED JULY 31, 2025**

ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 23,903
Dues	3,340
Insurance	153,655
Legal Notices	912
Office Supplies and Postage	112,368
Payroll Taxes	1,829
Travel and Meetings	5,634
Other	<u>58,986</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 360,627</u>
CAPITAL OUTLAY -	
Capitalized Assets	<u>\$ 320,633</u>
TAP CONNECTIONS	<u>\$ 366,141</u>
OTHER EXPENDITURES:	
Chemicals	\$ 280,238
Generator Rental	15,490
Inspection Fees	188,809
Laboratory Fees	96,933
Permit Fees	41,812
Reconnection Fees	84,292
Regional Water Authority Assessments	4,449,886
Regulatory Assessment (TCEQ)	26,516
Sludge Hauling	<u>154,092</u>
TOTAL OTHER EXPENDITURES	<u>\$ 5,338,068</u>
TOTAL EXPENDITURES	<u>\$ 15,748,682</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
INVESTMENTS  
JULY 31, 2025**

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<b><u>GENERAL FUND</u></b>					
Texas CLASS	XXXX0001	Varies	Daily	\$ 30,967,057	\$
Certificate of Deposit	XXXX1153	4.00%	01/09/26	235,000	2,781
Certificate of Deposit	XXXX8629	4.18%	07/28/26	235,000	81
Certificate of Deposit	XXXX2696	4.50%	02/26/26	235,000	4,491
Certificate of Deposit	XXXX2069	4.25%	07/08/26	235,000	629
Certificate of Deposit	XXXX0346	4.18%	12/03/25	235,000	1,480
Certificate of Deposit	XXXX9491	4.17%	01/09/26	235,000	2,927
Certificate of Deposit	XXXX8865	3.92%	04/25/26	235,000	2,498
Certificate of Deposit	XXXX3082	4.10%	07/28/26	235,000	79
Certificate of Deposit	XXXX8206	4.75%	11/07/25	235,000	7,982
Certificate of Deposit	XXXX5384	4.05%	06/26/26	235,000	
Certificate of Deposit	XXXX8472	4.15%	07/07/26	235,000	641
<b>TOTAL GENERAL FUND</b>				<b>\$ 33,552,057</b>	<b>\$ 23,589</b>
<b><u>DEBT SERVICE FUND</u></b>					
Texas CLASS	XXXX0002	Varies	Daily	\$ 7,465,471	\$
Certificate of Deposit	XXXX6321	4.50%	04/17/26	235,000	3,042
Certificate of Deposit	XXXX0563	4.09%	04/07/26	235,000	3,028
Certificate of Deposit	XXXX9490	4.17%	01/09/26	235,000	2,927
Certificate of Deposit	XXXX8827	3.92%	04/14/26	235,000	2,781
Certificate of Deposit	XXXX2412	4.25%	09/05/25	235,000	3,940
Certificate of Deposit	XXXX5620	4.08%	01/13/26	235,000	2,732
Certificate of Deposit	XXXX5820	4.15%	04/24/26	235,000	2,619
<b>TOTAL DEBT SERVICE FUND</b>				<b>\$ 9,110,471</b>	<b>\$ 21,069</b>
<b><u>CAPITAL PROJECTS FUND</u></b>					
Texas CLASS	XXXX0008	Varies	Daily	\$ 435,000	
Texas CLASS	XXXX0009	Varies	Daily	4,340,372	
Texas CLASS	XXXX0014	Varies	Daily	4,636,733	
Texas CLASS	XXXX0016	Varies	Daily	21,432,959	
Texas CLASS	XXXX0017	Varies	Daily	8,697,103	
Texas CLASS	XXXX0018	Varies	Daily	16,977,499	
<b>TOTAL CAPITAL PROJECTS FUND</b>				<b>\$ 56,519,666</b>	<b>\$ - 0 -</b>
<b>TOTAL - ALL FUNDS</b>				<b>\$ 99,182,194</b>	<b>\$ 44,658</b>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JULY 31, 2025**

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2024	\$	91,874		\$ 238,245
Adjustments to Beginning				
Balance		<u>(6,482)</u>	\$ 85,392	<u>(11,206)</u> \$ 227,039
Original 2024 Tax Levy	\$	7,069,267		\$ 15,289,345
Adjustment to 2024 Tax Levy		<u>361,413</u>	<u>7,430,680</u>	<u>781,661</u> <u>16,071,006</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 7,516,072		\$ 16,298,045
TAX COLLECTIONS:				
Prior Years	\$	30,607		\$ 66,686
Current Year		<u>7,387,678</u>	<u>7,418,285</u>	<u>15,978,001</u> <u>16,044,687</u>
TAXES RECEIVABLE -				
JULY 31, 2025		<u>\$ 97,787</u>		<u>\$ 253,358</u>
TAXES RECEIVABLE BY				
YEAR:				
2024	\$	43,002		\$ 93,005
2023		19,812		39,624
2022		13,142		25,737
2021		9,448		31,122
2020		4,744		16,185
2019 and prior		<u>7,639</u>		<u>47,685</u>
TOTAL		<u>\$ 97,787</u>		<u>\$ 253,358</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED JULY 31, 2025**

	2024	2023	2022	2021
<b>PROPERTY VALUATIONS:</b>				
Land	\$ 18,853,118	\$ 5,585,768	\$ 4,021,745	\$ 9,208,157
Improvements	3,501,233,683	3,266,975,043	2,893,628,438	2,511,952,743
Personal Property	50,984,000	47,017,483	60,746,983	35,504,332
Exemptions	<u>(123,938,673)</u>	<u>(112,749,613)</u>	<u>(100,159,099)</u>	<u>(82,384,804)</u>
<b>TOTAL PROPERTY VALUATIONS</b>	<b><u>\$ 3,447,132,128</u></b>	<b><u>\$ 3,206,828,681</u></b>	<b><u>\$ 2,858,238,067</u></b>	<b><u>\$ 2,474,280,428</u></b>
<b>TAX RATES PER \$100 VALUATION:</b>				
Debt Service	\$ 0.465	\$ 0.46	\$ 0.47	\$ 0.56
Maintenance **	<u>0.215</u>	<u>0.23</u>	<u>0.24</u>	<u>0.17</u>
<b>TOTAL TAX RATES PER \$100 VALUATION</b>	<b><u>\$ 0.680</u></b>	<b><u>\$ 0.69</u></b>	<b><u>\$ 0.71</u></b>	<b><u>\$ 0.73</u></b>
<b>ADJUSTED TAX LEVY*</b>	<b><u>\$ 23,501,686</u></b>	<b><u>\$ 22,182,731</u></b>	<b><u>\$ 20,345,198</u></b>	<b><u>\$ 18,071,927</u></b>
<b>PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED</b>				
	<u>99.42 %</u>	<u>99.73 %</u>	<u>99.81 %</u>	<u>99.78 %</u>

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

\*\* Maintenance Tax – Maximum tax rate of \$0.50 per \$100 of assessed valuation was approved by voters on May 7, 1988.

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

S E R I E S - 2 0 1 5 A

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 1,330,000	\$ 646,712	\$ 1,976,712
2027	1,330,000	606,813	1,936,813
2028	1,330,000	566,912	1,896,912
2029	1,330,000	527,012	1,857,012
2030	1,330,000	487,112	1,817,112
2031	1,330,000	447,212	1,777,212
2032	1,330,000	405,650	1,735,650
2033	1,330,000	364,088	1,694,088
2034	1,330,000	320,862	1,650,862
2035	1,330,000	277,638	1,607,638
2036	1,330,000	232,750	1,562,750
2037	1,330,000	187,862	1,517,862
2038	1,330,000	141,312	1,471,312
2039	1,330,000	94,762	1,424,762
2040	1,330,000	48,212	1,378,212
2041			
2042			
2043			
2044			
2045			
2046			
2047			
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2049			
2050			
	<u>\$ 19,950,000</u>	<u>\$ 5,354,909</u>	<u>\$ 25,304,909</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

REFUNDING SERIES - 2016

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 1,370,000	\$ 490,200	\$ 1,860,200
2027	2,515,000	435,400	2,950,400
2028	1,520,000	334,800	1,854,800
2029	1,590,000	274,000	1,864,000
2030	1,675,000	210,400	1,885,400
2031	1,750,000	143,400	1,893,400
2032	1,835,000	73,400	1,908,400
2033			
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2035			
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2050			
	<u>\$ 12,255,000</u>	<u>\$ 1,961,600</u>	<u>\$ 14,216,600</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

S E R I E S - 2 0 1 7			
Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 1,030,000	\$ 500,838	\$ 1,530,838
2027	1,030,000	477,662	1,507,662
2028	1,030,000	454,488	1,484,488
2029	1,030,000	428,736	1,458,736
2030	1,030,000	400,412	1,430,412
2031	1,030,000	369,512	1,399,512
2032	1,030,000	338,612	1,368,612
2033	1,030,000	307,712	1,337,712
2034	1,030,000	275,525	1,305,525
2035	1,030,000	243,338	1,273,338
2036	1,030,000	209,862	1,239,862
2037	1,030,000	176,388	1,206,388
2038	1,030,000	141,625	1,171,625
2039	1,030,000	106,862	1,136,862
2040	1,030,000	72,100	1,102,100
2041	1,030,000	36,050	1,066,050
2042			
2043			
2044			
2045			
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2049			
2050			
	\$ 16,480,000	\$ 4,539,722	\$ 21,019,722

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

S E R I E S - 2 0 1 8

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 865,000	\$ 521,162	\$ 1,386,162
2027	865,000	495,212	1,360,212
2028	865,000	469,262	1,334,262
2029	865,000	443,312	1,308,312
2030	865,000	417,362	1,282,362
2031	865,000	391,412	1,256,412
2032	865,000	364,382	1,229,382
2033	865,000	336,268	1,201,268
2034	865,000	308,156	1,173,156
2035	865,000	278,962	1,143,962
2036	865,000	248,688	1,113,688
2037	865,000	218,412	1,083,412
2038	865,000	188,138	1,053,138
2039	865,000	157,862	1,022,862
2040	865,000	126,506	991,506
2041	865,000	95,150	960,150
2042	865,000	63,794	928,794
2043	865,000	32,438	897,438
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 15,570,000</u>	<u>\$ 5,156,478</u>	<u>\$ 20,726,478</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

SERIES - 2018 A

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 335,000	\$ 200,400	\$ 535,400
2027	335,000	190,350	525,350
2028	335,000	180,300	515,300
2029	335,000	170,250	505,250
2030	335,000	160,200	495,200
2031	335,000	150,150	485,150
2032	335,000	139,682	474,682
2033	335,000	128,794	463,794
2034	335,000	117,906	452,906
2035	335,000	106,600	441,600
2036	330,000	94,876	424,876
2037	330,000	83,326	413,326
2038	330,000	71,776	401,776
2039	330,000	60,226	390,226
2040	330,000	48,262	378,262
2041	330,000	36,300	366,300
2042	330,000	24,338	354,338
2043	330,000	12,376	342,376
2044			
2045			
2046			
2047			
2048			
2049			
2050			
	<u>\$ 5,990,000</u>	<u>\$ 1,976,112</u>	<u>\$ 7,966,112</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

S E R I E S - 2 0 1 9			
Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 715,000	\$ 325,619	\$ 1,040,619
2027	715,000	311,319	1,026,319
2028	715,000	297,019	1,012,019
2029	715,000	282,719	997,719
2030	715,000	267,525	982,525
2031	715,000	251,437	966,437
2032	715,000	234,456	949,456
2033	715,000	216,581	931,581
2034	715,000	198,707	913,707
2035	715,000	180,831	895,831
2036	715,000	162,063	877,063
2037	715,000	143,293	858,293
2038	715,000	124,525	839,525
2039	715,000	104,863	819,863
2040	710,000	85,200	795,200
2041	710,000	63,900	773,900
2042	710,000	42,600	752,600
2043	710,000	21,300	731,300
2044			
2045			
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2049			
2050			
	\$ 12,850,000	\$ 3,313,957	\$ 16,163,957

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

S E R I E S - 2 0 2 1

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 370,000	\$ 115,387	\$ 485,387
2027	370,000	111,688	481,688
2028	370,000	107,988	477,988
2029	370,000	104,288	474,288
2030	370,000	100,588	470,588
2031	370,000	96,888	466,888
2032	370,000	92,262	462,262
2033	370,000	87,638	457,638
2034	370,000	83,012	453,012
2035	370,000	77,462	447,462
2036	370,000	71,450	441,450
2037	370,000	64,976	434,976
2038	370,000	58,038	428,038
2039	365,000	51,100	416,100
2040	365,000	43,800	408,800
2041	365,000	36,500	401,500
2042	365,000	29,200	394,200
2043	365,000	21,900	386,900
2044	365,000	14,600	379,600
2045	365,000	7,300	372,300
2046			
2047			
2048			
2049			
2050			
	<u>\$ 7,365,000</u>	<u>\$ 1,376,065</u>	<u>\$ 8,741,065</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

REFUNDING SERIES - 2021A

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 495,000	\$ 105,750	\$ 600,750
2027	510,000	90,900	600,900
2028	525,000	80,700	605,700
2029	540,000	70,200	610,200
2030	560,000	59,400	619,400
2031	575,000	48,200	623,200
2032	595,000	36,700	631,700
2033	610,000	24,800	634,800
2034	630,000	12,600	642,600
2035			
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2050			
	<u>\$ 5,040,000</u>	<u>\$ 529,250</u>	<u>\$ 5,569,250</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

S E R I E S - 2 0 2 1 B				
Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total	
2026	\$ 435,000	\$ 240,337	\$	675,337
2027	435,000	222,937		657,937
2028	435,000	205,537		640,537
2029	435,000	196,838		631,838
2030	435,000	188,138		623,138
2031	435,000	179,438		614,438
2032	435,000	170,738		605,738
2033	435,000	162,038		597,038
2034	435,000	152,794		587,794
2035	435,000	143,006		578,006
2036	435,000	133,218		568,218
2037	435,000	122,888		557,888
2038	435,000	112,556		547,556
2039	435,000	101,682		536,682
2040	435,000	90,806		525,806
2041	435,000	79,932		514,932
2042	435,000	68,512		503,512
2043	435,000	57,094		492,094
2044	435,000	45,676		480,676
2045	435,000	34,256		469,256
2046	435,000	22,838		457,838
2047	435,000	11,418		446,418
2048				
2049				
2050				
	\$ 9,570,000	\$ 2,742,677	\$	12,312,677

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

REFUNDING SERIES - 2022

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 1,670,000	\$ 93,200	\$ 1,763,200
2027	660,000	26,400	686,400
2028			
2029			
2030			
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2050			
	<u>\$ 2,330,000</u>	<u>\$ 119,600</u>	<u>\$ 2,449,600</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

S E R I E S - 2 0 2 3

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 1,060,000	\$ 1,022,900	\$ 2,082,900
2027	1,060,000	969,900	2,029,900
2028	1,060,000	916,900	1,976,900
2029	1,060,000	863,900	1,923,900
2030	1,060,000	810,900	1,870,900
2031	1,060,000	768,500	1,828,500
2032	1,060,000	726,100	1,786,100
2033	1,060,000	683,700	1,743,700
2034	1,060,000	641,300	1,701,300
2035	1,060,000	598,900	1,658,900
2036	1,060,000	556,500	1,616,500
2037	1,060,000	514,100	1,574,100
2038	1,060,000	471,700	1,531,700
2039	1,060,000	429,300	1,489,300
2040	1,060,000	386,900	1,446,900
2041	1,060,000	344,500	1,404,500
2042	1,060,000	302,100	1,362,100
2043	1,060,000	259,700	1,319,700
2044	1,060,000	217,300	1,277,300
2045	1,060,000	174,900	1,234,900
2046	1,060,000	131,175	1,191,175
2047	1,060,000	87,450	1,147,450
2048	1,060,000	43,725	1,103,725
2049			
2050			
	<u>\$ 24,380,000</u>	<u>\$ 11,922,350</u>	<u>\$ 36,302,350</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

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

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 365,000	\$ 388,300	\$ 753,300
2027	365,000	366,400	731,400
2028	365,000	344,500	709,500
2029	365,000	322,600	687,600
2030	365,000	304,350	669,350
2031	365,000	286,100	651,100
2032	365,000	271,500	636,500
2033	365,000	256,900	621,900
2034	365,000	242,300	607,300
2035	360,000	227,700	587,700
2036	360,000	213,300	573,300
2037	360,000	198,900	558,900
2038	360,000	184,500	544,500
2039	360,000	170,100	530,100
2040	360,000	155,250	515,250
2041	360,000	140,400	500,400
2042	360,000	125,100	485,100
2043	360,000	109,800	469,800
2044	360,000	94,500	454,500
2045	360,000	78,750	438,750
2046	360,000	63,000	423,000
2047	360,000	47,250	407,250
2048	360,000	31,500	391,500
2049	360,000	15,750	375,750
2050			
	<u>\$ 8,685,000</u>	<u>\$ 4,638,750</u>	<u>\$ 13,323,750</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

S E R I E S - 2 0 2 5

Due During Fiscal Years Ending July 31	Principal Due May 1	Interest Due November 1/ May 1	Total
2026	\$ 1,040,000	\$ 973,831	\$ 2,013,831
2027	1,040,000	1,057,393	2,097,393
2028	1,040,000	1,015,794	2,055,794
2029	1,035,000	974,194	2,009,194
2030	1,035,000	932,794	1,967,794
2031	1,035,000	891,394	1,926,394
2032	1,035,000	849,994	1,884,994
2033	1,035,000	808,593	1,843,593
2034	1,035,000	767,194	1,802,194
2035	1,035,000	725,794	1,760,794
2036	1,035,000	684,394	1,719,394
2037	1,035,000	642,994	1,677,994
2038	1,035,000	601,594	1,636,594
2039	1,035,000	560,194	1,595,194
2040	1,035,000	516,206	1,551,206
2041	1,035,000	472,218	1,507,218
2042	1,035,000	428,231	1,463,231
2043	1,035,000	382,950	1,417,950
2044	1,035,000	336,375	1,371,375
2045	1,035,000	289,800	1,324,800
2046	1,035,000	243,225	1,278,225
2047	1,035,000	196,650	1,231,650
2048	1,035,000	147,488	1,182,488
2049	1,035,000	98,325	1,133,325
2050	1,035,000	49,162	1,084,162
	<u>\$ 25,890,000</u>	<u>\$ 14,646,781</u>	<u>\$ 40,536,781</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
LONG-TERM DEBT SERVICE REQUIREMENTS  
JULY 31, 2025**

**ANNUAL REQUIREMENTS  
FOR ALL SERIES**

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2026	\$ 11,080,000	\$ 5,624,636	\$ 16,704,636
2027	11,230,000	5,362,374	16,592,374
2028	9,590,000	4,974,200	14,564,200
2029	9,670,000	4,658,049	14,328,049
2030	9,775,000	4,339,181	14,114,181
2031	9,865,000	4,023,643	13,888,643
2032	9,970,000	3,703,476	13,673,476
2033	8,150,000	3,377,112	11,527,112
2034	8,170,000	3,120,356	11,290,356
2035	7,535,000	2,860,231	10,395,231
2036	7,530,000	2,607,101	10,137,101
2037	7,530,000	2,353,139	9,883,139
2038	7,530,000	2,095,764	9,625,764
2039	7,525,000	1,836,951	9,361,951
2040	7,520,000	1,573,242	9,093,242
2041	6,190,000	1,304,950	7,494,950
2042	5,160,000	1,083,875	6,243,875
2043	5,160,000	897,558	6,057,558
2044	3,255,000	708,451	3,963,451
2045	3,255,000	585,006	3,840,006
2046	2,890,000	460,238	3,350,238
2047	2,890,000	342,768	3,232,768
2048	2,455,000	222,713	2,677,713
2049	1,395,000	114,075	1,509,075
2050	1,035,000	49,162	1,084,162
	<u>\$ 166,355,000</u>	<u>\$ 58,278,251</u>	<u>\$ 224,633,251</u>

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED JULY 31, 2025**

Description	Original Bonds Issued	Bonds Outstanding August 1, 2024
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Bonds - Series 2015A	\$ 31,945,000	\$ 21,280,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Refunding Bonds - Series 2016	18,375,000	13,560,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Bonds - Series 2017	24,690,000	17,510,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Bonds - Series 2018	20,760,000	16,435,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Park Bonds - Series 2018A	8,000,000	6,325,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Bonds - Series 2019	17,140,000	13,565,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Bonds - Series 2021	8,845,000	7,735,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Refunding Bonds - Series 2021A	6,420,000	5,515,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Bonds - Series 2021B	11,310,000	10,005,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Refunding Bonds - Series 2022	9,530,000	5,365,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Bonds - Series 2023	26,505,000	25,440,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Park Bonds - Series 2023A	9,050,000	9,050,000
Northwest Harris County Municipal Utility District No. 5 Unlimited Tax Bonds - Series 2025	<u>25,890,000</u>	<u>                    </u>
<b>TOTAL</b>	<b><u>\$ 218,460,000</u></b>	<b><u>\$ 151,785,000</u></b>

See accompanying independent auditor's report.

Current Year Transactions				Bonds Outstanding July 31, 2025	Paying Agent
Bonds Sold	Retirements				
	Principal	Interest			
\$	\$ 1,330,000	\$ 679,963	\$ 19,950,000	Mellon Trust Company, N.A. Dallas, TX	
	1,305,000	542,400	12,255,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	1,030,000	521,438	16,480,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	865,000	547,113	15,570,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	335,000	210,449	5,990,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	715,000	339,919	12,850,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	370,000	126,487	7,365,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	475,000	120,000	5,040,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	435,000	257,737	9,570,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	3,035,000	214,600	2,330,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	1,060,000	1,075,900	24,380,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
	365,000	410,200	8,685,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX	
<u>25,890,000</u>			<u>25,890,000</u>	The Bank of New York Mellon Trust Company, N.A. Houston, TX	
<u>\$ 25,890,000</u>	<u>\$ 11,320,000</u>	<u>\$ 5,046,206</u>	<u>\$ 166,355,000</u>		

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
CHANGE IN LONG-TERM BOND DEBT  
FOR THE YEAR ENDED JULY 31, 2025**

Bond Authority:	Water, Sanitary Sewer, Drainage and Refunding*	Park Bonds
Amount Authorized by Voters	\$ 343,900,000	\$ 26,000,000
Amount Issued	282,585,000	17,050,000
Remaining to be Issued	\$ 61,315,000	\$ 8,950,000
Debt Service Fund cash, investment and due from tax assessor balances as of July 31, 2025:		\$ 9,200,969
Average annual debt service payment (principal and interest) for remaining term of all debt:		\$ 8,985,330

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

\*All bonds are 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.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
COMPARATIVE SCHEDULE OF REVENUE AND EXPENDITURES  
GENERAL FUND - FIVE YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 7,418,285	\$ 7,374,518	\$ 6,853,670
Sales Tax Receipts	122,576	77,664	72,032
Water Service	2,793,589	2,944,424	2,742,032
Wastewater Service	2,807,429	2,659,877	2,621,681
Regional Water Authority Fees	3,952,437	5,358,419	5,834,384
Penalty and Interest	175,243	177,821	182,307
Tap Connection and Inspection Fees	449,662	1,002,782	186,231
Investment Revenues	1,478,446	1,496,349	977,228
Regional Water Authority Reimbursements	64,995	64,995	64,995
Miscellaneous Revenues	197,852	104,504	47,247
<b>TOTAL REVENUES</b>	<b>\$ 19,460,514</b>	<b>\$ 21,261,353</b>	<b>\$ 19,581,807</b>
<b>EXPENDITURES</b>			
Professional Fees	\$ 800,956	\$ 756,421	\$ 811,870
Contracted Services	3,735,820	3,586,544	2,972,409
Purchased Water Service			
Purchased Wastewater Service	442,494	361,668	374,584
Utilities	731,221	723,904	670,771
Regional Water Authority Assessments	4,449,886	5,143,583	5,794,471
Repairs and Maintenance	3,652,722	3,326,449	3,410,705
Other	1,614,950	1,567,896	1,143,100
Capital Outlay	320,633	1,491,984	706,264
Bond Issuance Costs			
<b>TOTAL EXPENDITURES</b>	<b>\$ 15,748,682</b>	<b>\$ 16,958,449</b>	<b>\$ 15,884,174</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 3,711,832</b>	<b>\$ 4,302,904</b>	<b>\$ 3,697,633</b>
<b>OTHER FINANCING SOURCES</b>			
Transfers In	\$ 708,909	\$ 177,548	\$ 336,045
Insurance Proceeds	77,078		
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>\$ 785,987</b>	<b>\$ 177,548</b>	<b>\$ 336,045</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 4,497,819</b>	<b>\$ 4,480,452</b>	<b>\$ 4,033,678</b>
<b>BEGINNING FUND BALANCE</b>	<b>28,088,431</b>	<b>23,607,979</b>	<b>19,574,301</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 32,586,250</b>	<b>\$ 28,088,431</b>	<b>\$ 23,607,979</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 4,186,394	\$ 3,849,042	38.2 %	34.8 %	35.0 %	26.1 %	26.2 %
65,813	58,259	0.6	0.4	0.4	0.4	0.4
2,605,069	2,194,450	14.4	13.8	14.0	16.3	15.0
2,571,327	2,496,788	14.4	12.5	13.4	16.1	17.0
5,886,314	4,799,336	20.3	25.2	29.8	36.8	32.7
165,872	143,646	0.9	0.8	0.9	1.0	1.0
332,183	944,393	2.3	4.7	1.0	2.1	6.4
78,396	40,465	7.6	7.0	5.0	0.5	0.3
64,995	64,995	0.3	0.3	0.3	0.4	0.4
51,701	83,192	1.0	0.5	0.2	0.3	0.6
<u>\$ 16,008,064</u>	<u>\$ 14,674,566</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 552,410	\$ 574,389	4.0 %	3.6 %	4.2 %	3.4 %	4.0 %
2,598,480	2,362,071	19.2	16.9	15.2	16.1	16.2
683,583	1,366,747				4.3	9.3
443,358	310,715	2.3	1.7	1.9	2.8	2.1
557,142	460,465	3.8	3.4	3.4	3.5	3.1
5,392,465	3,740,723	22.9	24.2	29.6	33.7	25.5
2,537,755	2,088,484	18.8	15.6	17.4	15.9	14.2
1,114,436	1,355,774	8.3	7.4	5.8	7.0	9.2
129,829	310,136	1.6	7.0	3.6	0.8	2.1
	42,500					0.3
<u>\$ 14,009,458</u>	<u>\$ 12,612,004</u>	<u>80.9 %</u>	<u>79.8 %</u>	<u>81.1 %</u>	<u>87.5 %</u>	<u>86.0 %</u>
\$ 1,998,606	\$ 2,062,562	19.1 %	20.2 %	18.9 %	12.5 %	14.0 %
\$ 48,674	\$ 15,000					
<u>\$ 48,674</u>	<u>\$ 15,000</u>					
\$ 2,047,280	\$ 2,077,562					
17,527,021	15,449,459					
<u>\$ 19,574,301</u>	<u>\$ 17,527,021</u>					

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
COMPARATIVE SCHEDULE OF REVENUE AND EXPENDITURES  
DEBT SERVICE FUND - FIVE YEARS**

	Amounts		
	2025	2024	2023
<b>REVENUES</b>			
Property Taxes	\$ 16,044,687	\$ 14,767,577	\$ 13,453,572
Penalty and Interest	38,969	37,041	30,514
Investment Revenues	579,041	692,207	556,516
Miscellaneous Revenues	12,314	14,599	15,507
<b>TOTAL REVENUES</b>	<b>\$ 16,675,011</b>	<b>\$ 15,511,424</b>	<b>\$ 14,056,109</b>
<b>EXPENDITURES</b>			
Tax Collection Expenditures	\$ 217,365	\$ 215,466	\$ 174,395
Debt Service Principal	11,320,000	10,735,000	10,350,000
Debt Service Interest and Fees	5,056,706	5,020,373	4,249,394
Bond Issuance Costs			
<b>TOTAL EXPENDITURES</b>	<b>\$ 16,594,071</b>	<b>\$ 15,970,839</b>	<b>\$ 14,773,789</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ 80,940</b>	<b>\$ (459,415)</b>	<b>\$ (717,680)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Refunding Bonds	\$	\$	\$
Payment to Refunded Bond Escrow Agent			
Bond Premium			
<b>TOTAL OTHER FINANCING SOURCES, NET</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>	<b>\$ - 0 -</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 80,940</b>	<b>\$ (459,415)</b>	<b>\$ (717,680)</b>
<b>BEGINNING FUND BALANCE</b>	<b>9,141,098</b>	<b>9,600,513</b>	<b>10,318,193</b>
<b>ENDING FUND BALANCE</b>	<b>\$ 9,222,038</b>	<b>\$ 9,141,098</b>	<b>\$ 9,600,513</b>
<b>TOTAL ACTIVE RETAIL WATER CONNECTIONS</b>	<b>8,491</b>	<b>8,342</b>	<b>8,196</b>
<b>TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS</b>	<b>8,271</b>	<b>8,139</b>	<b>7,999</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2022	2021	2025	2024	2023	2022	2021
\$ 13,795,387	\$ 13,139,912	96.2 %	95.2 %	95.7 %	99.3 %	99.4 %
40,668	39,486	0.2	0.2	0.2	0.3	0.3
47,682	34,733	3.5	4.5	4.0	0.3	0.3
14,235	70	0.1	0.1	0.1	0.1	
<u>\$ 13,897,972</u>	<u>\$ 13,214,201</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 155,025	\$ 151,425	1.3 %	1.4 %	1.3 %	1.0 %	1.2 %
10,240,000	9,255,000	67.9	69.2	73.6	73.7	70.0
4,260,433	4,326,301	30.3	32.4	30.2	30.7	32.7
313,441	234,404				2.3	1.8
<u>\$ 14,968,899</u>	<u>\$ 13,967,130</u>	<u>99.5 %</u>	<u>103.0 %</u>	<u>105.1 %</u>	<u>107.7 %</u>	<u>105.7 %</u>
<u>\$ (1,070,927)</u>	<u>\$ (752,929)</u>	<u>0.5 %</u>	<u>(3.0) %</u>	<u>(5.1) %</u>	<u>(7.7) %</u>	<u>(5.7) %</u>
\$ 9,530,000	\$ 6,420,000					
(10,111,780)	(6,576,594)					
897,854	341,782					
<u>\$ 316,074</u>	<u>\$ 185,188</u>					
\$ (754,853)	\$ (567,741)					
11,073,046	11,640,787					
<u>\$ 10,318,193</u>	<u>\$ 11,073,046</u>					
<u>8,139</u>	<u>7,984</u>					
<u>7,944</u>	<u>7,614</u>					

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JULY 31, 2025**

District Mailing Address - Northwest Harris County Municipal Utility District No. 5  
c/o Smith, Murdaugh, Little & Bonham, L.L.P.  
2727 Allen Parkway, Suite 1100  
Houston, TX 77019

District Telephone Number - (713) 652-6500

<b>Board Members</b>	Term of Office (Elected or Appointed)	Fees of Office for the year ended July 31, 2025	Expense Reimbursements for the year ended July 31, 2025	Title
Larry Milberger	05/24 05/28 (Elected)	\$ 7,200	\$ 2,416	President
Mindy Cernosek	05/24 05/28 (Elected)	\$ 2,873	\$ -0-	Vice President
James Adams	05/22 05/26 (Elected)	\$ 7,200	\$ 2,422	Secretary
H. Bruce Gallun	05/24 05/28 (Elected)	\$ 2,652	\$ -0-	Treasurer
Jordan R. Griffith	05/22 05/26 (Elected)	\$ 3,978	\$ 782	Director

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developer or with any of the District's consultants, except Director Griffith is employed by Storm Water Solutions, LLC who is a consultant of the District. Director Griffith abstains from voting on issues pertaining to Storm Water Solutions, LLC.

Submission date of most recent District Registration Form: March 5, 2025

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on July 17, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

**NORTHWEST HARRIS COUNTY  
MUNICIPAL UTILITY DISTRICT NO. 5  
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS  
JULY 31, 2025**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended July 31, 2025</u>	<u>Title</u>
Smith, Murdaugh, Little & Bonham, L.L.P.	04/10/75	\$ 360,428	General Counsel
	01/21/88	\$ 576,722	Bond Counsel
		\$ 26,113	Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	07/16/87	\$ 34,000	Auditor
		\$ 2,500	Bond Related
Municipal Accounts & Consulting, L.P.	11/01/16	\$ 123,922	Bookkeeper
		\$ 4,000	Bond Related
BGE, Inc	11/14/19	\$ 1,308,492	Engineer
		\$ 65,563	Bond Related
Masterson Advisors LLC	04/19/18	\$ 236,507	Financial Advisor
Mark Burton	10/20/16	\$ -0-	Investment
Ghia Lewis	10/20/16	\$ -0-	Officers
Municipal District Services	12/01/07	\$ 3,778,406	Operator
Mike Arterburn, RTA	09/15/16	\$ -0-	Tax Assessor
Harris County Tax Assessor/Collector	07/01/06	\$ 16,672	Tax Assessor/ Collector

See accompanying independent auditor's report.