PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 19, 2024

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

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

NEW ISSUE—BOOK-ENTRY-ONLY | **RATINGS: Underlying "A-" (stable outlook) S&P**
CUSIP No. 667910 | **See "MUNICIPAL BOND RATING" herein**

$5,770,000
NORTHWEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT No. 12
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX BONDS
SERIES 2024A

Dated: April 1, 2024 | **Due: March 1 (as shown below)**

Interest on the $5,770,000 Unlimited Tax Bonds, Series 2024A (the "Bonds" or the "Series 2024A Bonds") will accrue from April 1, 2024, and will be payable on September 1 and March 1 of each year, commencing September 1, 2024. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS."

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal	Maturity	Interest Rate	Yield (a)	Principal	Maturity	Interest Rate	Yield (a)
$100,000	2028	%	%	$225,000	2041 (b)	%	%
$125,000	2029	%	%	$225,000	2042 (b)	%	%
$125,000	2030 (b)	%	%	$225,000	2043 (b)	%	%
$125,000	2031 (b)	%	%	$250,000	2044 (b)	%	%
$150,000	2032 (b)	%	%	$250,000	2045 (b)	%	%
$150,000	2033 (b)	%	%	$275,000	2046 (b)	%	%
$150,000	2034 (b)	%	%	$275,000	2047 (b)	%	%
$175,000	2035 (b)	%	%	$300,000	2048 (b)	%	%
$175,000	2036 (b)	%	%	$300,000	2049 (b)	%	%
$175,000	2037 (b)	%	%	$325,000	2050 (b)	%	%
$200,000	2038 (b)	%	%	$325,000	2051 (b)	%	%
$200,000	2039 (b)	%	%	$370,000	2052 (b)	%	%
$200,000	2040 (b)	%	%	$375,000	2053 (b)	%	%

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

(b) The Bonds maturing on or after March 1, 2030, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on March 1, 2029, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS – Optional Redemption."

The proceeds of the Bonds will be used by Northwest Harris County Municipal Utility District No. 12 (the "District") to: (1) to pay for the District's share of the cost of an expansion for the wastewater treatment plant along with related engineering and contingency costs; (2) to fund approximately 11 months of capitalized interest on the Bonds; and (3) fund costs of issuance related to the sale of the Bonds. See "USE OF BOND PROCEEDS." The Bonds, when issued, will constitute valid and binding obligation of District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham L.L.P., Houston, Texas, Bond Counsel. Certain other matters will be passed upon on behalf of the District by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about April 11, 2024.

Bids due Monday, March 18, 2024 at 10:00 a.m. Houston Time

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended ("Rule 15c2-12"), this Preliminary Official Statement constitutes an "official statement" of the District 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 representations must not be relied upon as having been authorized by the District.

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

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

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or 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 (hereinafter defined).

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

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

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

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial number of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary marker. 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 bids and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities as bonds of such entities are more generally bought, sold or traded in the secondary market.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING 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 WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND RATING

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

BOND INSURANCE

The District has applied to Assured Guaranty Municipal Corp. ("AGM") and Build America Mutual Assurance Company ("BAM") for qualification of the Bonds for bond insurance. The Underwriter (as defined herein) may bid for the Bonds with or without bond insurance. If the Underwriter bids for the Bonds with bond insurance, the cost of the bond insurance premium must be paid for by the Underwriter. The District will pay for the cost of the S&P rating. The Underwriter must pay for the cost of any rating other than the S&P rating. If the Underwriter purchases the Bonds with bond insurance and subsequent to the sale date and prior to the closing date, the bond insurer's credit rating is downgraded the Underwriter is still obligated to accept delivery of the Bonds. Information relative to the cost of the insurance premium will be available from the bond insurance companies on the day of the sale.

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: Northwest Harris County Municipal Utility District No. 12 Unlimited Tax Bonds, Series 2024A (herein the "Bonds" or the "Series 2024A Bonds"), are being issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, relating to the issuance of bonds by political subdivisions, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, a bond election held within the District, an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and an order of the Board of Directors of Northwest Harris County Municipal Utility District No. 12 (the "District") authorizing the issuance of the Bonds (the “Bond Order”). The Bonds mature March 1 in the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on September 1, 2024, and each March 1 and September 1 thereafter until maturity or prior redemption.

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

Redemption Provisions: Bonds maturing on or after March 1, 2030, are subject to early redemption, in whole or from time to time in part, on March 1, 2029, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See “THE BONDS.”

Authority for Issuance: The voters within the District have authorized the issuance of a total of $112,000,000 of new money unlimited tax bonds payable from taxes, of which $30,595,000 remain authorized but unissued after the sale of the Bonds. Additionally, the District has $8,520,000 authorized but unissued for unlimited tax refunding bonds remaining. The District called an election on November 8, 2022 and voters authorized for the issuance of bonds for a Defined Area of the District. See “DEFINED AREA”. After the sale of the Bonds the voters of the District may in the future authorize the issuance of additional bonds. See “RISK FACTORS – Future Debt” and "THE BONDS – Authority for Issuance."

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

Municipal Bond Rating: In connection with the sale of the Bonds, the District has made application to S&P which has a rating of “A-” (stable outlook) on the Bonds based upon the District’s underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and the District makes no representation as to the appropriateness of such rating. See “MUNICIPAL BOND RATING.”

Bond Insurance: The District has applied to AGM and BAM for qualification of the Bonds for bond insurance. The Underwriter may bid for the Bonds with or without bond insurance. If the Underwriter bids for the Bonds with bond insurance, the cost of the bond insurance premium must be paid for by the Underwriter. Information relative to the cost of the insurance premium will be available from the bond insurance companies on the day of the sale. See “BOND INSURANCE.”

Use of Proceeds: The proceeds of the Bonds will be used by the District to: (1) to pay for the District’s share of the cost of an expansion for the wastewater treatment plant along with related engineering and contingency costs; (2) to fund approximately 11 months of capitalized interest on the Bonds; and (3) fund costs of issuance related to the sale of the Bonds. See “USE OF BOND PROCEEDS.”

NOT Qualified Tax-Exempt Obligations: The District will NOT 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."

Payment Record: The District has never defaulted in the payment of principal of or interest on its bonds.

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

Legal Opinions: Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel.

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

THE DISTRICT

Description: Northwest Harris County Municipal Utility District No. 12, a political subdivision of the State of Texas, was created by the Texas Water Commission and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District is located in Harris County approximately 24 miles west-northwest of the central business district of the City of Houston, Texas and 6 miles northeast of the City of Katy, Texas. The District is bounded on the north by Harris County Municipal Utility District No. 105 ("HCMUD No. 105"), and is situated between W. Little York to the north, SH 99 (Grand Parkway) to the west, Clay Road to the south, and Fry Road which lies adjacent to and to the east of the District.

The District, which encompasses approximately 1,385 acres, contains the following subdivisions/sections Westfield Village, Westfield Pines, Jasmine Heights, Sections 6-7 and 17-25, and The Meadows at Westfield Village, Sections 1-6. Approximately 458 acres in the District may be developed in the future. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston. Ground elevations within the District range from 144 feet mean sea level ("MSL") in the northwest section to 134 feet MSL in the southeast corner of the District. Drainage from the District generally flows into Bear Creek. See "THE DISTRICT."

Status of Development: As of December 1, 2023, there are 2,519 developed lots in the District; such lots include approximately 2,516 completed homes, 3 homes under construction, and 0 vacant developed lots. According to observations of the District's Operator and the District Board Members, approximately 12 homes in the District experienced minor flooding (3 to 4 inches of flooding) during the Hurricane Harvey event. The District currently includes approximately 458 additional undeveloped acres (under agricultural valuation) that may be developed in the future. The District also include a 92-acre commercial/light industrial park that is in the process of being built out. Additionally, the District includes approximately 98 acres of District plant sites, drainage easements, parks, street rights-of-ways, and other undevelopable acres. The District's Engineer has represented that the District's share of water supply plant capacity is adequate to serve 3,000 ESFCs. The District owns 36.12% of the capacity in a shared wastewater treatment plant which is capable of serving 3,106 ESFCs. See "THE DISTRICT" and "THE SYSTEM."

Developers: Magellen Development Ltd. ("Magellen") is a special purpose Texas Limited Partnership that has been created for the purposes of developing land within the District. Magellen's general partner is Transnational Investments, Inc. a Texas corporation ("Transnational"). The president of Transnational is Benjamin Cheng. KECH I Corporation is the general partner of KECH I, Ltd. Benjamin Cheng is the president of KECH I Corporation. The entities controlled by Mr. Cheng are presently the owners of approximately 30 undeveloped acres in the District.

KECH 1, Ltd. has in the past sold tracts of undeveloped land to different homebuilders who were interested in building in what is now Westfield Village Sections 2 and 3. Each of those builders, in turn engaged Aurous Development Services, Ltd. ("Aurous") to manage the land development of such acreage located within Westfield Village. Aurous is a limited partnership that includes Lawrence Kupstas and Adam Kupstas who have collectively been involved in more than 42 different land development projects located in the Houston market during the course of the last 30 years.

KB Home Lone Star, Inc. has developed approximately 157 acres into approximately 549 single-family lots in a subdivision known as The Meadows at Westfield Village, Sections 1-6. Homebuilding has been completed in the subdivision and have most recently been marketed in the $330,000 price range.

D.R. Horton began purchasing approximately 319 acres in the District in 2020 and developed such land as the Jasmine Heights subdivision located in the District. The Jasmine Heights project in the District includes approximately 1,204 lots; homes have been marketed in the $295,490 - $362,490 price range. D.R. Horton has built out Jasmine Heights, Sections 20-25. These sections include 616 lots that became available for homebuilding during the fourth quarter of 2021.

The District annexed 172.424 acres that was owned by Bear Creek Trust. Bear Creek Trust, in turn, sold approximately 92 acres to Clay Road Partners, LP (herein “Clay Road Partners”). Clay Road Partners has completed the development of 92 acres for light industrial/commercial use. According to Clay Road Partners, all of the land infrastructure work for the 92 acres was substantially completed during the 3rd quarter of 2019. Clay Road Partners has, either directly or through subsidiaries, sold (1) a 2.78-acre tract to a company that completed the construction of 46,200 square foot building, (2) a 2.69-acre tract to a company that completed the construction of a 45,000 square foot facility, (3) a 3.6845-acre tract to a company that completed construction of a 45,480 square foot building, (4) a 3.1752-acre tract to a company that completed construction of a 42,500 square foot building, (5) a 2.6889-acre tract to a company that completed construction of a 36,650 square foot building, (6) a 170,000 square foot office/warehouse facility on 7.0752 acres, (7) a 34,750 square foot office/ware house facility on 2.0059 acres, (8) a 44,850 square foot office/warehouse facility on 6.7731 acres, (9) two office/warehouse buildings consisting of 88,750 square feet on 4.8792 acres, (10) a 43,200 square foot office/warehouse building on 2.6048 acres, and (11) a 63,000 square foot office/warehouse facility is currently under construction on approximately 3.00 acres of land. Clay Road Partners, through subsidiaries, has also completed the construction of 25 warehouse buildings (approximately 323,900 square feet) on 20.4369 acres, of which all 25 have been sold to commercial users. A land site consisting of approximately 1.9652 acres was sold to a third-party user for future development. No other land sites are available in the Clay Road Commerce Park.

SELECTED FINANCIAL INFORMATION
(Unaudited)

5/1/2023 Estimated Taxable Value	$877,824,302	(a)
2023 Certified Taxable Value	$854,566,113	(b)
2022 Certified Taxable Value	$590,509,946	(b)
Direct Debt (See "DISTRICT DEBT")		
Outstanding Bonds (as of March 1, 2024)	$66,515,000	
The Bonds	$5,770,000	
Total Direct Debt	$72,285,000	
Estimated Overlapping Debt	$32,673,761	(c)
Direct and Estimated Overlapping Debt	$104,958,761	
Percentage of Direct Debt to		
5/1/2023 Estimated Taxable Value	8.23%	
2023 Taxable Value	8.46%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to		
5/1/2023 Estimated Taxable Value	11.96%	
2023 Taxable Value	12.28%	
See "DISTRICT DEBT"		
2023 Tax Rate Per $100 of Assessed Value		
Debt Service	$0.40	
Maintenance Tax	$0.21	
Total 2023 Tax Rate	$0.61	
General Fund approximate cash balance as of November 20, 2023	$4,723,453	(d)
Pro-Forma Debt Service Fund approximate cash balance	$1,724,060	(e)

(a) Reflects data supplied by the Harris Central Appraisal District ("HCAD"). The Estimated Taxable Value as of May 1, 2023, was prepared by HCAD and provided to the District. Such value is not binding on HCAD, and any new values subsequent to January 1, 2023, will not be included on the District's tax roll until the 2024 tax roll is prepared and certified by HCAD during the second half of 2024. See "TAX DATA" and "TAX PROCEDURES."

(b) Reflects the January 1, 2023 and the January 1, 2022 Certified Taxable Value according to data supplied to the District by HCAD. The 2023 Certified figure above represents the taxable value of property that has been fully certified but excludes the taxable value of property that is still in the certification process ($2,351,647). See "TAX DATA" and "TAX PROCEDURES."

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

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

(e) Unaudited figure per the District's records. The figure above includes a negative adjustment of $818,906 for the September 1, 2023 debt service payment on the District's Outstanding Bonds. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Adequacy for Debt Service."

DEBT SERVICE SCHEDULE

The following sets forth the debt service requirements for the District's outstanding bonds and the Series 2024A Bonds.

Year	Outstanding Debt Service Requirements	Plus: Debt Service Series 2024A Bonds Principal	Interest*	Total Debt Service Requirements*
2024	$3,052,457		$108,188	$3,160,644
2025	$3,423,686		$259,650	$3,683,336
2026	$3,446,223		$259,650	$3,705,873
2027	$3,759,861		$259,650	$4,019,511
2028	$4,139,098	$100,000	$257,400	$4,496,498
2029	$4,124,804	$125,000	$252,338	$4,502,142
2030	$4,119,366	$125,000	$246,713	$4,491,079
2031	$4,132,679	$125,000	$241,088	$4,498,767
2032	$4,119,464	$150,000	$234,900	$4,504,364
2033	$4,150,872	$150,000	$228,150	$4,529,022
2034	$4,140,129	$150,000	$221,400	$4,511,529
2035	$4,214,515	$175,000	$214,088	$4,603,603
2036	$4,213,344	$175,000	$206,213	$4,594,557
2037	$4,212,958	$175,000	$198,338	$4,586,296
2038	$4,125,811	$200,000	$189,900	$4,515,711
2039	$4,156,405	$200,000	$180,900	$4,537,305
2040	$4,230,170	$200,000	$171,900	$4,602,070
2041	$4,198,045	$225,000	$162,338	$4,585,383
2042	$4,212,139	$225,000	$152,213	$4,589,352
2043	$3,680,905	$225,000	$142,088	$4,047,993
2044	$3,679,686	$250,000	$131,400	$4,061,086
2045	$3,674,562	$250,000	$120,150	$4,044,712
2046	$3,690,343	$275,000	$108,338	$4,073,681
2047	$3,323,337	$275,000	$95,963	$3,694,300
2048	$2,382,400	$300,000	$83,025	$2,765,425
2049	$2,361,875	$300,000	$69,525	$2,731,400
2050	$1,785,000	$325,000	$55,463	$2,165,463
2051	$1,079,500	$325,000	$40,838	$1,445,338
2052	$1,089,500	$370,000	$25,200	$1,484,700
2053	$1,122,000	$375,000	$8,438	$1,505,438
TOTAL	**$104,041,134**	**$5,770,000**	**$4,925,438**	**$114,736,571**

Maximum Annual Debt Service Requirements (2035) $4,603,603*

$0.56 Tax Rate on the Estimated 5/1/2023 Estimated Taxable Value of $877,824,302
@ 95% collections produces $4,670,025*

$0.57 Tax Rate on the 2023 Taxable Value of $854,566,113
@ 95% collections produces $4,627,476*

*Preliminary, subject to change.

OFFICIAL STATEMENT

relating to

$5,770,000

Northwest Harris County Municipal Utility District No. 12
(A political subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX BONDS,
SERIES 2024A

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $5,770,000 Northwest Harris County Municipal Utility District No. 12, Unlimited Tax Bonds, Series 2024A (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, relating to the issuance of bonds by political subdivisions, specifically Chapters 49 and 54 of the Texas Water Code, as amended, a bond election held in the District, an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and pursuant to an order (the "Bond Order") adopted by the Board of Directors of Northwest Harris County Municipal Utility District No. 12 (the "District"), a conservation and reclamation district and political subdivision of the State of Texas located within Harris County, Texas.

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

RISK FACTORS

General

The security for payment of the Bonds depends on the District's ability to collect taxes levied against property within the District in an amount sufficient to pay debt service on the Bonds when due. The District makes no representation that over the term of the Bonds taxable property within the District will maintain values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property if the District forecloses on property to enforce its tax lien. Further, the collection of delinquent taxes owed the District and the enforcement by a bondholder of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "Tax Collections" and "Registered Owners' Remedies" herein and "THE BONDS – Sources of and Security for Payment."

Tax Collections

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

Dependence on Future Development and Potential Impact on District Tax Rates

The District's 2023 tax rate is $0.61 per $100 of assessed valuation. At the present time, tax rates in excess of $1.25 per $100 of assessed valuation are not common among the majority of older more established utility districts in the Harris County area, although many newly activated districts are presently projecting tax rates in the range of $1.35 to $1.50 per $100. Any increase in the District's tax rate substantially above the $1.50 level could further adversely impact future building development in the District and the District's ability to collect such tax.

The growth of the District's tax base is directly related to the housing industry in general and the demand for residential lots in the District in particular. The housing industry has historically been a cyclical industry, affected by short-term and long-term interest rates, demand for developed property, availability of mortgage and development funds, labor conditions, the rate of foreclosure and general economic conditions. In the mid-1980s the downturn in the Houston economy and concurrent increases in unemployment substantially reduced the demand for new housing. In many instances, homeowners turned homes back to mortgage companies because of a negative equity position and, consequently, many repossessed homes were resold at substantially reduced prices. The demand for and construction of single-family homes in the District, which is 24 miles west, northwest of downtown Houston, also could be affected by competition from nearby residential developments, many of which are more mature in development status than the District. In addition to competition for new home sales from other developments, there are numerous previously owned homes in more established neighborhoods and/or in more favorable locations closer to downtown Houston that have been or are on the market at prices comparable to prices of new and previously owned homes within the District. Such previously owned homes represent additional competition for new homes proposed to be sold within the District.

The development industry in the Houston area is competitive, and the District can give no assurance that any additional building and development of land within the District will be successfully implemented. Both the local demand for, and the relative performance of developers in the sale of residential lots and the performance of prospective home builders in the construction of single-family homes are affected by most of the factors discussed herein and will directly affect the growth and maintenance of taxable values in the District and the ability of the District to raise tax revenues sufficient to pay its debt service requirements.

Assuming no further residential construction within the District other than that which has already been built, the value of such land and improvements currently located within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds will be $4,603,603 (2035). If no growth in value were to occur beyond the May 1, 2023 Estimated Taxable Value of $877,824,302 based upon information as provided by HCAD to the District, a $0.56 total tax rate would be required. If no growth in value were to occur beyond the 2023 Certified Taxable Value of $854,566,113 based upon information as provided by HCAD to the District, a $0.57 total tax rate would be required. See "TAX DATA – Tax Adequacy for Debt Service."

Potential Effects of Oil Price Fluctuations on the Houston Area

The recent fluctuations in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

Dependence on the Energy Industry

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

Developers and Landowners Under No Obligation to the District

There is no commitment by or legal requirement of the developers, or any other landowner in the District, to proceed at any particular rate or according to any specified plan with the development of land in the District, or for any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any developers or landowners right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and could result in higher tax rates. See "THE DISTRICT" and "THE DEVELOPER."

The developers are not responsible or liable for, and have not made any commitment for payment of, debt service on the Bonds. The developers' sole responsibility is to pay the ad valorem taxes levied by the District on its property. Further, the financial condition of the developers is subject to change at any time. Likewise, the developers may sell or otherwise dispose of their property within the District at any time.

Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages. Even if a judgment against the District for money damages could be 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.

Bankruptcy Limitation to Registered Owners Rights

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

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

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

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

Economic Factors

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

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

The availability of mortgage and development funds has a direct impact on construction and building activity, particularly the short-term interest rates at which developers and builders are able to obtain financing for development or building costs. Interest rate levels may affect the developers' or builders' ability to complete development or building plans. Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The return of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

Future Debt

The District has reserved in the Bond Order the right to issue the remaining $30,595,000 principal amount of unlimited tax bonds for the purpose of providing waterworks, sanitary sewer, and drainage facilities to land within the District. See "RISK FACTORS – Future Debt." The District's voters have also authorized the issuance of up to $12,000,000 principal amount of unlimited tax refunding bonds; $8,520,000 unlimited tax refunding bonds remain authorized but unissued for the purpose of refunding previously outstanding unlimited tax bonds or combination unlimited tax and revenue bonds or other bonds issued by the District subsequent to the sale of the Bonds. All of the remaining bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board, subject to the approval of the Attorney General of the State of Texas and the TCEQ (for the unlimited tax bonds).

The District called an election on November 8, 2022 for the purpose of requesting voter authorization to approve certain bonds for an approximately 458 acre Defined Area of the District. The District's voters approved authorization for the issuance of: (i) $90,000,000 in bonds for water, sewer, and drainage facilities for the Define Area; (ii) $22,500,000 in bonds for roads in the Defined Area; (iii) $21,500,000 for parks and recreational facilities in the Defined Area; and (iv) $90,000,000 in bonds for refunding bonds issued for the benefit of the Defined Area.

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

Financing Parks and Recreational Facilities

The District may levy an operation and maintenance tax to support parks and recreational facilities at a rate not to exceed $0.10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. In addition, 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 park plan; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed the lesser of one percent (1%) of the value of the taxable property in the District at the time of issuance of the bonds, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to 1% but not three percent (3%) of the value of the taxable property in the District, or the estimated cost of the project set forth in the park plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; and (v) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. The issuance of such bonds is subject to rules and regulations to be adopted by the TCEQ.

The District's voters have authorized $21,500,000 in Parks and Recreational Bonds for the Defined Area.

Current law may be changed in a manner to increase the amount of bonds which may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes. The levy of taxes for such purposes may dilute the security for the Bonds.

Subsidence and Conversion to Surface Water

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 2001, the Texas legislature created the West Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District) and a small portion of Fort Bend County. 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 provisions of the Authority's Rate Order allow the District, subject to groundwater reduction requirements imposed by the Authority, the terms of the GRP, and any limitations imposed by the Subsidence District, the right to pump from its groundwater well(s) the amount of groundwater reasonably determined by the District to be needed by the District, for itself or for its customers, to provide water in accordance with at least the minimum regulatory requirements for pressure and supply, including during an emergency requiring immediate use of groundwater (such as for firefighting purposes) so long as the District is not committing waste or being wasteful.

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, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, substantial fees 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 2030 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to (i) limit groundwater withdrawals to no more than 70% of the total water demand of the water users within the Authority's GRP beginning in the year 2010; (ii) limit groundwater withdrawals to no more than 40% of the total water demand of the water users within the Authority's GRP beginning in the year 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total water demand of the water users within the Authority's GRP beginning in the year 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a substantial disincentive fee penalty of $9.80 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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

Environmental Regulations

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

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

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

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

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

The HGB Area is currently designated as a "moderate" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2024. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain non-stormwater discharges into surface water in the state. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

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

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

On May 25, 2023, the Supreme Court of the United States issued its decision in *Sackett v. EPA*, which clarified the definition of "waters of the United States" and significantly restricted the reach of federal jurisdiction under the CWA. Under the *Sackett* decision, "waters of the United States" includes only geographical features that are described in ordinary parlance as "streams, oceans, rivers, and lakes" and to adjacent wetlands that are indistinguishable from such bodies of water due to a continuous surface connection.

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

Continuing Compliance with Certain Covenants

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

Marketability

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 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 such bonds are generally bought, sold or traded in the secondary market.

Hurricane Harvey

The Houston area (including Harris County) sustained widespread rain and flooding damage as a result of Hurricane Harvey's landfall along the Texas gulf coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to the observations of the District's Operator and the District's Engineer, the District's System did not sustain any significant damage and there was no interruption of water and sewer service. According to observations of the District's Operator and the District Board Members, approximately 12 homes in the District experienced minor flooding (3 to 4 inches of flooding in the approximately 12 homes).

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. The greater Houston area, including the District, has experienced four storms exceeding a 0.2% probability (i.e., "500-year flood" events) since 2015. 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.

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.

Inclement Weather

The District is located approximately 75 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

The District may be subject to the following flood risks:

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

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

Reappraisal of Property

When requested by a local taxing unit, such as the District, the Appraisal District is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property. The District has not requested a reappraisal of property.

Tax Payment Installments after Disaster

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 taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

In addition, under the Texas Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

Temporary Tax Exemption for Property Damaged by Disaster

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

Bond Insurance Risk Factors

The District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. If such policy is issued, investors should be aware of the following risk factors:

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

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

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

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

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

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

Harris County and City of Houston Floodplain Regulations:

As a direct result of Hurricane Harvey, Harris County and the City of Houston adopted new rules and amended existing regulations relating to minimizing the potential impact of new development on drainage and mitigating flooding risks. The new and amended Harry County regulations took effect on January 1, 2018, and the new and amended City of Houston regulations took effect on September 1, 2018.

The Harris County floodplain regulations govern construction projects in unincorporated Harris County and include regulations governing the elevation of structures (which currently apply within the District) in the 100-year and 500-year floodplains. Additionally, the Harris County regulations govern the minimum finished floor elevations as well as specific foundation construction requirements and windstorm construction requirements for properties located both above and below the 100-year flood elevation.

The City of Houston floodplain regulations (which currently do not apply within the District) govern construction projects in the corporate jurisdiction of the City of Houston and include regulations governing the elevation of structures in the 100-year and 500-year floodplains and the elevation of residential additions greater than one-third the footprint of the existing structure and non-residential additions. Additionally, the City of Houston regulations require an improved structure whose new market value exceeds 50% of the market value of the structure prior to the start of improvements meet the new and amended City of Houston regulations.

The new and amended regulations may have a negative impact on new development in the District.

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the 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.

Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the congress and in the states that, if enacted, could later or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the bonds or otherwise prevent holders of the bonds from realizing the full benefit of the tax exemption of interest on the bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

USE OF BOND PROCEEDS

The proceeds of the Bonds will be used by the District to: (1) to pay for the District's share of the cost of an expansion for the wastewater treatment plant along with related engineering and contingency costs; (2) to fund approximately 11 months of capitalized interest on the Bonds; and (3) fund costs of issuance related to the sale of the Bonds. To the extent surplus funds are available from the sale of the Bonds. Such funds may be expended for any lawful purpose for which surplus funds may be used with approval of the TCEQ.

R. G. Miller Engineers, Inc. (the "Engineer") has advised the District that the proceeds listed in the table below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds as approved by the TCEQ is as follows.

CONSTRUCTION COSTS	**Total Amount**	
Construction Costs	$4,286,966	
Contingencies	$214,348	
Engineering	$450,132	
TOTAL CONSTRUCTION COSTS	**$4,951,446**	(a)
NON-CONSTRUCTION COSTS		
Legal Fees	$149,250	
Fiscal Agent Fees	$97,700	
Capitalized Interest	$282,970	
Bond Discount	$173,100	
Bond Issuance Expenses	$35,339	
Bond Application Report Costs	$60,000	
Attorney General's Fee	$5,770	
TCEQ Bond Issue Fee	$14,425	
Contingency	$0	(b)
TOTAL NON-CONSTRUCTION COSTS	**$818,554**	
TOTAL BOND ISSUE REQUIREMENT	**$5,770,000**	

(a) TCEQ rules require, with certain exceptions that developers contribute to the District's construction program, a minimum of 30% of the construction costs of certain system facilities. The facilities being financed with Bond proceeds are not subject to the 30% rule.

(b) The TCEQ Order requires the District to designate any surplus bond proceeds resulting from the sale of the bonds at a lower interest rate than the rate initially projected in the District's Bond Application to the TCEQ. Such funds may be used by the District only upon approval by the TCEQ.

THE DISTRICT

General

The District is a municipal utility district created by the Texas Water Commission, predecessor to the TCEQ, on December 13, 1977, and confirmed at an election held within the District on August 11, 1979. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54, Texas Water Code. The District is subject to the continuing supervision of the TCEQ. The District is empowered to finance, purchase, construct, own, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

Description

The District is located in Harris County approximately 24 miles west-northwest of the central business district of the City of Houston, Texas and 6 miles northeast of the City of Katy, Texas. The District is bounded on the north by Harris County Municipal Utility District No. 105 ("HCMUD No. 105"), and is situated between W. Little York to the north, SH 99 (Grand Parkway) to the west, Clay Road to the south, and Fry Road which lies adjacent to and to the east of the District. The District encompasses approximately 1,385 acres. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston. Ground elevations within the District range from 144 feet mean sea level ("MSL") in the northwest section to 134 feet MSL in the southeast corner of the District. Drainage from the District generally flows into Bear Creek. Approximately 458 additional undeveloped acres may be developed in the future.

Current Status of Residential Development in the District

A tabulation of the residential development within the District as of March 1, 2024, is as follows:

	Total Lots	Completed Homes	Homes Under Construction	Vacant Developed Lots
Westfield Pines, Section 1	34	34	0	0
Westfield Pines, Section 1 (re-plat)	83	83	0	0
Westfield Pines, Section 2	49	49	0	0
Westfield Park, Section 1 (a)	0	0	0	0
Westfield Village, Section 1	351	351	0	0
Westfield Village, Section 2	130	130	0	0
Westfield Village, Section 3	119	119	0	0
Jasmine Heights Section 6 (b)	186	186	0	0
Jasmine Heights Section 7 (b)	144	144	0	0
Jasmine Heights Sections 17 – 19 (b)	258	258	0	0
Jasmine Heights Sections 20 - 25 (c)	616	616	0	0
The Meadows at Westfield Village, Sections 1 - 5 (d)	433	433	0	0
The Meadows at Westfield Village, Section 6 (d)	116	116	0	0
Other Areas (e)	-	-	-	-
TOTAL	**2,519**	**2,519** (f)	**0**	**0**

(a) Westfield Park, Section 1 is a recreational area that includes a pool, locker rooms, picnic area, and jogging trail with outdoor exercise stations.

(b) Represents the sections that were developed and built-out by D.R. Horton.

(c) Represents the sections that were developed and built-out by D.R. Horton. According to D.R. Horton, homes in Jasmine Heights, Sections 20-25 have been marketed from the $295,490 - $362,940 price range.

(d) Represents the sections that have been developed by KB Home Loan Star, Inc., which is also building all the homes in this subdivision. According to KB Home, homes in Meadows at Westfield Village, Section 6 were most recently marketed in the $330,000 price range.

(e) Includes approximately 92 acres that have been developed for light industrial/commercial use, 458 additional undeveloped acres that may be developed in the future, and also includes approximately 98 acres of District plant sites, drainage easements, parks, street rights-of-way, and other undevelopable acres.

(f) As of September 1, 2023, there were 2,348 occupied homes in the District.

Commercial/Industrial Development in the District

As noted elsewhere in this Official Statement, the District annexed 172.424 acres that was owned by Bear Creek Trust. Bear Creek Trust, in turn, sold approximately 92 acres to Clay Road Partners, LP (herein "Clay Road Partners"). Clay Road Partners has completed the development of 92 acres for light industrial/commercial use. According to Clay Road Partners, all of the land infrastructure work for the 92 acres was substantially completed during the 3rd quarter of 2019. Clay Road Partners has, either directly or through subsidiaries, sold (1) a 2.78-acre tract to a company that completed the construction of 46,200 square foot building, (2) a 2.69-acre tract to a company that completed the construction of a 45,000 square foot facility, (3) a 3.6845-acre tract to a company that completed construction of a 45,480 square foot building, (4) a 3.1752-acre tract to a company that completed construction of a 42,500 square foot building, (5) a 2.6889-acre tract to a company that completed construction of a 36,650 square foot building, (6) a 170,000 square foot office/warehouse facility on 7.0752 acres, (7) a 34,750 square foot office/ware house facility on 2.0059 acres, (8) a 44,850 square foot office/warehouse facility on 6.7731 acres, (9) two office/warehouse buildings consisting of 88,750 square feet on 4.8792 acres, (10) a 43,200 square foot office/warehouse building on 2.6048 acres, and (11) a 63,000 square foot office/warehouse facility is currently under construction on approximately 3.00 acres of land. Clay Road Partners, through subsidiaries, has also completed the construction of 25 warehouse buildings (approximately 323,900 square feet) on 20.4369 acres, of which all 25 have been sold to commercial users. A land site consisting of approximately 1.9652 acres was sold to a third-party user for future development. No other land sites are available in the Clay Road Commerce Park.

Management of the District

The District is governed by a board of directors (the "Board"), which has control over and management supervision of all affairs of the District. All of the directors reside within the District; at the present time there is one vacant position on the Board, it is anticipated that this position will be fill by a resident of the District. Director elections are held only in odd-numbered years and the directors serve staggered four-year terms. The current members and officers of the Board, along with their titles are listed below.

Name	Title	Expires May
Mary Joan Sullivan	President	2026
Will Schroif	Vice President/Treasurer	2024
Coni Schelnick	Secretary	2026
Teresa Sturm	Director	2026
Cesar Martin Buentello, Jr.	Director	2024

The District does not employ a general manager and does not have any employees. The District has contracted for utility system operations, bookkeeping, tax assessing and collecting, engineering, legal services, and annual auditing of its financial statements as follows.

Tax Assessor/Collector - The District's tax assessor/Collector is Utility Tax Service, LLC who is engaged under annual contract and represents approximately 80 other utility districts.

Bookkeeper - The District's bookkeeper is District Data Services, Inc., which acts as bookkeeper for approximately 40 other utility districts.

Auditor - The financial statements of the District as of September 30, 2023, and for the year then ended, included in this offering document, have been audited by FORVIS, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Utility System Operator - The District's operator is Municipal Operations & Consulting, Inc. Such firm acts as operator for approximately 115 other utility districts.

Engineer - The consulting engineer for the District is R. G. Miller Engineers, Inc. (the "Engineer").

Financial Advisor - The District has engaged The GMS Group, L.L.C. as financial advisor.

Legal Counsel - Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas serves as general counsel and bond counsel in connection with the issuance of bonds by the District. Fees paid for bond counsel services will be paid from the proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Investments of the District

The District had adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District are invested in short-term obligations of the U.S. Treasury and federal agencies, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third-party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own or intend to purchase long-term securities or derivative products.

DEFINED AREA

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water code, as amended, the District is authorized to define areas or designate certain property to pay for improvements, facilities, or services that primarily benefit that area. On November 8, 2022 the District voters approved the creation of a defined area encompassing approximately 453 acres within the District (the “Defined Area”).

At an election within the Defined Area on November 8, 2022 the voters within the Defined Area authorized: $90,000,000 principal amount of unlimited tax bonds to finance water, wastewater and drainage improvements solely within the Defined Area; $22,500,000 for road facilities solely within the Defined Area; $21,500,000 for recreational facilities solely within the Defined Area, and $90,000,000 for the purpose of refunding those bonds previously mentioned. The Defined Area is authorized to levy an unlimited tax for the payment of the debt service on such bonds. Additionally, the voters in the Defined Area voted an unlimited tax for operations and maintenance. While not a part of the voted authorizations, the District’s plan is that the combined tax rate of the District and the Defined Area tax rate would never exceed $1.25 per $100 of taxable value.

The Defined Area is expected to be developed for residential and commercial purposes. The land within the Defined Area is currently owned by three different land owners including an affiliate Woodmere Development Company (approximately 217 acres); Bear Creek Trust (approximately 190 acres); and Sowell Land Partners – Mason (approximately 46 acres).

THE DEVELOPER

Role of the Developer

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

In addition, the developer is ordinarily the major taxpayer within a district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect taxes sufficient to pay debt service and retire bonds.

The Developers and Large Landowners in the District

Magellen Development Ltd. (“Magellen”) is a special purpose Texas Limited Partnership that has been created for the purposes of developing land within the District. Magellen’s general partner is Transnational Investments, Inc. a Texas corporation (“Transnational”). The president of Transnational is Benjamin Cheng. KECH I Corporation is the general partner of KECH I, Ltd. Benjamin Cheng is the president of KECH I Corporation, which owns approximately 30 acres in the District. Benjamin Cheng is the trustee of Bear Creek Trust which currently owns approximately 270 acres in the District.

KECH I, Ltd. has in the past sold tracts of land to different homebuilders for the development of the sections known as Westfield Village, Sections 2 and 3 (249 residential lots). Each of these builders, in turn, engaged Aurous Development Services, Ltd. (“Aurous”) to manage the land development of such acreage located within Westfield Village. Aurous is a limited partnership that includes Lawrence Kupstas and Adam Kupstas, who have collectively been involved in more than 42 different land development projects located in the Houston market during the course of the last 30 years.

KB Home Lone Star, Inc. has developed approximately 157 acres into approximately 549 single-family lots in a subdivision known as The Meadows at Westfield Village, Sections 1-6. Homebuilding has been completed in the subdivision and most recently marketed in the $330,000 price range.

Clay Road Partners, LP, is the developer of an approximately 92 acres that has been developed as a light industrial/commercial park.

D.R. Horton began purchasing approximately 319 acres in the District in 2020 and developed such land as the Jasmine Heights subdivision located in the District. The Jasmine Heights project in the District includes approximately 1,204 lots; homes have been marketed in the $295,490 - $362,490 price range. D.R. Horton has built out Jasmine Heights, Sections 20-25. These sections include 616 lots that became available for homebuilding during the fourth quarter of 2021.

NORTHWEST HARRIS COUNTY M.U.D 12

AERIAL EXHIBIT

AUGUST 2023

LEGEND

DISTRICT BOUNDARY

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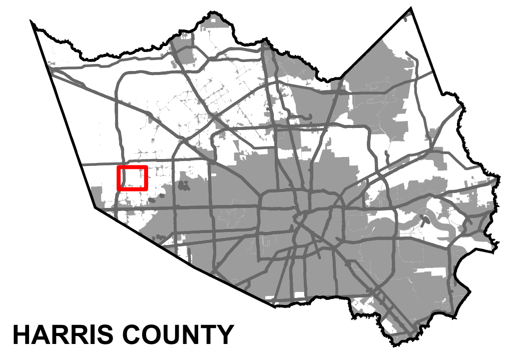
FEET



AERIAL SOURCE H-GAC 2022

THIS PRODUCT IS FOR INFORMATIONAL PURPOSES AND MAY NOT HAVE BEEN PREPARED FOR OR BE SUITABLE FOR LEGAL, ENGINEERING, OR SURVEYING PURPOSES. IT DOES NOT REPRESENT AN ON-THE-GROUND SURVEY AND REPRESENTS ONLY THE APPROXIMATE RELATIVE LOCATION OF PROPERTY BOUNDARIES.

r.g. miller DCCM
16340 Park Ten Place ■ Suite 350 ■ Houston ■ Texas 77084
Office: 713 461 9600 ■ http://www.rgmiller.com
Texas Registered Engineering Firm F-487

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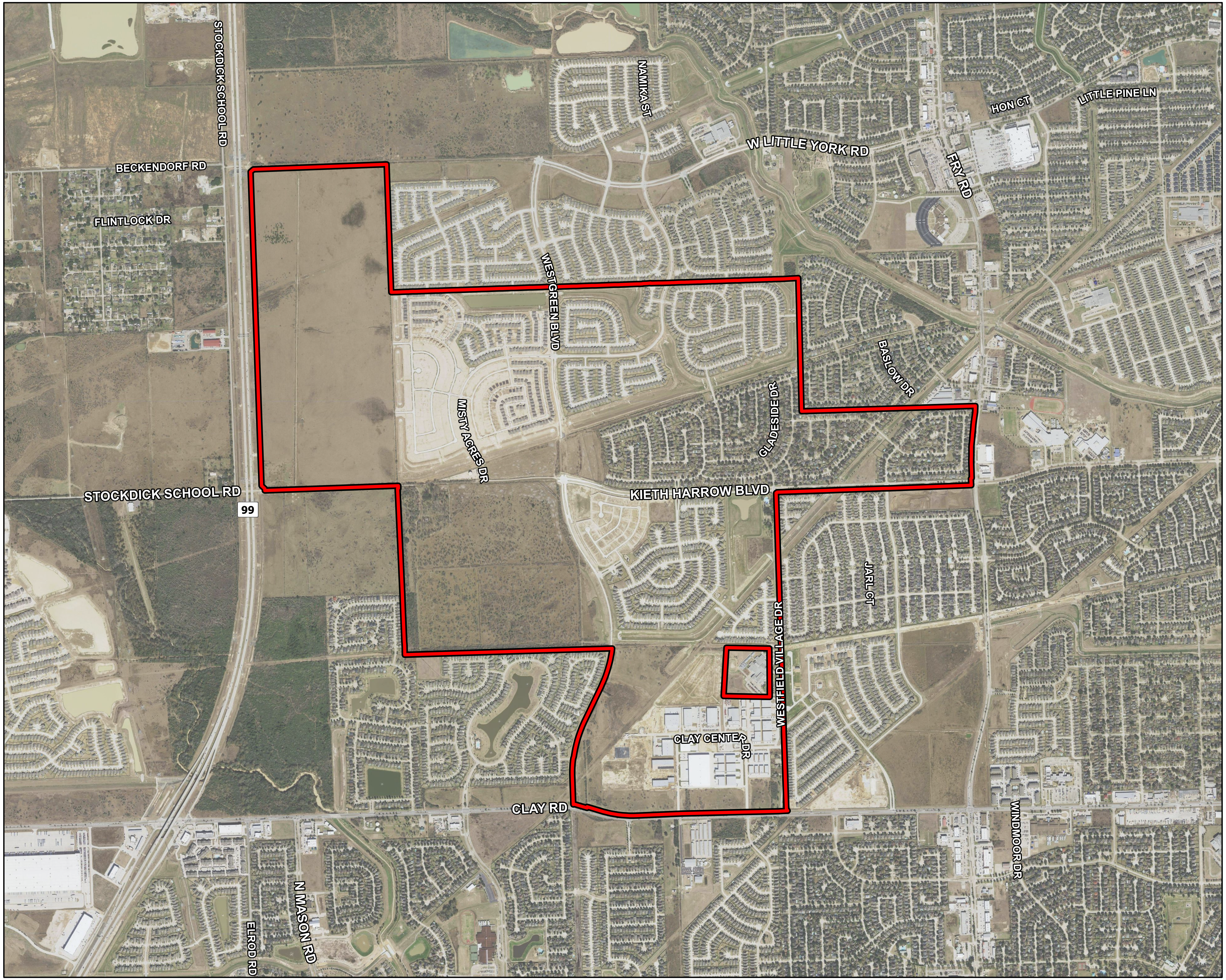

THE SYSTEM

Regulation

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

Description of the System

The water, wastewater and storm drainage facilities of the District and the accompanying rights of use therein are described below based upon information obtained from the District's records.

- Water Facilities -

The District owns and operates two water plants consisting of a 1,000 gpm well, a 1,200 gpm well, two 500 gpm booster pumps, five 1,000 gpm booster pumps, a 10,000-gallon pressure tank, a 15,000-gallon pressure tank, a 20,000-gallon pressure tank, a 125,000-gallon ground storage tank, a 212,000-gallon ground storage tank, a 500,000-gallon ground storage tank, chlorination equipment, a 500 KW generator and a 350 KW generator. The Engineer has stated that the water supply facilities have sufficient capacity to serve approximately 3,000 ESFC. The TCEQ Rules limit the number of ESFCs to 2,500 pending submittal and approval of a request to use an alternative capacity requirements (ACR). Approval of an ACR was received which allows the District to provide pressure maintenance of the water system via additional pressure tank capacity rather than elevated storage facilities capable to serve 2,755 ESFC's. An additional ACR will be submitted to accommodate future development.

-Surface Water Conversion-

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to annual permits issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 2001, the Texas legislature created the West Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District) and a small portion of Fort Bend County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to purchase 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 is included within the Authority's GRP.

The Authority has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, user fees, rates, charges and special assessments as necessary to accomplish its purposes. As of January 1, 2024, the Authority will charge the District, and other major water users, fees per 1,000 gallons based on the amount of groundwater pumped by the District, a rate of $3.95. 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 substantial amounts of bonds by the year 2030 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period. The District passes such fees on to customers of the District's water supply system.

Under the Subsidence District regulations and the GRP, the Authority is required to (i) limit groundwater withdrawals to no more than 70% of the total water demand within the Authority's GRP beginning in the year 2010 [this goal has been met]; (ii) limit groundwater withdrawals to no more than 40% of the total water demand within the Authority's GRP beginning in the year 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total water demand within the Authority's GRP beginning in the year 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a substantial disincentive fee penalty in the amount of $11.86 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand within the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges, which may be due the Authority in the future, but anticipates the continued need to pass such fees through to its customers through higher water rates. In addition, conversion to surface water could necessitate improvements to the water supply 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's wastewater is treated at a shared wastewater treatment plant (the "Plant") that is operated by the Harris County Municipal Utility District No. 105 ("HCMUD No. 105") and shared by the District and HCMUD No. 105. According to the Engineer, the Plant is capable of serving approximately 8,600 ESFC based upon the TCEQ's rerated capacity of the plant to 250 gpd/ESFC based upon actual flows to the plant. HCMUD No. 105 owns 63.88% of the capacity in the Plant which is capable of serving approximately 5,494 ESFC. The District owns 36.12% of the capacity of the plant which is capable of serving 3,106 ESFC.

The District (along with HCMUD No. 105) is in the process of expanding the wastewater treatment plant that serves both districts. The District's share of the cost of the expansion is being financed with Series 2024A Bond proceeds. Upon completion of the expansion, the District will own 1,376,600 gpd capacity (45.89%) of the total capacity of the 3,000,000 gpd plant that will serve both districts. The District's share of the capacity will be capable of serving 5,506 ESFC's.

- Drainage -

Storm sewer lines serving the District are designed to Harris County and City of Houston standards which specify runoff calculations to be based on a 2-year frequency rainfall. Storm sewers were designed for full flow velocities of 3 fps or greater. According to the Engineer, there are no areas within the District that are located within the 100-year flood plain.

Water and Waste Collection and Disposal Rates

The Board establishes rates and fees for water and waste collection and disposal services, which are subject to change from time to time. Waste collection and disposal service provided to single family residential customers includes wastewater treatment service and solid waste collection service. The following monthly rates became effective in March 2020.

- Water Service -

Minimum Charge	Minimum Usage	Rate Per 1,000 Gallons Over Minimum	Usage Levels (Gallons)
$24.00	8,000	$1.80	8,001 to 15,000
		$2.40	15,001 to No Limit

- Waste Collection and Disposal Service -

Minimum Charge	Minimum Usage	Rate Per 1,000 Gallons Over Minimum	Usage Levels (Gallons)
$24.00	8,000	$1.80	8,001 to 15,000
		$2.40	15,001 to No Limit

- Regional Water Fee -

Minimum Charge	Minimum Usage	Rate Per 1,000 Gallons Over Minimum	Usage Levels (Gallons)
$3.95	1,000	$3.95	1,001 to No Limit

General Fund Operating History

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District, and not from operation revenues from the District's system. The information included in the table below relating to the District's water and sewer system operations is provided for information purposes only.

	Ended September 30 (a)				
	2023	2022	2021	2020	2019
REVENUES					
Property taxes	$1,346,398	$930,953	$820,843	$612,476	$500,471
Water service	$937,354	$684,465	$530,601	$440,006	$419,815
Sewer service	$856,661	$675,977	$530,299	$459,107	$408,774
Surface water conversion	$1,006,460	$630,031	$444,577	$411,009	$321,944
Penalty and interest	$34,709	$66,903	$51,888	$37,628	$37,071
Tap connection and inspection fees	$12,460	$913,185	$878,255	$442,265	$424,751
Investment income	$212,444	$25,394	$864	$13,441	$35,656
TOTAL REVENUES	**$4,406,486**	**$3,926,908**	**$3,257,327**	**$2,415,932**	**$2,148,482**
EXPENDITURES					
Service operations:					
Purchased services	$379,283	$230,949	$169,094	$156,925	$127,909
Regional water fee	$1,205,650	$608,400	$480,396	$438,131	$333,933
Professional fees	$172,739	$183,440	$184,292	$165,240	$167,904
Contracted services	$406,678	$357,576	$285,915	$235,328	$188,518
Utilities	$167,948	$75,981	$50,934	$48,194	$38,378
Repairs and maintenance	$986,744	$837,304	$596,310	$610,836	$440,777
Other expenditures	$86,688	$90,692	$105,593	$86,795	$76,997
Tap connections	$10,731	$426,292	$395,375	$190,495	$161,738
Capital outlay	$168,791	$28,810	-	-	$601,445
Debt issuance costs	$95,557	$43,329	-	-	$103,486
TOTAL EXPENDITURES	**$3,680,809**	**$2,882,773**	**$2,267,909**	**$1,931,944**	**$2,241,085**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$725,677	$1,044,135	$989,418	$483,988	($92,603)
OTHER FINANCING SOURCES					
Interfund transfers in	-	-	-	$146,723	-
EXCESS (DEFICIENCY) OF REVENUES AND TRANSFERS IN OVER EXPENDITURES AND TRANSFERS OUT	$725,677	$1,044,135	$989,418	$630,711	($92,603)
FUND BALANCE, BEGINNING OF YEAR	$4,114,855	$3,070,720	$2,081,302	$1,450,591	$1,543,194
FUND BALANCE, END OF YEAR (b)	**$4,840,832**	**$4,114,855**	**$3,070,720**	**$2,081,302**	**$1,450,591**

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

(b) As of November 20, 2023, the District had an unaudited cash and investment balance in the General Fund of approximately $4,723,453. For the fiscal year ending September 30, 2024 the District's General Fund budget calls for revenues of $5,010,000 and operating expenditures of $3,580,000.

DISTRICT DEBT
(Unaudited)

5/1/2023 Estimated Taxable Value	$877,824,302	(a)
2023 Certified Taxable Value	$854,566,113	(b)
2022 Certified Taxable Value	$590,509,946	
Direct Debt		
Outstanding Bonds as of March 1, 2024	$66,515,000	
The Bonds	$5,770,000	
Total Direct Debt	$72,285,000	
Estimated Overlapping Debt	$32,673,761	
Direct and Estimated Overlapping Debt	$104,958,761	
Percentage of Direct Debt to		
5/1/2023 Estimated Taxable Value	8.23%	
2023 Taxable Value	8.46%	
Percentage of Direct and Estimated Overlapping Debt to		
5/1/2023 Estimated Taxable Value	11.96%	
2023 Taxable Value	12.28%	
2023 Tax Rate Per $100 of Assessed Value		
Debt Service	$0.40	
Maintenance Tax	$0.21	
Total 2023 Tax Rate	$0.61	

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of May 1, 2023, was prepared by HCAD and provided to the District. Such value is not binding on HCAD, and any new values subsequent to January 1, 2023, will not be included on the District's tax roll until the 2024 tax roll is prepared and certified by HCAD during the second half of 2024. See "TAX DATA" and "TAX PROCEDURES."

(b) Reflects the January 1, 2023 and January 1, 2022 Certified Taxable Value according to data supplied to the District by HCAD. The 2023 Certified figure above represents the taxable value of property that has been fully certified but excludes the taxable value of property that is still in the certification process ($2,351,647). See "TAX DATA" and "TAX PROCEDURES."

Estimated Overlapping Debt

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

		Overlapping Debt	
Taxing Jurisdiction	Outstanding Debt	Percent	Amount
Cypress-Fairbanks ISD (a)	$3,466,095,000	0.83%	$28,847,430
Harris County	$1,578,511,319	0.09%	$1,417,916
Harris County Flood Control District	$991,095,000	0.09%	$909,618
Port of Houston Authority	$426,134,397	0.09%	$391,139
Harris County Hospital District	$65,285,000	0.09%	$59,908
Harris County Department of Education	$13,865,000	0.09%	$12,452
Lone Star College System	$542,435,000	0.19%	$1,035,297
Total Estimated Overlapping Debt			**$32,673,761**
The District's Direct Debt (b)			$72,285,000
Total Direct and Estimated Overlapping Debt			**$104,958,761**

(a) Approximately 135 acres within the District are located in the Katy Independent School District. No occupied homes and no vacant developed lots are currently located in the Katy Independent School District at this time. All of the land located in the Katy ISD is currently subject to an agricultural valuation.

(b) Includes the Bonds.

TAX DATA

Tax Collections

The following table sets forth the historical tax collection experience of the District for the tax years 2019 through 2023. Such table has been prepared based upon information from District records. Reference is made to such records and statements for further and complete information.

Tax Year	Taxable Valuation	Tax Rate (a)	Tax Levy	Cumulative Collections Total (b)	Fiscal Year Ended September 30
2023	$854,566,113 (c)	$0.61	$5,212,853	96%	2024
2022	$590,509,946	$0.65	$3,838,315	99%	2023
2021	$373,520,094	$0.73	$2,726,697	100%	2022
2020	$293,805,033	$0.78	$2,291,679	100%	2021
2019	$226,066,983	$0.80	$1,808,536	100%	2020

(a) See "– Tax Distribution" herein.

(b) The District's current tax collections have been equal to 98% or more each year for the past 10 years.

(c) Reflects the January 1, 2023 Certified Taxable Value according to data supplied to the District by HCAD. The figure above represents the taxable value of property that has been fully certified but excludes the taxable value of property that is still in the certification process ($2,351,647). See "TAX DATA" and "TAX PROCEDURES."

(d) The 2023 taxes were due on or before January 31, 2024; the collection figure above represents the 2023 collections as of March 5, 2024.

Tax Distribution

The following table sets forth the tax rate distribution of the District for the years 2019 through 2023.

	2023	2022	2021	2020	2019
Debt Service	$0.40	$0.42	$0.48	$0.50	$0.53
Maintenance/Operation	$0.21	$0.23	$0.25	$0.28	$0.27
Total	**$0.61**	**$0.65**	**$0.73**	**$0.78**	**$0.80**

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for operation and maintenance of the District's improvements. Such maintenance tax was initially authorized by the District's voters on August 11, 1979, in an amount not to exceed $0.20 per $100 valuation. On May 11, 2013, the District's voters authorized the District to levy an unlimited maintenance tax per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any tax bonds which may be issued in the future. The District levied such a maintenance tax in 1984 through and including 2023 and expects to levy a maintenance tax in the future.

Principal Taxpayers

The following table, which sets forth the District's principal taxpayers, was provided by the District's Tax Assessor/Collector based upon the 2023 certified tax roll of the Harris Central Appraisal District ("HCAD").

Principal Taxpayers (a)	Type of Property	2023 A.V.	% of Total
Clay WHP Project LP	Land and Improvements	$19,120,000	2.24%
Golden Trinity Island LLC	Land and Improvements	$10,904,494	1.28%
Fashion Glass & Mirror LLC	Land, Improvements, and Personal Property	$8,988,910	1.05%
FPC Bros LLC	Land and Improvements	$8,149,772	0.95%
District 713 Inc	Land and Improvements	$8,107,292	0.95%
Clay Road Real Estate LLC	Land and Improvements	$7,310,462	0.86%
ESC Houston LLC	Land and Improvements	$7,245,161	0.85%
Sargasso Sea Holdco LLC	Land and Improvements	$6,027,561	0.71%
Lone Star Auto Parts Inc	Land and Improvements	$5,083,275	0.59%
L B Katy Properties LLC	Land and Improvements	$4,888,472	0.57%
	TOTAL	**$85,825,399**	**10.04%**

(a) The Reflects information obtained by the District's Tax Assessor/Collector from the HCAD's records. The District makes no representation as to the accuracy of such information.

Analysis of Tax Base

Based on information provided to the District by HCAD and its Tax Assessor/Collector, the following represents the composition of property comprising the tax roll valuations for 2019 through 2023 provided by HCAD.

	Type of Property					
Year	Land	Improvements	Personal Property	Gross Valuation	Less Exemptions	Taxable Valuation
2023	$159,583,848	$692,541,977	$21,419,969	$873,545,794	$18,979,681	$854,566,113 (a)
2022	$120,322,302	$464,774,046	$18,077,419	$603,173,767	$12,663,821	$590,509,946
2021	$90,028,400	$279,990,146	$12,725,855	$382,744,401	$9,224,307	$373,520,094
2020	$60,647,967	$235,439,898	$5,450,321	$301,538,186	$7,733,153	$293,805,033
2019	$47,692,148	$180,964,733	$3,225,459	$231,882,340	$5,815,357	$226,066,983

(a) The figure above excludes the taxable value of property that is currently still in the certification process ($2,351,647).

Tax Adequacy for Debt Service

The calculations shown below assume, solely for the purpose of illustration, no net revenues, no increase over the May 1, 2023 Estimated Taxable Value, the 2023 Taxable Value as provided by HCAD, and use a tax rate adequate to service the District's total maximum debt service requirements following issuance of the Bonds. The available cash and investment balances in the debt service fund are not reflected in these computations.

Maximum Annual Debt Service Requirements (2035)	$4,603,603 (a)
$0.56 Tax Rate on the 5/1/2023 Estimated Taxable Value of $877,824,302 @ 95% collections produces	$4,670,025 (a)
$0.57 Tax Rate on the 2023 Taxable Value of $854,566,113 @ 95% collections produces	$4,627,476 (a)

(a) Preliminary, subject to change.

Estimated Overlapping Taxes

The following table sets forth all 2023 taxes levied by overlapping taxing jurisdictions on property within the District, and the District's 2023 tax rate. No recognition is given to local assessments for civic association dues, fire department contributions, or any other levy by entities other than political subdivisions.

Taxing Entities	2023 Tax Rates
Cypress Fairbanks ISD (a)	$1.081100
Harris County (collective taxes)	$0.535090
Lone Star College System	$0.107600
H.C. ESD No. 9	$0.044360
Overlapping Taxes	**$1.768150**
The District	$0.610000
Estimated Total Tax Rate	**$2.378150**

(a) Approximately 135 acres within the District are located in the Katy Independent School District. No occupied homes and no vacant developed lots are currently located in the Katy Independent School District at this time. All of the land located in the Katy ISD is currently subject to an agricultural valuation.

TAX PROCEDURES

Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran’s residence homestead to which the disabled veterans’ exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homesteads in an amount equal to the partially disabled veteran’s disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. This exemption also applies to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The District has granted a $20,000 exemption for persons 65 and over and disabled persons.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse’s residence homestead if the surviving spouse has not remarried since the first responder’s death. Such exemption would be transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

Freeport Goods Exemptions A “Freeport Exemption” applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas) and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer 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. The subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more pubic warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Harris County or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, neither the City of Houston (after annexation), Harris County, nor the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt property from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to 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, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use of the property.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business are valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

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

On August 25, 2017, Hurricane Harvey (“Harvey”) made landfall on the Texas Gulf Coast, severely impacting the entire region and resulting in a disaster declaration by the Governor of the State of Texas. See “RISK FACTORS – Hurricane Harvey.” When requested by a local taxing unit, such as the District, the Appraisal District is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based on market values as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property. The District did not request a reappraisal due to Harvey.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. A delinquent tax on personal property incurs an additional penalty, in an amount established by the District and a delinquent tax attorney, 60 days after the date the taxes become delinquent. The delinquent tax accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) 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.

Notice and Hearing Procedures

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

Rollback of Operation and Maintenance Tax Rate

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, which effectively restricts increases in the District's operation and maintenance tax rates by requiring rollback elections to reduce the operation and maintenance tax component of the District's total tax rate (collectively, the debt service tax rate, maintenance and operations tax rate and contract tax rate are the "total tax rate"). See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. SB 2 requires a reduction in the operation and maintenance tax component of the District's total tax rate if the District's total tax rate surpasses the thresholds for specific classes of districts in SB 2. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Other Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

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

Developed Districts. Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, 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 maintenance and operations tax rate that would impose 1.035 times the amount of the operation and maintenance tax rate subject to certain homestead exemptions plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

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

The District. A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2023 tax year the District was determined to be a Developing District.

Collection of Delinquent Taxes

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

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

Delinquent Tax Payments for Disaster Areas

Taxpayers for homesteads and small businesses damaged as a direct result of a disaster may pay property taxes on the property in four equal quarterly installments by notice to the District before the delinquency date without penalty or interest. Installments must be completed within six months of the delinquency date, which normally is February 1 but could be delayed because of delayed valuations. Quarterly payments by a substantial number of owners could adversely affect a District's collection of taxes for debt services in the year following a disaster.

In addition, under the Texas Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

ANNEXATION AND CONSOLIDATION

Generally, under Texas law, land within the District may be annexed by the City of Houston without the consent of the District, which annexation could modify the sources of and security for payment of the Bonds. However, under legislation effective December 1, 2017, the City of Houston 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. If the entire District is so annexed, the City must assume the District's assets and obligations (including the Bonds) and abolish the District. No representation is made that the City will ever annex the land within the District and assume payment of the Bonds. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should assumption of the Bonds occur.

The District has the right to consolidate with one or more other municipal utility districts and in connection therewith to consolidate its system with the water and sewer systems of the district or districts with which it is consolidating. No representations are made that the District will ever consolidate its system with other systems.

THE BONDS

General

The Bonds are dated April 1, 2024. The Bonds will mature on March 1 in the years and in the amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of 12 thirty-day months and will be payable on September 1, 2024, and each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

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

In the event that 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 Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar") to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date (the "Record Date") to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Authority for Issuance

The voters within the District have authorized the issuance of a total of $112,000,000 of new money unlimited tax bonds payable from taxes. The Bonds constitute the eleventh issue of new money unlimited tax bonds authorized by the District's voters in various elections held in the District. Subsequent to the sale of the Bonds, $30,595,000 of unlimited tax bonds will remain authorized but unissued. The Bonds are issued by the District as unlimited tax bonds pursuant to the terms and provisions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, the laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Texas Government Code Section 1207.

Optional Redemption

The Bonds maturing on or after March 1, 2030, are subject to redemption at the option of the District, prior to maturity, in whole or from time to time in part on March 1, 2029, or on any date thereafter, at a price of the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the particular Bonds to be redeemed shall be selected by the Registrar by lot or other random selection method.

Sources of and Security for Payment

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

Defeasance

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

Funds

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

Issuance of Additional Debt

If authorized by the District's voters, and with the approval of the TCEQ, the District may issue bonds necessary to provide and maintain improvements for which the District was created. See "THE DISTRICT." The District's voters have authorized the issuance of $112,000,000 principal amount of unlimited tax bonds (of which $30,595,000 remain unissued subsequent to the sale of the Bonds) for the purpose of providing waterworks, sanitary sewer, and drainage facilities to land within the District. See "RISK FACTORS – Future Debt." The District's voters have also authorized the issuance of up to $12,000,000 principal amount of unlimited tax refunding bonds; $8,520,000 unlimited tax refunding bonds remain authorized but unissued for the purpose of refunding previously outstanding unlimited tax bonds or combination unlimited tax and revenue bonds or other bonds issued by the District subsequent to the sale of the Bonds. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District, and in the Bond Order the District reserves the right to issue additional unlimited tax bonds, combination unlimited tax and revenue bonds, revenue bonds, inferior lien bonds and refunding bonds.

Additionally, the District called an election on November 8, 2022 and the voters authorized the issuance of certain bonds for an approximately 458 acre Defined Area of the District. The voter authorization included: (i) $90,000,000 in bonds for water, sewer, and drainage facilities for the Define Area; (ii) $22,500,000 in bonds for roads in the Defined Area; (iii) $21,500,000 for parks and recreational facilities in the Defined Area; and (iv) $90,000,000 in bonds for refunding bonds issued for the benefit of the Defined Area.

Registration, Transfer, and Exchange

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

Replacement of Mutilated, Lost or Stolen Bonds

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

BOOK-ENTRY-ONLY SYSTEM

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

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

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Securities. The Securities 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 Securities, each in the aggregate principal amount or Maturity Value, as the case may be, of such maturity, and will be deposited with DTC.

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

Purchases of Securities under the DTC system must be made by or through Direct Participants, who will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive securities representing their ownership interests in Securities except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners.

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

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

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

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

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

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

The information in this section concerning DTC and DTC’s book-entry-only system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor or the Underwriter takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

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

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

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

LEGAL MATTERS

Legal Opinion

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

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captions "THE DISTRICT," "TAX PROCEDURES," "ANNEXATION AND CONSOLIDATION," "THE BONDS," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "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 have they conducted an investigation of the affairs of the District for the purposes of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent 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, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or, to the knowledge of the signatories, 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 Underwriters to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District subsequent to the date of sale from that set forth in the Preliminary Official Statement, as it may have been supplemented or amended, through the date of sale.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) (i) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (ii) the Bonds will not be treated as “specified private activity bonds” the interest of which would be included as an alternative minimum-tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). However, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations for the purpose of determining the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Except as stated above, Bond Counsel to the District will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

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

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount and Premium 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 (a) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (b) 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 accrual period and ratably within each such accrual period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (a) the sum of the issue price and 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.

Collateral Federal Income Tax Consequences

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

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

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

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

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

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

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 District will NOT designate the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code.

OFFICIAL STATEMENT

Sources of Information

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

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

Consultants

Financial Advisor: The Official Statement was compiled and edited under the supervision of The GMS Group, L.L.C., (the "Financial Advisor"); such firm was employed in 1996 as Financial Advisor to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and such fees are contingent on the sale and delivery of the Bonds. In approving this Official Statement, the District has relied upon the following consultants

Engineer: The information contained in this Official Statement relating to engineering matters generally, to the description of the System, and, in particular, that information included in the sections entitled "RISK FACTORS – Future Debt," "THE DISTRICT," and "THE SYSTEM" has been provided by the District's Engineer.

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

Auditors: The financial statements of the District as of September 30, 2023, and for the year then ended, included in this offering document, have been audited by FORVIS, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Updating of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the District of the general type under "Tax Data" included in this Official Statement in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each of its fiscal years ending after 2023. The District will provide certain updated information to the MSRB or any successor to its functions as a repository through its EMMA system.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB via EMMA within such six (6) month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of Rule15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule15c2-12or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule15c2-12, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties. In regards to (15) and (16) above, “financial obligation” means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term “material” when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provision for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

The District failed to timely make its annual continuing disclosure filing for Fiscal Year Ended in 2021. The District subsequently filed the missing information, including the notices of late filing, and has enacted procedures to ensure such oversights do not occur in the future with respect to any of the District's annual filing obligations. Otherwise, during the last five years, the District has complied in all material respects with its previous continuing disclosure agreements in accordance with SEC Rule 15c2-12.

CERTIFICATION OF OFFICIAL STATEMENT

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

This Official Statement was approved by the Board of Directors of Northwest Harris County Municipal Utility District No. 12 as of the date shown on the cover page.

APPENDIX A

<u>INDEPENDENT AUDITOR'S REPORT & FINANCIAL STATEMENTS OF THE DISTRICT</u>

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Northwest Harris County Municipal Utility District No. 12

Harris County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2023

Northwest Harris County Municipal Utility District No. 12
September 30, 2023

Contents

FORVIS

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Independent Auditor's Report

Board of Directors
Northwest Harris County Municipal Utility District No. 12
Harris County, Texas

Opinions

We have audited the financial statements of the governmental activities and each major fund of Northwest Harris County Municipal Utility District No. 12 (the District), as of and for the year ended September 30, 2023, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District, as of September 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 these 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 12 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedules required by the Texas Commission on Environmental Quality listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

FORVIS, LLP

Houston, Texas
February 27, 2024

Northwest Harris County Municipal Utility District No. 12
Management's Discussion and Analysis
September 30, 2023

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

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

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Northwest Harris County Municipal Utility District No. 12
Management's Discussion and Analysis (Continued)
September 30, 2023

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	2023	2022
Current and other assets	$ 10,916,137	$ 10,092,400
Capital assets	43,583,590	34,212,349
Total assets	54,499,727	44,304,749
Deferred outflows of resources	376,312	396,936
Total assets and deferred outflows of resources	$ 54,876,039	$ 44,701,685
Long-term liabilities	$ 64,542,604	$ 53,364,179
Other liabilities	1,114,068	1,062,665
Total liabilities	65,656,672	54,426,844
Net position:		
Net investment in capital assets	(17,735,228)	(15,622,046)
Restricted	2,116,081	1,774,851
Unrestricted	4,838,514	4,122,036
Total net position	$ (10,780,633)	$ (9,725,159)

The total net position of the District decreased by $1,055,474, or about 11%. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2023	2022
Revenues:		
Property taxes	$ 3,829,126	$ 2,724,658
Charges for services	2,795,627	1,990,473
Other revenues	579,819	1,059,618
Total revenues	7,204,572	5,774,749

Northwest Harris County Municipal Utility District No. 12
Management's Discussion and Analysis (Continued)
September 30, 2023

Summary of Changes in Net Position (Continued)

	2023	2022
Expenses:		
Services	$ 3,544,351	$ 2,878,982
Depreciation	807,845	543,567
Conveyance of capital assets	1,682,451	3,012,562
Debt service	2,225,399	1,222,106
Total expenses	8,260,046	7,657,217
Change in net position	(1,055,474)	(1,882,468)
Net position, beginning of year	(9,725,159)	(7,842,691)
Net position, end of year	$ (10,780,633)	$ (9,725,159)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2023, were $9,893,339, an increase of $790,840 from the prior year.

The general fund's fund balance increased by $707,896 due to property taxes and service revenues and investment income in excess of service operations and capital outlay expenditures and debt issuance costs.

The debt service fund's fund balance increased by $212,177 because property tax revenues and investment income were greater than bond principal and interest requirements.

The capital projects fund's fund balance decreased by $129,233, primarily due to capital outlay expenditures and debt issuance costs in excess of investment income and net bond proceeds.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes, water and sewer services and regional water fee revenues, investment income, and regional water authority, contracted services and repairs and maintenance expenditures being greater than anticipated as well as tap connection and inspection fees revenue and related expenditures being less than anticipated. In addition, capital outlay expenditures and debt issuance costs incurred were not budgeted. The fund balance as of September 30, 2023, was expected to be $4,694,205 and the actual end-of-year fund balance was $4,822,751.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2023	2022
Land and improvements	$ 19,900,736	$ 12,614,297
Construction in progress	168,791	5,334,935
Water facilities	10,704,505	4,675,589
Wastewater facilities	10,482,682	9,198,925
Drainage facilities	2,326,876	2,388,603
Total capital assets	$ 43,583,590	$ 34,212,349

During the current year, additions to capital assets were as follows:

Land additions including, Jasmine Heights, Sections 17-25, Jasmine Heights West detention Phase I, Meadows at Westfield detention, and 90-acre business park detention pond Phases I and II	$ 7,286,439
Construction in progress related to the District's share of the wastewater treatment plant expansion to 3.0 MGD	168,791
Water and sewer facilities to serve Meadows at Westfield Village, Sections 1, 5 and 6, and Jasmine Heights, Sections 17, 18, 19, 20, 21, 22, 23, 24 and 25	1,155,164
Water plant No. 2	604,484
Lift station No. 5	964,208
Total additions to capital assets	$ 10,179,086

Developers of the District have constructed facilities on behalf of the District. The District has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $14,291,240. These amounts have been recorded in the financial statements as long-term liabilities.

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2023, are summarized as follows.

Long-term debt payable, beginning of year	$	53,364,179
Increases in long-term debt		12,897,045
Decreases in long-term debt		(1,718,620)
Long-term debt payable, end of year	$	64,542,604

At September 30, 2023, the District had $52,630,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District. In addition, the District had $90,000,000 in unlimited tax bonds for the construction of water, sewer and drainage facilities within the Defined Area, $22,500,000 in unlimited tax bonds for the construction of road facilities within the Defined Area, $21,500,000 in unlimited tax bonds for the construction of recreational facilities within the Defined Area.

The District's bonds carry an underlying rating of "A-" from Standard & Poor's. The Refunding Series 2015, Series 2019, Series 2019A, Series 2020, Series 2021, Series 2021A and Series 2022 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2017 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Co.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Subsequent Events

On February 22, 2024, the District issued its Unlimited Tax Bonds, Series 2024, in the amount of $16,265,000 at a net effective interest rate of approximately 4.20%. The bonds were sold to reimburse the developers for construction projects within the District.

The District plans to issue $5,770,000 in Unlimited Tax Bonds, Series 2024A, in April 2024, to pay for the District’s share of the cost of an expansion for the wastewater treatment plant, along with related engineering and contingency costs.

Northwest Harris County Municipal Utility District No. 12

Statement of Net Position and Governmental Funds Balance Sheet

September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 354,216	$ 176,705	$ 792	$ 531,713	$ -	$ 531,713
Short-term investments	4,897,296	1,712,003	3,278,830	9,888,129	-	9,888,129
Receivables:						
Property taxes	15,763	29,285	-	45,048	-	45,048
Service accounts	364,667	-	-	364,667	-	364,667
Interfund receivables	127,592	-	-	127,592	(127,592)	-
Due from others	41,812	30,244	4,524	76,580	-	76,580
Operating deposit	10,000	-	-	10,000	-	10,000
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	19,900,736	19,900,736
Construction in progress	-	-	-	-	168,791	168,791
Infrastructure	-	-	-	-	23,514,063	23,514,063
Total assets	5,811,346	1,948,237	3,284,146	11,043,729	43,455,998	54,499,727
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	376,312	376,312
Total assets and deferred outflows of resources	$ 5,811,346	$ 1,948,237	$ 3,284,146	$ 11,043,729	$ 43,832,310	$ 54,876,039

Northwest Harris County Municipal Utility District No. 12

Statement of Net Position and Governmental Funds Balance Sheet (Continued)

September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 578,277	$ 4,918	$ -	$ 583,195	$ -	$ 583,195
Accrued interest payable	-	-	-	-	136,318	136,318
Customer deposits	394,555	-	-	394,555	-	394,555
Interfund payables	-	36,859	90,733	127,592	(127,592)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,040,000	1,040,000
Due after one year	-	-	-	-	63,502,604	63,502,604
Total liabilities	972,832	41,777	90,733	1,105,342	64,551,330	65,656,672
Deferred Inflows of Resources						
Deferred property tax revenues	15,763	29,285	0	45,048	(45,048)	0
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	1,877,175	-	1,877,175	(1,877,175)	-
Water, sewer and drainage	-	-	3,193,413	3,193,413	(3,193,413)	-
Assigned to operating deposit	10,000	-	-	10,000	(10,000)	-
Unassigned	4,812,751	-	-	4,812,751	(4,812,751)	-
Total fund balances	4,822,751	1,877,175	3,193,413	9,893,339	(9,893,339)	0
Total liabilities, deferred inflows of resources and fund balances	$ 5,811,346	$ 1,948,237	$ 3,284,146	$ 11,043,729		
Net position:						
Net investment in capital assets					(17,735,228)	(17,735,228)
Restricted for debt service					1,770,142	1,770,142
Restricted for capital projects					345,939	345,939
Unrestricted					4,838,514	4,838,514
Total net position					$ (10,780,633)	$ (10,780,633)

Northwest Harris County Municipal Utility District No. 12

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,346,398	$ 2,458,722	$ -	$ 3,805,120	$ 24,006	$ 3,829,126
Water service	934,930	-	-	934,930	-	934,930
Sewer service	854,237	-	-	854,237	-	854,237
Regional water fee	1,006,460	-	-	1,006,460	-	1,006,460
Penalty and interest	34,709	25,730	-	60,439	-	60,439
Tap connection and inspection fees	12,460	-	-	12,460	-	12,460
Investment income	212,444	97,228	156,783	466,455	-	466,455
Other income	-	2,061	38,404	40,465	-	40,465
Total revenues	4,401,638	2,583,741	195,187	7,180,566	24,006	7,204,572
Expenditures/Expenses						
Service operations:						
Purchased services	379,283	-	-	379,283	-	379,283
Regional water authority	1,205,650	-	-	1,205,650	-	1,205,650
Professional fees	172,739	5,352	-	178,091	38,893	216,984
Contracted services	419,611	57,809	-	477,420	-	477,420
Utilities	167,948	-	-	167,948	-	167,948
Repairs and maintenance	986,744	-	-	986,744	-	986,744
Other expenditures	86,688	12,261	642	99,591	-	99,591
Tap connections	10,731	-	-	10,731	-	10,731
Capital outlay	168,791	-	10,889,124	11,057,915	(11,057,915)	-
Depreciation	-	-	-	-	807,845	807,845
Conveyance of capital assets	-	-	-	-	1,682,451	1,682,451
Debt service:						
Principal retirement	-	835,000	-	835,000	(835,000)	-
Interest and fees	-	1,499,546	-	1,499,546	99,360	1,598,906
Debt issuance costs	95,557	-	530,936	626,493	-	626,493
Total expenditures/expenses	3,693,742	2,409,968	11,420,702	17,524,412	(9,264,366)	8,260,046
Excess (Deficiency) of Revenues Over Expenditures	707,896	173,773	(11,225,515)	(10,343,846)	9,288,372	

Northwest Harris County Municipal Utility District No. 12

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances (Continued)

Year Ended September 30, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
Interfund transfers in (out)	$ -	$ 38,404	$ (38,404)	$ -	$ -	
General obligation bonds issued	-	-	11,470,000	11,470,000	(11,470,000)	
Discount on debt issued	-	-	(335,314)	(335,314)	335,314	
Total other financing sources	0	38,404	11,096,282	11,134,686	(11,134,686)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	707,896	212,177	(129,233)	790,840	(790,840)	
Change in Net Position					(1,055,474)	$ (1,055,474)
Fund Balances/Net Position						
Beginning of year	4,114,855	1,664,998	3,322,646	9,102,499	-	(9,725,159)
End of year	$ 4,822,751	$ 1,877,175	$ 3,193,413	$ 9,893,339	$ 0	$ (10,780,633)

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Northwest Harris County Municipal Utility District No. 12 (the District) was created by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective December 13, 1977, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, wastewater, drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2023, include collections during the current period or within 60 days of year-end related to the 2022 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2023, the 2022 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets, with an individual cost of $5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

Capital assets are depreciated using the straight-line method over their estimated useful lives, as follows:

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

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

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$ 43,583,590
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	45,048
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	376,312

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	$	(136,318)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(64,542,604)
Adjustment to fund balances to arrive at net position.	$	(20,673,972)

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	$	790,840
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense, conveyance of capital assets and noncapitalized costs in the current year.		8,528,726
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		335,314
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however have any affect on net position.		(10,635,000)
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.		24,006
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(99,360)
Change in net position of governmental activities.	$	(1,055,474)

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At September 30, 2023, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool. The District’s investments in TexPool are reported at amortized cost.

At September 30, 2023, the District had the following investments and maturities:

		Maturities in Years			
Type	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	$ 9,888,129	$ 9,888,129	$ 0	$ 0	$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2023, the District's investments in TexPool were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet and statement of net position at September 30, 2023, as follows:

Carrying value:		
Deposits	$	531,713
Investments		9,888,129
Total	$	10,419,842

Investment Income

Investment income of $466,455 for the year ended September 30, 2023, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2023, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Reclass-ifications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	$ 12,614,297	$ 7,286,439	$ -	$ 19,900,736
Construction in progress	5,334,935	168,791	(5,334,935)	168,791
Total capital assets, non-depreciable	17,949,232	7,455,230	(5,334,935)	20,069,527

Governmental Activities (Continued)	Balances, Beginning of Year	Additions	Reclass-ifications	Balances, End of Year
Capital assets, depreciable:				
Water production and distribution facilities	$ 6,496,675	$ 1,056,788	$ 5,334,935	$ 12,888,398
Wastewater collection and treatment facilities	12,685,963	1,667,068	-	14,353,031
Drainage facilities	2,815,524	-	-	2,815,524
Total capital assets, depreciable	21,998,162	2,723,856	5,334,935	30,056,953
Less accumulated depreciation:				
Water production and distribution facilities	(1,821,086)	(362,807)	-	(2,183,893)
Wastewater collection and treatment facilities	(3,487,038)	(383,311)	-	(3,870,349)
Drainage facilities	(426,921)	(61,727)	-	(488,648)
Total accumulated depreciation	(5,735,045)	(807,845)	0	(6,542,890)
Total governmental activities, net	$ 34,212,349	$ 9,371,241	$ 0	$ 43,583,590

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2023, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 40,655,000	$ 11,470,000	$ 835,000	$ 51,290,000	$ 1,040,000
Less discounts on bonds	743,902	335,314	32,633	1,046,583	-
Add premiums on bonds	8,383	-	436	7,947	-
	39,919,481	11,134,686	802,803	50,251,364	1,040,000
Due to developers	13,444,698	1,762,359	915,817	14,291,240	-
Total governmental activities long-term liabilities	$ 53,364,179	$ 12,897,045	$ 1,718,620	$ 64,542,604	$ 1,040,000

General Obligation Bonds

	Refunding Series 2015	Series 2017
Amounts outstanding, September 30, 2023	$3,950,000	$7,150,000
Interest rates	2.00% to 3.50%	2.50% to 5.00%
Maturity dates, serially beginning/ending	March 1, 2024/2037	March 1, 2024/2042
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	March 1, 2022	March 1, 2023

	Series 2019	Series 2019A
Amounts outstanding, September 30, 2023	$5,350,000	$4,350,000
Interest rates	2.00% to 4.50%	2.00% to 3.00%
Maturity dates, serially beginning/ending	March 1, 2024/2046	March 1, 2024/2047
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	March 1, 2024	March 1, 2025

	Series 2020	Series 2021
Amounts outstanding, September 30, 2023	$9,140,000	$6,015,000
Interest rates	2.00% to 4.00%	1.00% to 2.00%
Maturity dates, serially beginning/ending	March 1, 2024/2047	March 1, 2024/2049
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	March 1, 2025	March 1, 2025

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

	Series 2021A	Series 2022
Amounts outstanding, September 30, 2023	$3,865,000	$11,470,000
Interest rates	2.00% to 4.50%	4.00% to 5.00%
Maturity dates, serially beginning/ending	March 1, 2024/2049	March 1, 2027/2050
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	March 1, 2026	March 1, 2027

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2023:

Year	Principal	Interest	Total
2024	$ 1,040,000	$ 1,618,912	$ 2,658,912
2025	1,165,000	1,584,038	2,749,038
2026	1,220,000	1,551,575	2,771,575
2027	1,570,000	1,515,212	3,085,212
2028	1,680,000	1,469,200	3,149,200
2029-2033	9,225,000	6,564,375	15,789,375
2034-2038	10,885,000	5,049,268	15,934,268
2039-2043	12,250,000	3,167,675	15,417,675
2044-2048	10,305,000	1,215,332	11,520,332
2049-2050	1,950,000	75,875	2,025,875
Total	$ 51,290,000	$ 23,811,462	$ 75,101,462

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

Bonds voted	$ 112,000,000
Bonds sold	59,370,000
Refunding bonds voted	12,000,000
Refunding bond authorization used	3,480,000

In addition to the above-described bonds, at an election within the Defined Area on November 8, 2022, the voters within the Defined Area authorized the following bonds which are payable from the proceeds of an ad valorem tax levied upon all property within the Defined Area subject to taxation, without limitation as to rate or amount:

Water, sewer, and drainage facility bonds voted	$	90,000,000
Park and recreational facility bonds voted		21,500,000
Road facility bonds voted		22,500,000
Refunding bonds voted		90,000,000

At September 30, 2023, no bonds have been issued from the above authorizations.

Due to Developers

Developers of the District have constructed facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developers for these construction costs and interest to the extent approved by the Commission, from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $14,291,240. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5: Significant Bond Order and Commission Requirements

A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2023, the District levied an ad valorem debt service tax at the rate of $0.4200 per $100 of assessed valuation, which resulted in a tax levy of $2,475,578 on the taxable valuation of $589,423,167 for the 2022 tax year. The interest and principal requirements paid from the tax revenues and available resources were $2,350,807.

B. During the current year, the District transferred $38,404 from the capital projects fund to the debt service fund. The transfer was made in accordance with the rules of the Commission.

Note 6: Maintenance Taxes

At an election held May 11, 2013, voters authorized an unlimited maintenance tax per $100 of assessed valuation on all property within the District subject to taxation. During the year ended September 30, 2023, the District levied an ad valorem maintenance tax at the rate of $0.2300 per $100 of assessed valuation, which resulted in a tax levy of $1,355,673 on the taxable valuation of $589,423,167 for the 2022 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held November 8, 2022, voters authorized an unlimited maintenance tax per $100 of assessed valuation on all property within the Defined Area subject to taxation. The maintenance tax will be used by the general fund to pay expenditures of operating the Defined Area. During the year ended September 30, 2023, the District did not levy a Defined Area ad valorem maintenance tax.

Note 7: Contracts With Other Districts

On August 29, 1984, the District, Harris County Municipal Utility District No. 105 (District No. 105) and Harris County Municipal Utility District No. 272 (District No. 272) entered into an agreement to construct and operate a regional wastewater treatment facility (facilities) on behalf of the participants. The agreement was amended on October 18, 1999, and April 17, 2001, to extend the agreement to 20 years after the date of the last amendment and for District No. 272 to convey their interest to District No. 105. During the year ended September 30, 2013, the District sold an additional 50,000 gallons per day (gpd) of capacity to District No. 105, and during the year ended September 30, 2015, the District sold an additional 37,500 gpd of capacity to District No. 105. During the year ended September 30, 2018, the District repurchased 87,500 gpd of capacity from District No. 105 for a total cost of $222,650. During a prior year, the agreement was amended to extend the term an additional 40 years, commencing on April 18, 2021.

The agreement provides construction costs will be shared based upon capacity acquired by each participant. The current percentage ownership and gallons-per-day of waste capacity is allocated as shown below:

Participant	Percent Ownership	Capacity Gallons-Per-Day
The District	31.35 %	674,025
District No. 105	68.65	1,475,975
Totals	100.00 %	2,150,000

District No. 105 holds title to and operates the facilities on behalf of all participants. The participants are billed monthly for fixed costs based on capacity owned, and for variable costs based on flow to the facilities, plus a 10% administrative fee. During the year ended September 30, 2023, the District's share of the facilities' expenditures and administrative fee was $379,283.

Condensed audited financial information of the facilities as of and for the year ended September 30, 2023, is as follows.

		Facilities' General Fund
Total assets	$	303,219
Total liabilities	$	283,219
Total fund balance		20,000
Total liabilities and fund balance	$	303,219
Total revenues	$	1,025,990
Total expenditures		1,025,990
Excess revenues	$	0

Water Supply

On May 15, 1985, as subsequently amended, the District entered into an Emergency Water Supply Contract with Harris County Municipal Utility District No. 167 (District No. 167). During the current year, the District did not purchase any water.

On January 18, 2016, the District entered into an Emergency Water Supply Agreement (the Interconnect Agreement) with District No. 105, amended April 17, 2023. On March 16, 2020, the District entered into an Interim Water Supply Agreement (the Interim Agreement) with District No. 105, whereas District No. 105 will supply potable water through the interconnect while the District's water plant No. 2 is being constructed. The Interim Agreement will supersede the Interconnect Agreement solely for the term of the Interim Agreement, which is to continue until December 31, 2022, or may be extended past that date if the construction of water plant No. 2 is not completed. During the current year, the District did not receive any water from District No. 105 through the interconnect and the construction of water plant No. 2 was completed.

Note 8: Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of September 30, 2023, the Authority was billing the District $3.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

Note 9: 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. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 10: Subsequent Events

On February 22, 2024, the District issued its Unlimited Tax Bonds, Series 2024, in the amount of $16,265,000 at a net effective interest rate of approximately 4.20%. The bonds were sold to reimburse the developers for construction projects within the District.

The District plans to issue $5,770,000 in Unlimited Tax Bonds, Series 2024A, in April 2024, to pay for the District's share of the cost of an expansion for the wastewater treatment plant, along with related engineering and contingency costs.

Required Supplementary Information

Northwest Harris County Municipal Utility District No. 12

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2023

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 760,000	$ 1,346,398	$ 586,398
Water service	740,000	934,930	194,930
Sewer service	765,000	854,237	89,237
Regional water fee	540,000	1,006,460	466,460
Penalty and interest	44,000	34,709	(9,291)
Tap connection and inspection fees	330,000	12,460	(317,540)
Investment income	14,000	212,444	198,444
Total revenues	3,193,000	4,401,638	1,208,638
Expenditures			
Service operations:			
Purchased services	390,000	379,283	10,717
Regional water authority	540,000	1,205,650	(665,650)
Professional fees	182,500	172,739	9,761
Contracted services	310,000	419,611	(109,611)
Utilities	85,000	167,948	(82,948)
Repairs and maintenance	795,500	986,744	(191,244)
Other expenditures	110,650	86,688	23,962
Tap connections	200,000	10,731	189,269
Capital outlay	-	168,791	(168,791)
Debt service, debt issuance costs	-	95,557	(95,557)
Total expenditures	2,613,650	3,693,742	(1,080,092)
Excess of Revenues Over Expenditures	579,350	707,896	128,546
Fund Balance, Beginning of Year	4,114,855	4,114,855	-
Fund Balance, End of Year	$ 4,694,205	$ 4,822,751	$ 128,546

Northwest Harris County Municipal Utility District No. 12
Notes to Required Supplementary Information
September 30, 2023

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal year 2023.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Supplementary Information

Northwest Harris County Municipal Utility District No. 12
Other Schedules Included Within This Report
September 30, 2023

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

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-29

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[X] Schedule of Long-term Debt Service Requirements by Years

[X] Changes in Long-term Bonded Debt

[X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years

[X] Board Members, Key Personnel and Consultants

Northwest Harris County Municipal Utility District No. 12

Schedule of Services and Rates

Year Ended September 30, 2023

1. Services provided by the District:

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

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

___ Other ___

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 24.00	8,000	N	$ 1.80	8,001	to	15,000
				$ 2.40	15,001	to	No Limit
Wastewater:	$ 24.00	8,000	N	$ 1.80	8,001	to	15,000
				$ 2.40	15,001	to	No Limit
Regional water fee:	$ 4.35	1,000	N	$ 4.35	1,001	to	No Limit

Does the District employ winter averaging for wastewater usage? Yes ___ No X

Total charges per 10,000 gallons usage (including fees): Water $ 71.10 Wastewater $ 27.60

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	2,523	2,515	x1.0	2,515
1"	25	25	x2.5	63
1 1/2"	8	7	x5.0	35
2"	32	31	x8.0	248
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	2,588	2,578		2,861
Total wastewater	2,556	2,546	x1.0	2,546

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	271,936
Gallons billed to customers:	248,907
Water accountability ratio (gallons billed/gallons pumped):	91.53%

*"ESFC" means equivalent single-family connections

Northwest Harris County Municipal Utility District No. 12
Schedule of General Fund Expenditures
Year Ended September 30, 2023

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 23,200	
Legal	114,250	
Engineering	35,289	
Financial advisor	-	172,739
Purchased Services for Resale		
Bulk water and wastewater service purchases		379,283
Regional Water Authority		1,205,650
Contracted Services		
Bookkeeping	19,468	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	162,360	
Other contracted services	237,783	419,611
Utilities		167,948
Repairs and Maintenance		986,744
Administrative Expenditures		
Directors' fees	9,836	
Office supplies	1,047	
Insurance	25,228	
Other administrative expenditures	50,577	86,688
Capital Outlay		
Capitalized assets	168,791	
Expenditures not capitalized	-	168,791
Tap Connection Expenditures		10,731
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		95,557
Total expenditures		$ 3,693,742

Northwest Harris County Municipal Utility District No. 12

Schedule of Temporary Investments

September 30, 2023

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
TexPool	5.35%	Demand	$ 4,897,296	$ -
Debt Service Fund				
TexPool	5.35%	Demand	1,712,003	-
Capital Projects Fund				
TexPool	5.35%	Demand	3,278,830	-
Totals			$ 9,888,129	$ 0

Northwest Harris County Municipal Utility District No. 12

Analysis of Taxes Levied and Receivable

Year Ended September 30, 2023

		Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year		$ 7,181	$ 13,861
Additions and corrections to prior years' taxes		(693)	(1,432)
Adjusted receivable, beginning of year		6,488	12,429
2022 Original Tax Levy		1,230,908	2,247,746
Additions and corrections		124,765	227,832
Adjusted tax levy		1,355,673	2,475,578
Total to be accounted for		1,362,161	2,488,007
Tax collections:	Current year	(1,345,610)	(2,457,202)
	Prior years	(788)	(1,520)
Receivable, end of year		$ 15,763	$ 29,285
Receivable, by Years			
2022		$ 10,063	$ 18,376
2021		3,986	7,653
2020		923	1,648
2019		390	766
2018		363	713
2017		3	6
2016		3	7
2015		3	7
2014		3	8
2013		3	9
2012 and prior		23	92
Receivable, end of year		$ 15,763	$ 29,285

Northwest Harris County Municipal Utility District No. 12

Analysis of Taxes Levied and Receivable (Continued)

Year Ended September 30, 2023

	2022	2021	2020	2019
Property Valuations				
Land	$ 120,298,303	$ 90,018,020	$ 60,647,753	$ 47,766,946
Improvements	464,359,460	279,990,146	235,461,908	180,964,733
Personal property	18,100,870	12,025,297	5,030,682	2,763,539
Exemptions	(13,335,466)	(8,410,752)	(7,255,164)	(5,315,353)
Total property valuations	$ 589,423,167	$ 373,622,711	$ 293,885,179	$ 226,179,865
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.4200	$ 0.4800	$ 0.5000	$ 0.5300
Maintenance tax rates*	0.2300	0.2500	0.2800	0.2700
Total tax rates per $100 valuation	$ 0.6500	$ 0.7300	$ 0.7800	$ 0.8000
Tax Levy	$ 3,831,251	$ 2,727,446	$ 2,292,304	$ 1,809,439
Percent of Taxes Collected to Taxes Levied**	99%	99%	99%	99%

*Maximum tax rate approved by voters: Unlimited on May 11, 2013

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

Northwest Harris County Municipal Utility District No. 12
Schedule of Long-term Debt Service Requirements by Years
September 30, 2023

	Refunding Series 2015		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 375,000	$ 119,450	$ 494,450
2025	390,000	107,975	497,975
2026	220,000	98,825	318,825
2027	225,000	92,150	317,150
2028	230,000	85,325	315,325
2029	245,000	78,200	323,200
2030	250,000	70,619	320,619
2031	260,000	62,650	322,650
2032	270,000	54,200	324,200
2033	275,000	45,344	320,344
2034	290,000	36,163	326,163
2035	295,000	26,472	321,472
2036	305,000	16,346	321,346
2037	320,000	5,600	325,600
Totals	$ 3,950,000	$ 899,319	$ 4,849,319

Northwest Harris County Municipal Utility District No. 12
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

	Series 2017		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 50,000	$ 226,156	$ 276,156
2025	50,000	224,906	274,906
2026	275,000	220,844	495,844
2027	300,000	212,906	512,906
2028	325,000	203,531	528,531
2029	325,000	193,781	518,781
2030	350,000	183,656	533,656
2031	350,000	173,156	523,156
2032	375,000	162,281	537,281
2033	400,000	150,406	550,406
2034	400,000	137,906	537,906
2035	425,000	124,750	549,750
2036	450,000	110,531	560,531
2037	450,000	95,907	545,907
2038	475,000	80,578	555,578
2039	500,000	64,126	564,126
2040	525,000	46,829	571,829
2041	550,000	28,688	578,688
2042	575,000	9,704	584,704
Totals	$ 7,150,000	$ 2,650,642	$ 9,800,642

Northwest Harris County Municipal Utility District No. 12
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

	Series 2019		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 125,000	$ 167,687	$ 292,687
2025	150,000	163,688	313,688
2026	150,000	160,687	310,687
2027	150,000	157,688	307,688
2028	175,000	153,562	328,562
2029	175,000	148,313	323,313
2030	175,000	143,062	318,062
2031	200,000	137,438	337,438
2032	200,000	131,437	331,437
2033	200,000	125,438	325,438
2034	200,000	119,437	319,437
2035	225,000	112,922	337,922
2036	225,000	105,891	330,891
2037	250,000	98,312	348,312
2038	250,000	90,188	340,188
2039	275,000	81,656	356,656
2040	275,000	72,547	347,547
2041	275,000	63,265	338,265
2042	300,000	53,375	353,375
2043	325,000	42,438	367,438
2044	350,000	30,625	380,625
2045	350,000	18,375	368,375
2046	350,000	6,125	356,125
Totals	$ 5,350,000	$ 2,384,156	$ 7,734,156

Northwest Harris County Municipal Utility District No. 12

Schedule of Long-term Debt Service Requirements by Years (Continued)

September 30, 2023

	Series 2019A		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 50,000	$ 127,375	$ 177,375
2025	50,000	125,875	175,875
2026	50,000	124,625	174,625
2027	50,000	123,625	173,625
2028	50,000	122,563	172,563
2029	50,000	121,438	171,438
2030	50,000	120,188	170,188
2031	50,000	118,813	168,813
2032	50,000	117,438	167,438
2033	50,000	116,063	166,063
2034	50,000	114,688	164,688
2035	50,000	113,250	163,250
2036	50,000	111,750	161,750
2037	50,000	110,250	160,250
2038	300,000	105,000	405,000
2039	300,000	96,000	396,000
2040	350,000	86,250	436,250
2041	350,000	75,750	425,750
2042	350,000	65,250	415,250
2043	375,000	54,375	429,375
2044	375,000	43,125	418,125
2045	400,000	31,500	431,500
2046	425,000	19,125	444,125
2047	425,000	6,375	431,375
Totals	$ 4,350,000	$ 2,250,691	$ 6,600,691

Northwest Harris County Municipal Utility District No. 12

Schedule of Long-term Debt Service Requirements by Years (Continued)

September 30, 2023

Due During Fiscal Years Ending September 30	Series 2020 Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 250,000	$ 247,450	$ 497,450
2025	275,000	236,950	511,950
2026	275,000	228,700	503,700
2027	275,000	223,200	498,200
2028	300,000	217,450	517,450
2029	300,000	211,450	511,450
2030	300,000	205,263	505,263
2031	325,000	198,419	523,419
2032	325,000	190,903	515,903
2033	350,000	182,669	532,669
2034	350,000	173,700	523,700
2035	375,000	164,184	539,184
2036	375,000	154,106	529,106
2037	400,000	143,450	543,450
2038	400,000	132,450	532,450
2039	400,000	121,450	521,450
2040	425,000	109,575	534,575
2041	450,000	96,450	546,450
2042	450,000	82,950	532,950
2043	500,000	68,700	568,700
2044	500,000	53,700	553,700
2045	500,000	38,700	538,700
2046	500,000	23,700	523,700
2047	540,000	8,100	548,100
Totals	$ 9,140,000	$ 3,513,669	$ 12,653,669

Northwest Harris County Municipal Utility District No. 12

Schedule of Long-term Debt Service Requirements by Years (Continued)

September 30, 2023

	Series 2021		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 150,000	$ 102,238	$ 252,238
2025	150,000	99,237	249,237
2026	150,000	96,988	246,988
2027	175,000	95,362	270,362
2028	175,000	93,613	268,613
2029	175,000	91,643	266,643
2030	200,000	89,300	289,300
2031	200,000	86,800	286,800
2032	200,000	84,175	284,175
2033	200,000	81,300	281,300
2034	200,000	78,300	278,300
2035	225,000	74,972	299,972
2036	225,000	71,316	296,316
2037	225,000	67,659	292,659
2038	225,000	64,003	289,003
2039	250,000	59,988	309,988
2040	250,000	55,300	305,300
2041	250,000	50,300	300,300
2042	275,000	45,050	320,050
2043	275,000	39,550	314,550
2044	275,000	34,050	309,050
2045	275,000	28,550	303,550
2046	300,000	22,800	322,800
2047	300,000	16,800	316,800
2048	340,000	10,400	350,400
2049	350,000	3,500	353,500
Totals	$ 6,015,000	$ 1,643,194	$ 7,658,194

Northwest Harris County Municipal Utility District No. 12

Schedule of Long-term Debt Service Requirements by Years (Continued)

September 30, 2023

	Series 2021A		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 40,000	$ 88,306	$ 128,306
2025	100,000	85,157	185,157
2026	100,000	80,656	180,656
2027	100,000	77,406	177,406
2028	125,000	75,156	200,156
2029	125,000	72,657	197,657
2030	125,000	70,156	195,156
2031	125,000	67,656	192,656
2032	125,000	65,156	190,156
2033	125,000	62,657	187,657
2034	150,000	59,906	209,906
2035	150,000	56,906	206,906
2036	150,000	53,906	203,906
2037	150,000	50,907	200,907
2038	150,000	47,906	197,906
2039	150,000	44,813	194,813
2040	175,000	41,359	216,359
2041	175,000	37,531	212,531
2042	175,000	33,594	208,594
2043	175,000	29,656	204,656
2044	175,000	25,719	200,719
2045	200,000	21,375	221,375
2046	200,000	16,625	216,625
2047	200,000	11,875	211,875
2048	200,000	7,125	207,125
2049	200,000	2,375	202,375
Totals	$ 3,865,000	$ 1,286,541	$ 5,151,541

Northwest Harris County Municipal Utility District No. 12
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2023

	Series 2022		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ -	$ 540,250	$ 540,250
2025	-	540,250	540,250
2026	-	540,250	540,250
2027	295,000	532,875	827,875
2028	300,000	518,000	818,000
2029	325,000	502,375	827,375
2030	325,000	486,125	811,125
2031	350,000	469,250	819,250
2032	350,000	453,500	803,500
2033	375,000	439,000	814,000
2034	375,000	423,531	798,531
2035	400,000	407,063	807,063
2036	425,000	389,000	814,000
2037	425,000	369,875	794,875
2038	450,000	350,187	800,187
2039	475,000	329,375	804,375
2040	500,000	306,813	806,813
2041	500,000	283,062	783,062
2042	525,000	258,719	783,719
2043	550,000	233,187	783,187
2044	575,000	206,469	781,469
2045	600,000	178,563	778,563
2046	625,000	149,468	774,468
2047	650,000	119,188	769,188
2048	675,000	86,875	761,875
2049	700,000	52,500	752,500
2050	700,000	17,500	717,500
Totals	$ 11,470,000	$ 9,183,250	$ 20,653,250

Northwest Harris County Municipal Utility District No. 12

Schedule of Long-term Debt Service Requirements by Years (Continued)

September 30, 2023

Due During Fiscal Years Ending September 30	Annual Requirements For All Series: Total Principal Due	Total Interest Due	Total Principal and Interest Due
2024	$ 1,040,000	$ 1,618,912	$ 2,658,912
2025	1,165,000	1,584,038	2,749,038
2026	1,220,000	1,551,575	2,771,575
2027	1,570,000	1,515,212	3,085,212
2028	1,680,000	1,469,200	3,149,200
2029	1,720,000	1,419,857	3,139,857
2030	1,775,000	1,368,369	3,143,369
2031	1,860,000	1,314,182	3,174,182
2032	1,895,000	1,259,090	3,154,090
2033	1,975,000	1,202,877	3,177,877
2034	2,015,000	1,143,631	3,158,631
2035	2,145,000	1,080,519	3,225,519
2036	2,205,000	1,012,846	3,217,846
2037	2,270,000	941,960	3,211,960
2038	2,250,000	870,312	3,120,312
2039	2,350,000	797,408	3,147,408
2040	2,500,000	718,673	3,218,673
2041	2,550,000	635,046	3,185,046
2042	2,650,000	548,642	3,198,642
2043	2,200,000	467,906	2,667,906
2044	2,250,000	393,688	2,643,688
2045	2,325,000	317,063	2,642,063
2046	2,400,000	237,843	2,637,843
2047	2,115,000	162,338	2,277,338
2048	1,215,000	104,400	1,319,400
2049	1,250,000	58,375	1,308,375
2050	700,000	17,500	717,500
Totals	$ 51,290,000	$ 23,811,462	$ 75,101,462

Northwest Harris County Municipal Utility District No. 12

Changes in Long-term Bonded Debt

Year Ended September 30, 2023

	Bond		
	Refunding Series 2015	Series 2017	Series 2019
Interest rates	2.00% to 3.50%	2.50% to 5.00%	2.00% to 4.50%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	March 1, 2024/2037	March 1, 2024/2042	March 1, 2024/2046
Bonds outstanding, beginning of current year	$ 4,310,000	$ 7,200,000	$ 5,475,000
Bonds sold during the current year	-	-	-
Retirements, principal	360,000	50,000	125,000
Bonds outstanding, end of current year	$ 3,950,000	$ 7,150,000	$ 5,350,000
Interest paid during current year	$ 130,476	$ 228,031	$ 172,844

Paying agent's name and address:

Series 2015 - Amegy Bank, N.A., Houston, Texas
Series 2017 - Amegy Bank, N.A., Houston, Texas
Series 2019 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019A - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2020 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2021 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2021A - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2022 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	$ 112,000,000	0	$ 12,000,000
Amount issued	$ 59,370,000	0	$ 3,480,000
Remaining to be issued	$ 52,630,000	0	$ 8,520,000

Debt service fund cash and temporary investment balances as of September 30, 2023:	$ 1,888,708
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,781,536

Defined Area bond authority:

	Tax Bonds	Recreational Bonds	Road Bonds	Refunding Bonds
Amount authorized by voters	$ 90,000,000	$ 21,500,000	$ 22,500,000	$ 90,000,000
Amount issued	$ -	$ -	$ -	$ -
Remaining to be issued	$ 90,000,000	$ 21,500,000	$ 22,500,000	$ 90,000,000

Issues

Series 2019A	Series 2020	Series 2021	Series 2021A	Series 2022	Totals
2.00% to 3.00%	2.00% to 4.00%	1.00% to 2.00%	2.00% to 4.50%	4.00% to 5.00%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
March 1, 2024/2047	March 1, 2024/2047	March 1, 2024/2049	March 1, 2024/2049	March 1, 2027/2050	
$ 4,400,000	$ 9,390,000	$ 6,015,000	$ 3,865,000	$ -	$ 40,655,000
-	-	-	-	11,470,000	11,470,000
50,000	250,000	-	-	-	835,000
$ 4,350,000	$ 9,140,000	$ 6,015,000	$ 3,865,000	$ 11,470,000	$ 51,290,000
$ 128,875	$ 257,450	$ 103,737	$ 89,206	$ 405,188	$ 1,515,807

Northwest Harris County Municipal Utility District No. 12

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
General Fund					
Revenues					
Property taxes	$ 1,346,398	$ 930,953	$ 820,843	$ 612,476	$ 500,471
Water service	934,930	684,465	530,601	440,006	419,815
Sewer service	854,237	675,977	530,299	459,107	408,774
Surface water conversion	1,006,460	630,031	444,577	411,009	321,944
Penalty and interest	34,709	66,903	51,888	37,628	37,071
Tap connection and inspection fees	12,460	913,185	878,255	442,265	424,751
Investment income	212,444	25,394	864	13,441	35,656
Total revenues	4,401,638	3,926,908	3,257,327	2,415,932	2,148,482
Expenditures					
Service operations:					
Purchased services	379,283	230,949	169,094	156,925	127,909
Regional water authority	1,205,650	608,400	480,396	438,131	333,933
Professional fees	172,739	183,440	184,292	165,240	167,904
Contracted services	419,611	357,576	285,915	235,328	188,518
Utilities	167,948	75,981	50,934	48,194	38,378
Repairs and maintenance	986,744	837,304	596,310	610,836	440,777
Other expenditures	86,688	90,692	105,593	86,795	76,997
Tap connections	10,731	426,292	395,375	190,495	161,738
Capital outlay	168,791	28,810	-	-	601,445
Debt service, debt issuance costs	95,557	43,329	-	-	103,486
Total expenditures	3,693,742	2,882,773	2,267,909	1,931,944	2,241,085
Excess (Deficiency) of Revenues Over Expenditures	707,896	1,044,135	989,418	483,988	(92,603)
Other Financing Sources					
Interfund transfers in	-	-	-	146,723	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	707,896	1,044,135	989,418	630,711	(92,603)
Fund Balance, Beginning of Year	4,114,855	3,070,720	2,081,302	1,450,591	1,543,194
Fund Balance, End of Year	$ 4,822,751	$ 4,114,855	$ 3,070,720	$ 2,081,302	$ 1,450,591
Total Active Retail Water Connections	2,578	2,544	2,062	1,496	1,380
Total Active Retail Wastewater Connections	2,546	2,510	2,038	1,476	1,367

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
30.6 %	23.7 %	25.2 %	25.3 %	23.3 %
21.2	17.4	16.3	18.2	19.5
19.4	17.2	16.3	19.0	19.0
22.9	16.0	13.6	17.0	15.0
0.8	1.7	1.6	1.6	1.7
0.3	23.3	27.0	18.3	19.8
4.8	0.7	0.0	0.6	1.7
100.0	100.0	100.0	100.0	100.0
8.6	5.9	5.2	6.5	6.0
27.4	15.5	14.7	18.1	15.5
3.9	4.7	5.7	6.8	7.8
9.5	9.1	8.8	9.8	8.8
3.8	1.9	1.6	2.0	1.8
22.4	21.3	18.3	25.3	20.5
2.0	2.3	3.2	3.6	3.6
0.3	10.9	12.1	7.9	7.5
3.8	0.7	-	-	28.0
2.2	1.1	-	-	4.8
83.9	73.4	69.6	80.0	104.3
16.1 %	26.6 %	30.4 %	20.0 %	(4.3) %

Northwest Harris County Municipal Utility District No. 12

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended September 30,

	Amounts				
	2023	2022	2021	2020	2019
Debt Service Fund					
Revenues					
Property taxes	$ 2,458,722	$ 1,787,080	$ 1,466,061	$ 1,202,259	$ 982,998
Penalty and interest	25,730	14,623	6,889	28,765	19,136
Investment income	97,228	11,325	1,147	12,822	18,481
Other income	2,061	753	-	846	61,654
Total revenues	2,583,741	1,813,781	1,474,097	1,244,692	1,082,269
Expenditures					
Current:					
Professional fees	5,352	3,734	1,104	235	3,652
Contracted services	57,809	41,121	34,739	29,984	25,643
Other expenditures	12,261	22,188	8,429	9,029	7,347
Debt service:					
Principal retirement	835,000	530,000	395,000	330,000	520,000
Interest and fees	1,499,546	1,134,959	1,004,551	736,106	465,647
Total expenditures	2,409,968	1,732,002	1,443,823	1,105,354	1,022,289
Excess of Revenues Over Expenditures	173,773	81,779	30,274	139,338	59,980
Other Financing Sources					
General obligation bonds issued	-	-	-	392,075	181,125
Interfund transfers in	38,404	-	-	-	-
Total other financing sources	38,404	0	0	392,075	181,125
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	212,177	81,779	30,274	531,413	241,105
Fund Balance, Beginning of Year	1,664,998	1,583,219	1,552,945	1,021,532	780,427
Fund Balance, End of Year	$ 1,877,175	$ 1,664,998	$ 1,583,219	$ 1,552,945	$ 1,021,532

Percent of Fund Total Revenues				
2023	2022	2021	2020	2019
95.1 %	98.5 %	99.4 %	96.6 %	90.8 %
1.0	0.8	0.5	2.3	1.8
3.8	0.6	0.1	1.0	1.7
0.1	0.1	-	0.1	5.7
100.0	100.0	100.0	100.0	100.0
0.2	0.2	0.1	0.1	0.3
2.2	2.3	2.4	2.4	2.4
0.5	1.2	0.6	0.7	0.7
32.3	29.2	26.8	26.5	48.1
58.0	62.6	68.1	59.1	43.0
93.2	95.5	98.0	88.8	94.5
6.8 %	4.5 %	2.0 %	11.2 %	5.5 %

Northwest Harris County Municipal Utility District No. 12

Board Members, Key Personnel and Consultants

Year Ended September 30, 2023

Complete District mailing address:	Northwest Harris County Municipal Utility District No. 12 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	
District business telephone number:	713.652.6500	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		September 6, 2023
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Mary Joan Sullivan	Elected 05/22-05/26	$ 2,384	$ 34	President
William Schroif	Elected 05/20-05/24	2,013	0	Vice President and Treasurer
Coni Schelnick	Elected 05/22-05/26	1,792	0	Secretary
Cesar Buentello	Appointed 08/23-05/24	442	0	Director
Teresa Sturm	Elected 05/22-05/26	3,205	0	Director

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

Northwest Harris County Municipal Utility District No. 12
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2023

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Michael Arterburn, R.T.A.	06/01/05	$ 29,925	Tax Assessor/ Collector
District Data Services, Inc.	05/16/22	22,468	Bookkeeper
FORVIS, LLP	09/24/86	39,900	Auditor
The GMS Group, L.L.C.	Prior to 09/01/95	156,325	Financial Advisor
Harris Central Appraisal District	Legislative Action	28,079	Appraiser
Municipal Operations & Consulting, Inc.	04/02/12	801,831	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/20/86	5,352	Delinquent Tax Attorney
R.G. Miller Engineers, Inc.	07/18/94	130,173	Engineer
Smith, Murdaugh, Little & Bonham, L.L.P.	12/31/77	149,584 292,968	General Counsel Bond Counsel
Investment Officer			
Stephanie Viator	06/20/22	N/A	Bookkeeper

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

(To be included in the Final Official Statement if applicable)