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

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 4, 2024

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

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

THE DISTRICT WILL **NOT** DESIGNATE THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—NOT QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE-Book-Entry Only

Underlying Rating: Moody's "Baa1"
See "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE" herein.

$10,800,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS SERIES 2024

The bonds described above (the "Bonds") are obligations solely of Harris County Municipal Utility District No. 11 (the "District") and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District.

The Bonds, when issued, will constitute valid and legally binding obligations of Harris County Municipal Utility District No. 11 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District and are further payable from and secured by a pledge of and lien on certain net revenues, if any, of the District's waterworks and sewer system, as further described herein. THE BONDS ARE SUBJECT TO INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Dated Date: November 1, 2024
Interest Accrual Date: Date of Delivery

Due: March 1, as shown below

Principal of the Bonds is payable at maturity or earlier redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A., Houston, Texas (the "Paying Agent/Registrar") upon surrender of the Bonds for payment. Interest on the Bonds accrues from the initial date of delivery (expected on or about November 6, 2024) (the "Date of Delivery"), and is payable each March 1 and September 1, commencing March 1, 2025, until maturity or prior redemption. The Bonds will be issued only in fully registered form. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bonds are subject to redemption prior to their maturity, as shown below.

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

MATURITY SCHEDULE

Principal Amount(a)	Maturity (March 1)	CUSIP Number(c)	Interest Rate	Initial Reoffering Yield(d)	Principal Amount(a)	Maturity (March 1)	CUSIP Number(c)	Interest Rate	Initial Reoffering Yield(d)
$ 200,000	2041 (b)		%	%	$1,000,000	2048 (b)		%	%
200,000	2042 (b)				1,025,000	2049 (b)			
200,000	2043 (b)				1,050,000	2050 (b)			
900,000	2044 (b)				1,100,000	2051 (b)			
925,000	2045 (b)				1,125,000	2052 (b)			
950,000	2046 (b)				1,150,000	2053 (b)			
975,000	2047 (b)								

(a) The Underwriter may designate one or more maturities of term bonds. See accompanying "Official Notice of Sale."
(b) The Bonds are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on March 1, 2030, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
(d) Initial reoffering yield represents the initial offering yield to the public, which has been established by the Underwriter (as herein defined) for offers to the public and which subsequently may be changed.

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Coats Rose, P.C., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 6, 2024.

Bids Due: Wednesday, October 2, 2024 at 1:15 P.M., Houston Time in Houston, Texas
Bid Award: Wednesday, October 2, 2024 at 5:00 P.M., Houston Time in Houston, Texas

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

All of the summaries of the statutes, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Coats Rose, P.C., 9 Greenway Plaza, Suite 1000, Houston, Texas, 77046 upon payment of the costs of duplication therefor.

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by _______________ (the "Underwriter") bearing the interest rates shown on the cover page hereof, at a price of ____________% of the par value thereof which resulted in a net effective interest rate of _______%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended (the IBA method).

Prices and Marketability

The prices and other terms with respect to the offering and sale of the Bonds may be changed 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 which stabilize or maintain the market prices of the Bonds at levels above those which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description… The District is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54 of the Texas Water Code, as amended. The District consists of approximately 382 acres of land. See "THE DISTRICT."

Location… The District is located in Harris County, approximately 10 miles north of downtown Houston. Primary access to the District from the City of Houston (the "City") is by Interstate 45 north to the Sam Houston Tollway (Beltway 8), west on Beltway 8 frontage road, approximately three miles to Veterans Memorial Drive. The District lies entirely within the extraterritorial jurisdiction of the City of Houston and the boundaries of Aldine Independent School District. See "THE DISTRICT" herein.

Status of Development… Approximately 202 acres of land in the District have been developed for residential purposes. Residential development includes water, sanitary sewer and drainage service to 680 single-family lots located in Woodgate Subdivision, Sections 1 through 3 and 487 single-family lots located in Maple Ridge Place, Sections 1 through 6. The average value of homes on the 2023 tax rolls of the District is approximately $194,159. As of July 17, 2024, the District contained 1,159 occupied single-family homes, and 8 vacant single-family homes.

In addition, the District has water, sanitary sewer and drainage facilities available to serve approximately 43 acres served with trunk utilities for existing and future commercial development. Commercial and non-residential development in the District consists of two churches, three gas stations, a Jack-in-the-Box restaurant, a Family Dollar Store, a pawn shop, two funeral homes, an auto parts store, a strip shopping center with eleven tenants, and various other commercial entities. In addition, Crescent Directional Drilling, LP has an approximately 40,500 square foot industrial warehouse and storage facility located within the District. The churches are not subject to ad valorem taxation by the District.

Approximately 29 developable acres of land in the District are not presently provided with internal water, sewer and drainage facilities and approximately 108 acres are undevelopable in street right-of-way, drainage easements and plant sites. See "THE DISTRICT—Status of Development."

Payment Record... The District has previously issued ten series of waterworks and sewer system combination unlimited tax and revenue bonds totaling $23,185,000 principal amount and five series of waterworks and sewer system combination unlimited tax and revenue refunding bonds totaling $14,110,000 principal amount. The District has a total of $13,185,000 principal amount of bonds outstanding as of the date hereof (the "Outstanding Bonds"). The District has never defaulted on its debt service obligations. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

THE BONDS

Description...	The $10,800,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2024 (the "Bonds") are being issued as fully registered bonds pursuant to a resolution authorizing the issuance of the Bonds (the "Bond Order") adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on March 1 in each of the years 2041 through 2053, both inclusive, and in the principal amounts and accrue interest at the rates shown on the cover page hereof. Interest on the Bonds accrues from the Date of Delivery, and is payable March 1, 2025, and each September 1 and March 1 thereafter, until the earlier of maturity or redemption. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. See "THE BONDS."
Book-Entry-Only System…	The Depository Trust Company (defined as "DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	The Bonds are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on March 1, 2030, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds of the Bonds will be used to pay for the items shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS" and to pay administrative costs and certain other costs and engineering fees related to the issuance of the Bonds. In addition, Bond proceeds will be used to capitalize six (6) months of calculated interest on the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance...	The Bonds are the second series of bonds issued out of an aggregate of $38,317,000 principal amount of combination unlimited tax and revenue bonds authorized by the District's voters on November 3, 2020 for the purposes of financing water, sanitary sewer and drainage facilities and refunding of the same. The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, an order of the Texas Commission on Environmental Quality, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."
Sources of Payment...	Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District and are further payable and secured by a pledge of and lien on certain net revenues, if any, of the District's waterworks and sewer system, as further described herein. The Bonds are obligations of the District and are not obligations of the City of Houston, Harris County, the State of Texas or any entity other than the District. See "THE BONDS—Sources of and Security for Payment."
Municipal Bond Rating and Municipal Bond Insurance...	Application has been made to Moody's Investors Service ("Moody's") for an underlying rating on the Bonds, and Moody's has assigned an underlying rating of "Baa1" to the Bonds. Application has also been made to various municipal bond insurance companies for qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriter at the Underwriter's expense. The rating fee of Moody's will be paid for by the District; payment of any other rating fee will be the responsibility of the Underwriter. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE."
***NOT** Qualified Tax-Exempt Obligations...*	The Bonds will **not** be designated as "qualified tax-exempt obligations" for financial institutions.

Bond Counsel...	Coats Rose, P.C., Bond Counsel, Houston, Texas. See "MANAGEMENT OF THE DISTRICT" and "LEGAL MATTERS."
Financial Advisor...	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."
Disclosure Counsel...	McCall Parkhurst & Horton L.L.P., Disclosure Counsel, Houston, Texas.
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Houston, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2024 Taxable Assessed Valuation	$281,919,873	(a)
Gross Direct Debt Outstanding	$23,985,000	(b)
Estimated Overlapping Debt	13,841,329	(c)
Gross Direct Debt and Estimated Overlapping Debt	$37,826,329	
Ratio of Gross Direct Debt to:		
2024 Taxable Assessed Valuation	8.51%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2024 Taxable Assessed Valuation	13.42%	
Funds Available for Debt Service:		
Debt Service Funds Available as of July 24, 2024	$1,847,241	(d)
Capitalized Interest (Six months)	243,000	(d)
Total Funds Available for Debt Service	$2,090,241	
Operating Funds Available as of July 24, 2024	$4,100,566	
Capital Project Funds Available as of July 24, 2024	$242,989	
Anticipated 2024 Debt Service Tax Rate	$0.475	
Anticipated 2024 Maintenance Tax Rate	0.220	
Anticipated 2024 Total Tax Rate	$0.695	(e)
Projected Average Annual Debt Service Requirement (2025-2053)	$1,397,342	(f)
Projected Maximum Annual Debt Service Requirement (2038)	$1,509,081	(f)
Tax Rate Required to Pay Average Annual Debt Service (2025-2053) at a 95% Collection Rate Based upon 2024 Taxable Assessed Valuation	$0.53	(g)
Tax Rate Required to Pay Maximum Annual Debt Service (2038) at a 95% Collection Rate Based upon 2024 Taxable Assessed Valuation	$0.57	(g)
Status of Water Connections as of July 17, 2024 (h):		
Single Family – Active	1,159	
Single Family – Vacant	8	
Commercial	36	
Other	14	
Estimated Population	4,057	(i)

(a) The Harris Central Appraisal District (the "Appraisal District") has certified $260,856,692 of taxable value and an additional $21,063,181 of taxable value remains uncertified and is subject to review and downward adjustment. The 2024 Taxable Assessed Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. See "TAX PROCEDURES."

(b) Includes the Bonds and the Outstanding Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds (as of September 1, 2024)."

(c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."

(d) The District will capitalize six (6) months of interest from the Bond proceeds and deposit such funds in a Debt Service Fund. The amount above is based on an estimated interest rate of 4.50% per annum. See "USE AND DISTRIBUTION OF BOND PROCEEDS." Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Debt Service Fund.

(e) The District has authorized publication of its intent to levy a total tax rate of $0.695 per $100 assessed valuation, of which $0.475 per $100 assessed valuation is allocated to debt service and $0.220 per $100 assessed valuation is allocated to maintenance and operations. The District expects to adopt such tax rate in October 2024.

(f) The debt service calculations herein are based on an estimated interest rate of 4.50%. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(g) See "TAX DATA—Tax Adequacy for Debt Service" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

(h) See "THE DISTRICT—Status of Development."

(i) Based upon 3.5 persons per occupied single-family residence.

PRELIMINARY OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

$10,800,000

WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS SERIES 2024

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 11 (the "District") of its $10,800,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2024 (the "Bonds").

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

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District and the Developer. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Coats Rose, P.C. ("Bond Counsel"), 9 Greenway Plaza, Suite 1000, Houston, Texas 77046 upon payment of the costs of duplication therefore.

THE BONDS

General

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

The Bonds will be dated and accrue interest from the Date of Delivery, with interest payable on each March 1 and September 1 (each, an "Interest Payment Date") commencing March 1, 2025, until the earlier of maturity or prior redemption. The Bonds mature on March 1 in the principal amounts and years and accrue interest at the rates shown on the cover page of this OFFICIAL STATEMENT. Interest calculations are based on a 360-day year comprised of twelve 30-day months.

Authority for Issuance

At a bond election held within the District on November 3, 2020, the voters of the District authorized the issuance of a total of $38,317,000 principal amount of combination unlimited tax and revenue bonds for the purpose of financing water, sanitary sewer and drainage facilities and refunding of the same. See "Issuance of Additional Debt" herein. The TCEQ has authorized the District to sell the Bonds for the purposes described in "USE AND DISTRIBUTION OF BOND PROCEEDS."

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

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

Sources of and Security for Payment

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

The Bonds are further payable from and secured by a pledge of and lien on certain Net Revenues, if any, of the District's water and sewer system (the "System"). Net Revenues are defined by the Bond Order as all income that is derived from the ownership and operation of the District's System as the same is purchased, constructed or otherwise acquired, which remains after deducting the operation and maintenance expenses of the System, but not including income derived from contracts that are pledged for payment of any special project bonds that may be issued. It is not expected that the Net Revenues will ever be sufficient to contribute to debt service payments.

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

Record Date

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

Funds

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

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

No Arbitrage

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

Redemption Provisions

The District reserves the right, at its option, to redeem the Bonds prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2030, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Registration and Transfer

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

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Houston, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the Beneficial Owners of the Bonds. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Houston, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners. See "BOOK-ENTRY-ONLY SYSTEM."

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

Replacement of Paying Agent/Registrar

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

Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, apparently destroyed, or wrongfully taken, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding.

Registered owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bonds. In addition, the District or the Paying Agent/Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Issuance of Additional Debt

If authorized, the District may issue additional bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have $27,317,824.53 in principal amount of combination unlimited tax and revenue bonds authorized but unissued for financing water, sanitary sewer and drainage facilities and refunding of the same. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "THE SYSTEM—Future Debt."

The District is authorized by statute to construct park and recreational facilities, including the issuing of bonds payable from taxes for such purpose. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent (1%) of the value of the taxable property in the District; however, the outstanding principal amount of such bonds may exceed one percent (1%) but not three percent (3%) of the value of the taxable property in the District if the District has (i) a ratio of debt to certified assessed valuation of ten percent (10%) or less; (ii) a credit rating that conforms to the TCEQ rules; (iii) a credit enhanced rating on the District's bond issue that conforms to the TCEQ rules; or (iv) a contract with a political subdivision or an entity acting on behalf of a political subdivision under which the subdivision or the entity agrees to provide to the District taxes or other revenues, as consideration for the District's development or acquisition of the facility, including a contract under Section 49.108 of the Texas Water Code, as amended. The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters, or the amount ultimately issued by the District. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the bonds by the Texas Commission on Environmental Quality (the "TCEQ"); and (d) approval of the bonds by the Attorney General of Texas. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

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

After approval by the District's voters, the City of Houston and the TCEQ, the District also has the power to issue unlimited tax bonds for the purpose of providing fire-fighting facilities. The District has not considered calling an election to authorize bonds for fire-fighting facilities at this time.

Issuance of additional bonds could dilute the investment security for the Bonds.

Annexation by the City of Houston

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

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

Strategic Partnership

The District entered into a Strategic Partnership Agreement ("SPA") effective July 11, 2006 (and amended and restated effective December 13, 2010) with the City whereby the tract of land containing commercial development was annexed into the City for the limited purpose of applying certain of the City's Planning, Zoning, Health and Safety Ordinances to the commercial business and to impose a sales tax. The City imposes a Sales and Use Tax within the annexed tract on the receipts from the sale and use at retail of taxable items at the rate of one percent (1%) or such other rate as may be imposed by the City from time to time. Under the SPA, one-half (1/2) or fifty percent (50%) of the sales tax revenue generated by the commercial business is paid to the District, and the District can use the sales tax revenue to (1) accelerate the development of water, wastewater, and drainage systems in the District; (2) accelerate reimbursement to developers for eligible infrastructure development; (3) lower the overall property tax rate to encourage additional development; and (4) perform other District functions that might otherwise be diminished, curtailed, abbreviated, or delayed by financial limitations.

The Sales and Use Tax was implemented within the annexed area on July 11, 2006. The Comptroller of Public Accounts of the State of Texas remits the sales revenues to the City and the City then disburses to the District its share of the tax revenues.

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

Under the SPA, the City has agreed that it will not annex all or part of the District for "full" purposes (a traditional municipal annexation) for a period of thirty (30) years or through July 11, 2036.

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

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation, but the District currently is not contemplating consolidation.

Remedies in Event of Default

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning the Depository Trust Company ("DTC"), New York, NY and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy or completeness thereof.

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will act in the manner described in this OFFICIAL STATEMENT. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

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

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

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

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

CONSTRUCTION COSTS		
• Water Well No. 3 Construction	$	3,742,000
• COH Surface Waterline Extension		2,485,000
• Chloramine Conversion at Water Plant No. 1		708,000
• Contingencies		1,387,000
• Engineering		1,360,000
Total Construction Costs	**$**	**9,682,000**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount (a)	$	324,000
• Capitalized Interest (6 months) (a)		297,000
Total Non-Construction Costs	**$**	**621,000**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	410,500
• Bond Application Report Costs		50,000
• State Regulatory Fees		36,500
Total Issuance Costs and Fees	**$**	**497,000**
TOTAL BOND ISSUE	**$**	**10,800,000**

(a) The TCEQ approved a maximum amount of Underwriter's discount of 3.00% and six (6) months of capitalized interest at an estimated interest rate of 5.50%. Debt service and capitalized interest calculations throughout the OFFICIAL STATEMENT are based upon an estimated interest rate of 4.50% per annum.

THE DISTRICT

General

The District is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. The District was created on March 15, 1972. The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Article XVI, Section 59 of the Texas Constitution, and Chapters 49 and 54 of the Texas Water Code, as amended. The District is empowered to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; the control and diversion of storm water; and the construction of roads inside the boundaries of the District, among other things. The District may also provide solid waste collection and disposal service and purchase and operate park and recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ and is located exclusively within the extraterritorial jurisdiction of the City of Houston.

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and reserves described in plats which have been approved by the City of Houston and filed in the real property records of Harris County, Texas. The District is also required to obtain TCEQ approvals prior to acquiring, constructing and financing water, wastewater, drainage, recreation and fire-fighting facilities. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM—Regulation."

Description and Location

The District is a political subdivision of the State of Texas located approximately 10 miles north of downtown Houston. Primary access to the District from the City of Houston is by Interstate 45 north to the Sam Houston Tollway (Beltway 8), west on Beltway 8 frontage road, approximately three miles to Veterans Memorial Drive. The District contains approximately 382 acres of land and lies entirely within the extraterritorial jurisdiction of the City and the boundaries of Aldine Independent School District.

Status of Development

Approximately 202 acres of land in the District have been developed for residential purposes. Residential development includes water, sanitary sewer and drainage service to 680 single-family lots located in Woodgate Subdivision, Sections 1 through 3 and 487 single-family lots located in Maple Ridge Place, Sections 1 through 6. The average value of homes on the 2023 tax rolls of the District is approximately $194,159. As of July 17, 2024, the District contained 1,159 occupied single-family homes, and 8 vacant single-family homes.

In addition, the District provides water, sanitary sewer and drainage facilities to serve approximately 43 acres served with trunk utilities for existing and future commercial development. Commercial and non-residential development in the District consists of two churches, three gas stations, a Jack-in-the-Box restaurant, a Family Dollar Store, a pawn shop, two funeral homes, an auto parts store, a strip shopping center with eleven tenants, and various other commercial entities. In addition, Crescent Directional Drilling, LP has an approximately 40,500 square foot industrial warehouse and storage facility located within the District. The churches are not subject to ad valorem taxation by the District. See "TAX DATA—Principal Taxpayers."

Approximately 29 developable acres of land in the District are not presently provided with internal water, sewer and drainage facilities and approximately 108 undevelopable acres are in street right-of-way, drainage easements and plant sites.

Community Facilities

Many community services and facilities are located in the general geographic area of the District. Fire protection is provided by the Northwest Volunteer Fire Department. The area along Veterans Memorial Drive has been developed into numerous retail shopping centers and service establishments. The District is located within the boundaries of Aldine Independent School District.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	District Board Title	Term Expires
Kenneth D. Vasina	President	May 2025
Cynthia Cruz	Vice President	May 2027
Tammy B. Rose	Secretary/Treasurer	May 2025
Marvin L. Zahradnik	Assistant Secretary/Treasurer	May 2025
Barbara K. Burson	Assistant Vice President	May 2027

District Consultants

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

Bond Counsel/Attorney: Coats Rose, P.C. serves as Bond Counsel to the District. The fee to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Coats Rose, P.C. serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Auditor: The financial statements of the District as of December 31, 2023, and for the year then ended, included in this offering document, have been audited by Mark C. Eyring, CPA, PLLC, as stated in their report appearing herein. See "APPENDIX A."

Engineer: The consulting engineer for the District in connection with the design and construction of the District's facilities is A&S Engineers, Inc. (the "Engineer").

Tax Appraisal: The Harris Central Appraisal District has the responsibility of appraising all property within the District. See "TAX PROCEDURES."

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Bob Leared Interests, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

Bookkeeper: The District is contracted with Claudia Redden & Associates, L.L.C. (the "Bookkeeper") for bookkeeping services.

Utility System Operator: The operator of the District's internal water and wastewater system is Water District Management Co., Inc.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of such entities and is subject to inspection by each such entity. Operation of the System must be accomplished in accordance with the standards and requirements of such entities. The TCEQ exercises continuing supervisory authority over the District. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District, the City, Harris County and, in some instances, the TCEQ. Harris County and the City also exercise regulatory jurisdiction over the System. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance.

Water Supply

The District is served by two water wells with capacity of 1,639 gallons per minute ("gpm"), one ground storage tank with capacity of 500,000 gallons, 30,000 gallons of pressure tank capacity, booster pumps totaling 3,700 gpm capacity, and related appurtenant equipment. According to the Engineer, the District's water supply facilities are adequate to serve approximately 1,850 single family equivalent connections. The District presently provides service to approximately 1,342 equivalent single-family connections. A portion of bond proceeds will be used to construct a third water well, which will provide 1,000 equivalent single-family connections in additional capacity. Construction of Water Well No. 3 is expected to be completed in September 2026. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The District has emergency water interconnect agreements with Fallbrook Utility District, Forest Hills Municipal Utility District and Harris County Municipal Utility District No. 33.

Wastewater Treatment

Wastewater treatment is provided by the District's 500,000 gallons per day ("gpd") wastewater treatment plant. According to the Engineer, the District's plant can serve approximately 2,272 single family equivalent connections. The Engineer estimates, under current costs and present regulatory criteria, that the plant owned by the District should be sufficient to serve the District at full development and build-out, based on present land use assumptions.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction, including the area within the District. Under the Subsidence District regulations and the GRP (defined below), the District was required to limit groundwater withdrawals to no more than 70% of the total water demand within the District's GRP by January 2010. Additionally, the Subsidence District requires that the District limit groundwater withdrawals to no more than 40% of the total water demand within the District's GRP beginning January 2025; and limit groundwater withdrawals to no more than 20% of the total water demand within the District's GRP beginning January 2035. If the District fails to comply with the above Subsidence District regulations or its GRP, the District is subject to a disincentive fee penalty imposed by the Subsidence District.

Pursuant to a contract between the District and the City, the District is included in the Groundwater Reduction Plan ("GRP") prepared by the City. As a participant in the City's GRP, the District has complied with all Subsidence District requirements in regard to the conversion of surface water, but is obligated to pay the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City by the District in the future.

A portion of the Bonds are being issued in order to develop surface water conversion infrastructure as required by the City to convert to surface water and connect to the City's water supply system. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. The District's drainage system has been designed and constructed to all current standards. The District lies within the Greens Bayou Watershed as defined by the Harris County Flood Control District. Approximately 371 of the 487 lots in Sections 1 through 6 of the Maple Ridge Place Subdivision were within the limits of the 100-year flood plain for Greens Bayou. These lots were removed from the flood plain by Letter of Map Revisions. All of the homes in the Maple Ridge Place Subdivision were constructed on slabs elevated above the 100-year flood plain. Most of the homes in the Woodgate Subdivision are in the 100-year flood plain. None of the slabs of the homes in the Woodgate Subdivision were elevated above the 100-year flood plain. In June 2001, a significant number of homes in the Woodgate Subdivision sustained water damage during Tropical Storm Allison. In response to such flooding, the District constructed secondary storm sewer lines in Woodgate Subdivision and additional drainage facilities in the Maple Ridge Place Subdivision. See "INVESTMENT CONSIDERATIONS—Severe Weather."

Atlas 14

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based 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. 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.

WATER AND SEWER OPERATIONS

The following statement sets forth in condensed form the historical results of operation of the District's water and sewer system. Accounting principles customarily employed in the determination of net revenues for coverage of debt service have been observed and in all instances exclude depreciation. This summary has been prepared for inclusion herein based upon information obtained from the District's audited financial statements for fiscal years ended December 31, 2020 through December 31, 2023 and from the District's bookkeeper for the seven month period ended as of July 31, 2024. Reference is made to "APPENDIX A" for further and complete information.

	1/1/2024 to 7/31/2024 (a) (Unaudited)	Fiscal Year Ended December 31			
		2023	2022	2021	2020
Revenues:					
Property Taxes	$ 542,109	$ 547,800	$ 521,800	$ 479,543	$ 475,183
Water Service	347,504	645,420	564,207	463,217	480,463
Sewer Service	232,912	402,248	393,650	377,557	376,725
Surface Water Fee	144,314	227,899	117,907	102,212	105,643
Penalty and Interest	13792	25,243	21,851	19,235	13,443
Tap Connection & Inspection Fees	3,975	36,679	-	11,569	-
Sales and Use Taxes	22,188	59,481	62,558	66,098	60,274
Interest on Deposits and Investments	144,988	226,784	65,567	1,209	19,245
Other Revenues	11,429	38,416	38,400	28,487	30,989
Total Revenue	$ 1,463,211	$ 2,209,970	$ 1,785,940	$ 1,549,127	$ 1,561,965
Expenditures:					
Professional Fees	$ 131,233	$ 279,499	$ 226,284	$ 189,345	$ 263,048
Contracted Services	129,695	121,503	110,046	105,185	107,132
Utilities	93,029	140,104	110,370	110,175	87,065
Groundwater Pumpage Fees	147,157	218,346	122,963	146,798	134,282
Repairs and Maintenance	337,231	526,338	391,120	378,712	632,197
Other Operating Expenditures	98,671	207,845	172,681	156,930	159,368
Security Service	64,603	84,562	77,683	74,063	71,988
Administrative Expenditures	24,752	166,646	148,430	108,360	125,203
Capital Outlay	460,209	131,390	88,035	119,567	53,493
Total Expenditures	$ 1,486,580	$ 1,876,233	$ 1,447,612	$ 1,389,135	$ 1,633,776
NET REVENUES	$ (23,369)	$ 333,737	$ 338,328	$ 159,992	$ (71,811)
Other Financing Sources	$ -	$ -	$ -	$ 93,528 (b)	$ 117,000 (b)
General Operating Fund Balance (Beginning of Year)	$ 4,385,087	$ 4,051,350	$ 3,713,022	$ 3,459,502	$ 3,414,313
General Operating Fund Balance (End of Year)	$ 4,361,718	$ 4,385,087	$ 4,051,350	$ 3,713,022	$ 3,459,502

(a) Unaudited. Provided by the District's bookkeeper.
(b) Reimbursement from the District's Capital Projects Fund.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2024 Taxable Assessed Valuation	$281,919,873	(a)
Gross Direct Debt Outstanding	$23,985,000	(c)
Estimated Overlapping Debt	13,841,329	(d)
Gross Direct Debt and Estimated Overlapping Debt	$37,826,329	
Ratio of Gross Direct Debt to:		
2024 Taxable Assessed Valuation	8.51%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2024 Taxable Assessed Valuation	13.42%	
Funds Available for Debt Service:		
Debt Service Funds Available as of July 24, 2024	$1,847,241	(e)
Capitalized Interest (Six months)	243,000	(e)
Total Funds Available for Debt Service	$2,090,241	
Operating Funds Available as of July 24, 2024	$4,100,566	
Capital Project Funds Available as of July 24, 2024	$242,989	

(a) The Harris Central Appraisal District (the "Appraisal District") has certified $260,856,692 of taxable value and an additional $21,063,181 of taxable value remains uncertified and is subject to review and downward adjustment. The 2024 Taxable Assessed Valuation shown throughout this OFFICIAL STATEMENT is the certified value plus the uncertified value. See "TAX PROCEDURES."

(b) Includes the Bonds and the Outstanding Bonds. See "—Outstanding Bonds (as of September 1, 2024)" herein.

(c) See "—Estimated Overlapping Debt" herein.

(d) The District will capitalize six (6) months of interest from the Bond proceeds and deposit such funds in a Debt Service Fund. The amount above is based on an estimated interest rate of 4.50% per annum. See "USE AND DISTRIBUTION OF BOND PROCEEDS." Neither Texas law nor the Bond Order requires the District to maintain any minimum balance in the Debt Service Fund.

Investments of the District

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

Outstanding Bonds

The following table lists the original principal amount of Outstanding Bonds, and the current amount of the Outstanding Bonds as of the date hereof.

Series		Original Principal Amount	Outstanding Bonds
2016	(a)	5,200,000	4,470,000
2019		3,795,000	3,545,000
2020	(a)	2,525,000	2,510,000
2021	(a)	2,770,000	2,660,000
			$ 13,185,000

(a) Waterworks & Sewer System Combination Unlimited Tax and Revenue Refunding Bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds (see "Outstanding Debt" in this section) and the estimated debt service on the Bonds at an estimated interest rate of 4.50%. This schedule does not reflect the fact that the District will capitalize six (6) months of interest from proceeds of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

	Outstanding	Plus: Debt Service on the Bonds			Total
Year	Debt Service	Principal	Interest	Total	Debt Service
2025	$ 966,769		$ 163,875	$ 163,875	$ 1,130,644
2026	962,144		513,000	513,000	1,475,144
2027	961,844		513,000	513,000	1,474,844
2028	966,019		513,000	513,000	1,479,019
2029	964,319		513,000	513,000	1,477,319
2030	956,831		513,000	513,000	1,469,831
2031	958,456		513,000	513,000	1,471,456
2032	944,300		513,000	513,000	1,457,300
2033	944,363		513,000	513,000	1,457,363
2034	943,394		513,000	513,000	1,456,394
2035	991,394		513,000	513,000	1,504,394
2036	978,306		513,000	513,000	1,491,306
2037	969,416		513,000	513,000	1,482,416
2038	996,081		513,000	513,000	1,509,081
2039	988,125		513,000	513,000	1,501,125
2040	979,381		513,000	513,000	1,492,381
2041	727,344	$ 200,000	513,000	713,000	1,440,344
2042	702,406	200,000	503,500	703,500	1,405,906
2043	677,469	200,000	494,000	694,000	1,371,469
2044	-	900,000	484,500	1,384,500	1,384,500
2045	-	925,000	441,750	1,366,750	1,366,750
2046	-	950,000	397,813	1,347,813	1,347,813
2047	-	975,000	352,688	1,327,688	1,327,688
2048	-	1,000,000	306,375	1,306,375	1,306,375
2049	-	1,025,000	258,875	1,283,875	1,283,875
2050	-	1,050,000	210,188	1,260,188	1,260,188
2051	-	1,100,000	160,313	1,260,313	1,260,313
2052	-	1,125,000	108,063	1,233,063	1,233,063
2053	-	1,150,000	54,625	1,204,625	1,204,625
Total	$ 17,578,359	$ 10,800,000	$ 12,144,563	$ 22,944,563	$ 40,522,922

Average Annual Debt Service Requirements (2025-2053) $1,397,342
Maximum Annual Debt Service Requirement (2038).. $1,509,081

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Percent	Overlapping Amount
Harris County	$2,577,839,039	8/31/24	0.04%	$ 1,031,136
Harris County Department of Education	28,960,000	8/31/24	0.04%	11,584
Harris County Flood Control District	991,095,000	8/31/24	0.04%	396,438
Harris County Hospital District	65,285,000	8/31/24	0.05%	32,643
Port of Houston Authority	426,134,397	8/31/24	0.04%	170,454
Lone Star College	509,390,000	8/31/24	0.09%	458,451
Aldine Independent School District	1,235,855,000	8/31/24	0.95%	11,740,623
Total Estimated Overlapping Debt				$ 13,841,329
The District's Total Direct Debt (a)				23,895,000
Total Direct and Estimated Overlapping Debt				$37,826,329

Direct and Estimated Overlapping Debt as a Percentage of:
2024 Taxable Assessed Valuation of $281,919,873 .... 13.42%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

Set forth below are the taxes levied for the 2023 tax year by all entities overlapping the District and the anticipated 2024 tax rate of the District. No recognition is given to local assessments for civic association dues, fire department contributions or any other levy of entities other than political subdivisions.

	Tax Rate Per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, and the Port of Houston Authority)	$0.535090
Aldine Independent School District	1.221700
Harris County Emergency Services District No. 1	0.082838
Harris County Emergency Services District No. 20	0.100000
Lone Star College	0.107600
Total Overlapping Tax Rate	$2.047228
The District (a)	0.695000
Total Tax Rate	$2.742228

(a) The District has authorized publication of its intent to levy a total tax rate of $0.695 per $100 assessed valuation, of which $0.475 per $100 assessed valuation is allocated to debt service and $0.220 per $100 assessed valuation is allocated to maintenance and operations. The District expects to adopt such tax rate in October 2024. See "TAX DATA—Tax Rate Distribution."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, the tax adequate to provide funds to pay the principal of and interest on the Bonds. See “Tax Rate Distribution” and “Tax Roll Information” below.

Maintenance and Operations Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On October 18, 1975, the Board was authorized to levy such a maintenance tax without limitation as to rate or amount on all property subject to taxation within the District. For the 2023 tax year, the Board levied a maintenance tax at the rate of $0.22 per $100 of taxable assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Rate Distribution

	2024 (a)	2023	2022	2021	2020
Debt Service Tax	$ 0.475	$ 0.475	$ 0.465	$0.455	$ 0.485
Maintenance Tax	0.220	0.220	0.230	0.240	0.240
Total District Tax Rate	$ 0.695	$ 0.695	$ 0.695	$0.695	$ 0.725

(a) The District has authorized publication of its intent to levy a total tax rate of $0.695 per $100 assessed valuation, of which $0.475 per $100 assessed valuation is allocated to debt service and $0.220 per $100 assessed valuation is allocated to maintenance and operations. The District expects to adopt such tax rate in October 2024

Tax Exemption

For tax year 2024, the District granted a $40,000 exemption for persons disabled or 65 years of age or older. See “TAX PROCEDURES—Property Subject to Taxation by the District.”

Additional Penalties

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

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax experience of the District. Such table has been prepared for inclusion herein based upon information obtained from the Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See “Tax Roll Information” in this section.

	Net Certified Taxable Assessed Valuation (a)	Tax Rate	Total (b) Tax Levy	Total Collections As of 8/31/2024 (c)	
				Amount	Percent
2019	186,918,486	0.745	1,392,543	1,386,149	99.54%
2020	201,362,403	0.725	1,459,877	1,453,859	99.59%
2021	216,873,730	0.695	1,507,272	1,495,866	99.24%
2022	240,773,936	0.695	1,673,379	1,656,180	98.97%
2023	279,189,444	0.695	1,940,367	1,878,173	96.79%

(a) Represents the appraised value as certified by the Appraisal District less any exemptions granted. See “Tax Roll Information” herein.
(b) Represents actual tax levy, including any adjustments by the Appraisal District, as of the date hereof.
(c) Unaudited.

Tax Roll Information

The District's assessed value as of January 1 of each year is used by the District in establishing its tax rate (see "TAX PROCEDURES—Valuation of Property for Taxation"). The following represents the composition of property comprising the 2022 through 2024 Certified Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

	2024 Certified Taxable Assessed Valuation	2023 Certified Taxable Assessed Valuation	2022 Certified Taxable Assessed Valuation
Land	$ 64,034,014	$ 73,498,060	$ 52,905,961
Improvements	211,492,077	240,304,001	217,322,471
Personal Property	61,371,001	38,620,683	29,828,088
Exemptions	(76,040,400)	(73,233,300)	(59,282,584)
Uncertified Value	21,063,181	-	-
Total	$ 281,919,873	$ 279,189,444	$ 240,773,936

Principal Taxpayers

The following table represents the ten principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed valuation as a percentage of the 2024 Certified Taxable Assessed Valuation of $260,856,692. This represents ownership as of January 1, 2024. An principal taxpayer list related to the uncertified portion of the 2024 Taxable Assessed Valuation, which is still under review and subject to adjustments and corrections, is not available as of the date hereof.

Taxpayer	Type of Property	2024 Certified Taxable Assessed Valuation	% of 2024 Certified Taxable Assessed Valuation
Texas Honing Inc.	Land, Improvements & Personal Property	$ 8,397,592	3.22%
Crescent Directional Dril	Personal Property	7,705,560	2.95%
Crescent Flowserve Partnership	Land & Improvements	4,300,621	1.65%
Valle Transportation Serv	Personal Property	2,352,293	0.90%
Pacos Bakery Inc	Land & Improvements	1,869,270	0.72%
TASCO Equipment Corp.	Personal Property	1,542,940	0.59%
T&T Inventure LLC	Land & Improvements	1,442,906	0.55%
TNK Group LLC	Land & Improvements	1,416,399	0.54%
Centerpoint Energy Hou El	Personal Property	1,361,520	0.52%
Schroeder Partnership LTD	Land & Improvements	1,346,239	0.52%
Total		$ 31,735,340	12.16%

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2024 Taxable Assessed Valuation of $281,919,873 ($260,856,692 of certified value and $21,063,181 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2025-2053) $1,397,342
$0.53 Tax Rate on the 2024 Taxable Assessed Valuation $1,419,467

Maximum Annual Debt Service Requirement (2038)... $1,509,081
$0.57 Tax Rate on the 2024 Taxable Assessed Valuation $1,526,596

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

TAX PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; travel trailers; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District.

Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 depending on the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a residence homestead exemption equal to exemption received by the deceased spouse until such surviving spouse remarries. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces who was killed or fatally injured in the line of duty is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year but must be adopted by August 1. The District currently does not grant a homestead exemption. See "TAX DATA."

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

Tax Abatement

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

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

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

During the 2nd Special Session, convened on June 27, 2023, the Texas Legislature passed Senate Bill 2 ("SB 2"), which, among other things, includes provisions that prohibit an appraisal district from increasing the appraised value of real property during the 2024 tax year on non-homestead properties (the "Subjected Property") whose appraised values are not more than $5,000,000 (the "Maximum Property Value") to an amount not to exceed the lesser of: (1) the market value of the Subjected Property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of: (a) 20% of the appraised value of the Subjected Property for the preceding tax year; (b) the appraised value of the Subjected Property for the preceding tax year; and (c) the market value of all new improvements to the Subjected Property (collectively, the "Appraisal Cap"). After the 2024 tax year, through December 31, 2026, the Appraisal Cap may be increased or decreased by the product of the preceding state fiscal year's increase or decrease in consumer price index, as applicable, to the Maximum Property Value. SB 2 was signed into law by the Governor on July 22, 2023. The provisions described hereinabove took effect January 1, 2024, after the constitutional amendment proposed by H.J.R. 2, 88th Legislature, 2nd Called Session, 2023, was approved by voters at an election held on November 7, 2023.

Disaster Exemption

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

District and Taxpayer Remedies

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both, subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations and Foreclosure Procedures." The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collections Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

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

Personal Property Valuation

Based on the District's 2024 tax rolls, personal property represented approximately 23.53% (approximately $61,371,001) of the District's certified portion ($260,856,692) of the 2024 Taxable Assessed Valuation. While taxable real property is subject to fluctuation, taxable personal property is mobile and capable of being removed entirely from the District and its tax rolls. The District makes no representation regarding the likelihood that personal property currently listed on the District's tax rolls will remain in the District, or regarding the portion of future District tax rolls that will be represented by personal property. See "TAX DATA—Principal Taxpayers."

Unlike real property, there is no certainty that personal property will remain in the District from year to year. Business inventories are portable, and could be removed from the District at any time. Personal property removed from the District as of January 1 of any year is not subject to taxation by the District for that year. A lien in the amount of the personal property taxes owed by a taxpayer attaches not only to personal property owned by the taxpayer as of January 1 with a tax situs in the District, but to any personal property then or thereafter owned by the taxpayer.

If personal property is subject to a lien for unpaid District taxes for any year, the District lien is lost if the property is sold in the ordinary course of business. The District may not be able to foreclose on personal property located outside the State of Texas, and locating and foreclosing on property held outside the District may be costly, inefficient and difficult.

The statute of limitations for collection of personal property taxes is four years from the date of delinquency, which is shorter than the 20 year statute of limitations for real property. Personal property may not be seized and a suit may not be filed to collect delinquent personal property taxes if the tax has been delinquent for more than four years. A tax and any penalty and interest on the tax that is delinquent longer than the limitation periods is presumed paid unless a suit to collect such personal property tax is pending. As with real property taxes, ad valorem taxes levied on personal property are the personal obligation of the taxpayer. See "TAX PROCEDURES."

No representation can be made by the District regarding collections of taxes on personal property. See "TAX DATA—Historical Tax Collections."

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Severe Weather

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

According to the Water District Management Co., Inc. (the "Operator") and A&S Engineers, Inc. (the "Engineer"), the District's water and sewer system did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, the District did not receive any reports of homes or businesses within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

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

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

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2024 Taxable Assessed Valuation is $281,919,873 ($260,856,692 of certified value and $21,063,181 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $1,509,081 (2038), and the average annual debt service requirement will be $1,397,342 (2025-2053). Assuming no increase or decrease from the 2024 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.57 and $0.53 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. At various elections, the District's voters have authorized $62,357,000 waterworks and sewer system combination unlimited tax and revenue bonds for the purpose or purposes of purchasing, constructing, acquiring, owning, operating, repairing, improving, or extending a waterworks system, sanitary sewer system, and drainage and storm sewer system,. After the issuance of the Bonds, $27,317,824.53 principal amount of such bonds will remain authorized but unissued.

In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The District is authorized to issue bonds to refund or redeem its outstanding debt. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of bonds for water, sanitary sewer and drainage facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt." The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies

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 to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property.

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of 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. Texas law requires municipal utility districts such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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 a district.

A district may not be forced into bankruptcy involuntarily.

Environmental Regulation and Air Quality

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

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

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

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

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

The HGB Area is currently designated as a "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, including SIP revisions, will be necessary to allow the HGB Area to reach attainment with the ozone standards by the EPA's attainment deadlines. These additional controls could have a negative impact on the HGB Area's economic growth and development.

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

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

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

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 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 TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

Subsequently, the EPA and the USACE issued a final rule amending the definition of "waters of the United States" under the CWA to conform with the Supreme Court's decision.

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

Marketability of the Bonds

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

Continuing Compliance with Certain Covenants

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

Future and Proposed Legislation

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

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

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

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

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

MUNICIPAL BOND RATING AND MUNICIPAL BOND INSURANCE

Moody's Investors Service ("Moody's") has assigned an underlying rating of "Baa1" to the Bonds. An explanation of the rating may be obtained from Moody's.

Application has also been made for the qualification of the Bonds for municipal bond insurance. If qualified, such insurance will be available at the option of the Underwriter and at the Underwriter's expense. The rating fees of Moody's will be paid by the District; any other rating fees associated with the insurance will be the responsibility of the Underwriter. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance."

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

LEGAL MATTERS

Legal Opinions

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

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

No Material Adverse Change

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

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the Board, and dated as of the Date of Delivery of the Bonds, to the effect that there is not pending, and to their knowledge, there is not threatened, any litigation affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices, and that no additional bonds or other indebtedness have been issued since the date of the statement of indebtedness or nonencumbrance certificate submitted to the Attorney General of Texas in connection with approval of the Bonds.

Tax Exemption

On the date of initial delivery of the Bonds, Coats Rose, P.C., Houston, Texas, Bond Counsel, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”), (1) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof, except that such interest is taken into account in determining the annual adjusted financial statement of income of applicable corporations (as defined in section 59(k) of the Internal Revenue Code of 1986 (the “Code”)) for the purpose of determining the alternative minimum tax imposed on corporations, and (2) the Bonds will not be treated as “specified private activity bonds” the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Code (the “Code”). Except as stated above, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering such opinion, Bond Counsel will rely upon representations and certifications of the District made in a certificate pertaining to the use, expenditure, and investment of the proceeds of the Bonds and certain other funds and will assume continuing compliance by the District with the representations and warranties in and covenants of the Bond Order subsequent to the issuance of the Bonds. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from the date of issuance of the Bonds.

Except as described above, Bond Counsel will express no other opinion with respect to any other federal, state or local tax consequences under present law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of tax- exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, “S” corporations with “subchapter C” earnings and profits, owners of interests in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry (or who have paid or incurred certain expenses allocable to) tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Tax Accounting Treatment of Original Issue Discount Bonds

The initial public offering price of certain Bonds (the “Discount Bonds”) may be less than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Discount Bond (assuming that a substantial amount of the Discount Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Bond. A portion of such original issue discount allocable to the holding period of such Discount Bond by the initial purchaser will, upon the disposition of such Discount Bond (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Bonds described above under “Tax Exemption.” Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Bond, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Bond and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during his taxable year.

However, such interest may be required to be taken into account in determining the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, "S" corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of interests in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Bond by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such 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 Discount Bond was held) is includable in gross income.

Owners of Discount Bonds should consult with their own tax advisors with respect to the determination for federal income tax purposes of accrued interest upon disposition of Discount Bonds and with respect to the state and local tax consequences of owning Discount Bonds. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Bonds may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

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

Not Qualified Tax-Exempt Obligations

The District will not designate the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Bond Counsel

Coats Rose, P.C. is employed as Bond Counsel for the District and has reviewed the information appearing in this OFFICIAL STATEMENT under the captions "THE BONDS," "THE DISTRICT—General," "TAX PROCEDURES," "LEGAL MATTERS," AND "CONTINUING DISCLOSURE OF INFORMATION." Bond Counsel has reviewed the information under the aforementioned sections solely to determine whether such information fairly summarizes the law or documents referred to in such sections. Bond Counsel has not independently verified other factual information contained in this OFFICIAL STATEMENT nor conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon the limited participation of such firm 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 other information contained herein.

Consultants

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

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

Tax Appraisal and Collections: The Harris Central Appraisal District has the responsibility of appraising all property within the District. See "TAX PROCEDURES."

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM" has been provided by A&S Engineers, Inc. and has been included herein in reliance upon the authority of said firm as an expert in the field of civil engineering.

Auditor: The District's audited financial statement for the period ending December 31, 2023, was prepared by Mark C. Eyring, CPA, PLLC, Certified Public Accountants. See "APPENDIX A."

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "WATER AND SEWER OPERATIONS" has been provided by Claudia Redden & Associates, L.L.C., and is included herein in reliance upon the authority of such firm as an expert in tracking and managing the various funds of municipal utility districts.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," except for "Estimated Overlapping Debt," "TAX DATA," "WATER AND SEWER OPERATIONS," and in APPENDIX A (Financial Statements of the District) and certain supplemental schedules. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2024. The District will provide the updated information to the MSRB.

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 "Rule"). The updated information will include audited financial statements. If the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution, 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 December 31. Accordingly, it must provide updated information by June 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

The District will provide timely notices of certain specified events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of Beneficial Owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person within the meaning of the Rule, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or other obligated person within the meaning of the Rule, any of which reflect financial difficulties. The terms "material" and "financial obligation" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operational data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from the MSRB

The District has agreed to provide the foregoing information only to the MSRB. The MSRB makes the information available to the public without charge through its Electronic Municipal Market Access internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance With Prior Undertakings

During the past five years, the District has complied in all material respects with its continuing disclosure undertakings in accordance with SEC Rule 15c2-12.

MISCELLANEOUS

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

This OFFICIAL STATEMENT was approved by the Board of Directors of Harris County Municipal Utility District No. 11, as of the date shown on the cover page.

/s/ ____________________________
President, Board of Directors

ATTEST:

/s/ ____________________________
Secretary, Board of Directors

AERIAL PHOTOGRAPH
(As of August 2024)


Sam Houston Tollway
Harris County
Municipal Utility
District No. 11
Veterans Memorial Dr.
N

PHOTOGRAPHS OF THE DISTRICT
(As of August 2024)


MAC'S
ROOFING


PATRIOT DRILLING
SERVICES
2040


Chevron
Food Mart
8
4
6


FAMILY DOLLAR
FAMILY DOLLAR


PEACHTREE
medical
JEFFERSON
DENTAL CARE
FIRE LANE


VETERANS
FUNERAL
SERVICES


Paco's
Bakery
PACO'S
BAKERY
10415
LA PALAPA
MEXICAN GRILL

APPENDIX A

FINANCIAL STATEMENT FOR THE FISCAL YEAR ENDED DECEMBER 31, 2023

HARRIS COUNTY

MUNICIPAL UTILITY DISTRICT NO. 11

HARRIS COUNTY, TEXAS

ANNUAL AUDIT REPORT

DECEMBER 31, 2023

CONTENTS

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April 24, 2024

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 11
Harris County, Texas

Opinions

I have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 11 as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Harris County Municipal Utility District No. 11's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Harris County Municipal Utility District No. 11, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows there of for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Harris County Municipal Utility District No. 11, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Harris County Municipal Utility District No. 11's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, I: exercise professional judgment and maintain professional skepticism throughout the audit.; 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 Harris County Municipal Utility District No. 11'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harris County Municipal Utility District No. 11's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Harris County Municipal Utility District No. 11's basic financial statements. The supplementary information on Pages 22 to 41 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

Management's Discussion and Analysis

Using this Annual Report

Within this section of the Harris County Municipal Utility District No. 11 (the "District") annual report, the District's Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2023.

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

Government-Wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

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

Financial Analysis of the District as a Whole

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

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

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

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

Summary of Net Position

	2023	2022	Change
Current and other assets	$ 8,435,561	$ 7,730,932	$ 704,629
Capital assets	10,165,580	10,391,279	(225,699)
Total assets	18,601,141	18,122,211	478,930
Long-term liabilities	13,264,530	13,722,385	(457,855)
Other liabilities	1,054,150	1,127,580	(73,430)
Total liabilities	14,318,680	14,849,965	(531,285)
Total deferred inflows of resources	1,938,851	1,668,912	269,939
Net position:			
Invested in capital assets, net of related debt	(3,547,291)	(3,774,974)	227,683
Restricted	1,482,048	1,307,041	175,007
Unrestricted	4,408,853	4,071,268	337,585
Total net position	$ 2,343,610	$ 1,603,335	$ 740,275

Summary of Changes in Net Position

	2023	2022	Change
Revenues:			
Property taxes, including related penalty and interest	$ 1,702,174	$ 1,545,710	$ 156,464
Charges for services	1,375,905	1,136,015	239,890
Other revenues	370,648	151,449	219,199
Total revenues	3,448,727	2,833,174	615,553
Expenses:			
Service operations	2,165,124	1,765,404	399,720
Debt service	543,328	516,899	26,429
Total expenses	2,708,452	2,282,303	426,149
Change in net position	740,275	550,871	189,404
Net position, beginning of year	1,603,335	1,052,464	550,871
Net position, end of year	$ 2,343,610	$ 1,603,335	$ 740,275

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2023, were $5,986,066, an increase of $537,507 from the prior year.

The General Fund balance increased by $333,737, in accordance with the District's financial plan.

The Debt Service Fund balance increased by $195,731, in accordance with the District's financial plan.

The Capital Projects Fund balance increased by $8,039, as interest earnings exceeded authorized expenditures.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A detailed comparison of budgeted and actual revenues and expenditures is presented on Page 21 of this report. The budgetary fund balance as of December 31, 2023, was expected to be $4,351,350 and the actual end of year fund balance was $4,385,087.

Capital Asset and Debt Administration

Capital Assets

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

	Capital Assets (Net of Accumulated Depreciation)		
	2023	2022	Change
Land	$ 768,241	$ 768,241	$ 0
Detention ponds	1,640,695	1,640,695	0
Construction in progress	4,884		4,884
Water facilities	2,748,266	2,813,880	(65,614)
Sewer facilities	5,003,494	5,168,463	(164,969)
Totals	$ 10,165,580	$ 10,391,279	$ (225,699)

Changes to capital assets during the fiscal year ended December 31, 2023, are summarized as follows:

Additions:	
Water system improvements	$ 106,088
Sewer system improvements	17,425
Total additions to capital assets	123,513
Decreases:	
Depreciation	(349,212)
Net change to capital assets	$ (225,699)

Debt

Changes in the bonded debt position of the District during the fiscal year ended December 31, 2023, are summarized as follows:

Bonds payable, beginning of year	$ 14,035,000
Bonds paid	(420,000)
Bonds payable, end of year	$ 13,615,000

At December 31, 2023, the District had $38,319,863 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's Series 2016, 2019, 2020 and 2021 bonds have an underlying rating of Baa1 from Moody's. The Series 2019 and 2020 bonds are insured by Assured Guaranty Municipal Corp. and the Series 2016 and 2021 bonds are insured by Build America Mutual Assurance Company. The insured rating of the Series 2016, 2019, 2020 and 2021 bonds is AA by Standard & Poor's. The Series 2014 bonds are not rated or insured. There were no changes in the bond ratings during the fiscal year ended December 31, 2023.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately $38,060,000 for the 2023 tax year (approximately 16%), due to the addition of new houses to the tax base and the increase in the average assessed valuations on existing property.

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 District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Utilizing a provision of Texas law, the City of Houston ("City") and the District entered into a Strategic Partnership Agreement ("SPA") effective as of July 11, 2006 (amended and restated effective December 13, 2010). The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City for the limited purposes of imposition of the City's Sales and Use Tax, certain municipal court jurisdictions, and health inspection services and enforcement. No other City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City. Additional properties may become subject to the SPA by further amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50 percent of all Sales and Use Tax revenues generated from the properties subject to the SPA and received by the City from the Comptroller of Public Accounts of the State of Texas. The term of the SPA is 30 years from the original date of the SPA, July 11, 2006. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

Water Supply Issues

The Harris-Galveston Subsidence District (the "Subsidence District") was created by the Texas Legislature to reduce subsidence by regulating the withdrawal of groundwater within Harris and Galveston Counties. In 1999, the Subsidence District adopted its District Regulatory Plan ("Regulatory Plan") to control groundwater withdrawals. The Regulatory Plan divides the Subsidence District's jurisdiction into regulatory areas. The Subsidence District's Regulatory Area 3 ("Area 3") generally encompasses northwest and western Harris County, including the District. Pursuant to the Regulatory Plan, specific major water users, including those in Area 3, must reduce groundwater withdrawals to no more than 70% by January 2010, to no more than 40% by January 2025 and to no more than 20% by January 2035. Additionally, each such water user, including the District, is required to have either a certified Groundwater Reduction Plan ("GRP") on file with the Subsidence District or to be part of a regional GRP; otherwise, the District risks being assessed the Subsidence District's disincentive fee against groundwater pumped from wells located within the District. The District has opted to become part of the City of Houston (the "City") GRP pursuant to a contract entered into between the District and the City. As a participant in the City's GRP, the District has complied with all Subsidence District requirements in regard to the conversion to surface water, but is obligated to pay to the City a groundwater withdrawal fee for all groundwater produced and used by the District and a water purchase fee for any water actually purchased from the City by the District in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future in order to develop surface water conversion infrastructure should the City require the District to convert to surface water and connect to the City's water supply system or should the District determine that it would be in the District's best interest to supplement or replace its groundwater supply with surface water.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

DECEMBER 31, 2023

	General	Debt Service	Capital Projects	Total	Adjustments (Note 3)	Statement of Net Position
ASSETS						
Cash, including interest-bearing accounts, Note 7	$ 140,055	$ 476,673	$ 3,644	$ 620,372	$	$ 620,372
Temporary investments, at cost, Note 7	4,522,576	1,356,024	294,929	6,173,529		6,173,529
Receivables:						
Property taxes	456,226	982,784		1,439,010		1,439,010
Accrued penalty and interest on property taxes				0	30,028	30,028
Service accounts	141,439			141,439		141,439
Sales and Use taxes, Note 10	13,397			13,397		13,397
Other	4,206			4,206		4,206
Maintenance taxes collected not yet transferred from other fund	132,907			132,907	(132,907)	0
Prepaid expenditures	13,580			13,580		13,580
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	2,413,820	2,413,820
Depreciable capital assets				0	7,751,760	7,751,760
Total assets	$5,424,386	$2,815,481	$ 298,573	$ 8,538,440	10,062,701	18,601,141
LIABILITIES						
Accounts payable	$ 183,685	$ 4,887	$ 1,105	$ 189,677		189,677
Accrued interest payable				0	198,021	198,021
Customer and builder deposits	218,111			218,111		218,111
Maintenance taxes collected not yet transferred to other fund		132,907		132,907	(132,907)	0
Long-term liabilities, Note 5:						
Due within one year				0	448,341	448,341
Due in more than one year				0	13,264,530	13,264,530
Total liabilities	401,796	137,794	1,105	540,695	13,777,985	14,318,680
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	637,503	1,374,176	0	2,011,679	(72,828)	1,938,851
FUND BALANCES / NET POSITION						
Fund balances:						
Assigned to:						
Debt service		1,303,511		1,303,511	(1,303,511)	0
Capital projects			297,468	297,468	(297,468)	0
Unassigned	4,385,087			4,385,087	(4,385,087)	0
Total fund balances	4,385,087	1,303,511	297,468	5,986,066	(5,986,066)	0
Total liabilities, deferred inflows, and fund balances	$5,424,386	$2,815,481	$ 298,573	$ 8,538,440		
Net position:						
Invested in capital assets, net of related debt, Note 4					(3,547,291)	(3,547,291)
Restricted for debt service					1,184,580	1,184,580
Restricted for capital projects					297,468	297,468
Unrestricted					4,408,853	4,408,853
Total net position					$ 2,343,610	$ 2,343,610

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	$ 547,800	$ 1,107,371	$	$ 1,655,171	$ 11,940	$ 1,667,111
Water service	645,420			645,420		645,420
Sewer service	402,248			402,248		402,248
Surface water fees, Note 9	227,899			227,899		227,899
Penalty and interest	25,243	29,407		54,650	5,656	60,306
Sales and Use Taxes, Note 10	59,481			59,481		59,481
Tap connection and inspection fees	36,679			36,679		36,679
Interest on deposits and investments	226,784	69,110	15,273	311,167		311,167
Other revenues	38,416			38,416		38,416
Total revenues	2,209,970	1,205,888	15,273	3,431,131	17,596	3,448,727
EXPENDITURES / EXPENSES						
Service operations:						
Professional fees	279,499	11,423		290,922		290,922
Contracted services	121,503	38,799		160,302		160,302
Utilities	140,104			140,104		140,104
Groundwater pumpage fees, Note 9	218,346			218,346		218,346
Repairs and maintenance	526,338			526,338		526,338
Other operating expenditures	207,845			207,845		207,845
Security service	84,562			84,562		84,562
Administrative expenditures	166,646	5,736		172,382		172,382
Depreciation				0	349,212	349,212
Capital outlay / non-capital outlay	131,390		7,234	138,624	(123,513)	15,111
Debt service:						
Principal retirement		420,000		420,000	(420,000)	0
Interest and fees		534,199		534,199	9,129	543,328
Total expenditures / expenses	1,876,233	1,010,157	7,234	2,893,624	(185,172)	2,708,452
Excess (deficiency) of revenues over expenditures	333,737	195,731	8,039	537,507	202,768	740,275
Net change in fund balances / net position	333,737	195,731	8,039	537,507	202,768	740,275
Beginning of year	4,051,350	1,107,780	289,429	5,448,559	(3,845,224)	1,603,335
End of year	$ 4,385,087	$ 1,303,511	$ 297,468	$ 5,986,066	$ (3,642,456)	$ 2,343,610

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

NOTE 1: REPORTING ENTITY

Harris County Municipal Utility District No. 11 (the "District") was created by an order of the Texas Water Rights Commission (now the Texas Commission on Environmental Quality) effective March 15, 1972, and operates in accordance with Texas Water Code, Chapters 49 and 54. The District is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors. The Board of Directors held its first meeting on March 24, 1972, and the first bonds were sold on April 9, 1973. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

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

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

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

Basic Financial Statements

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

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

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

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

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

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

Basis of Accounting

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

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

Interfund Activity

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

Receivables

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

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

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

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

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		$ 5,986,066
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Total capital assets, net		10,165,580
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	$ (13,615,000)	
Deferred charge on refunding (to be amortized as interest expense)	395,192	
Issuance (premium) net of discount (to be amortized as interest expense)	(489,658)	
Accreted interest payable	(3,405)	(13,712,871)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	30,028	
Uncollected property taxes	72,828	102,856
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		(198,021)
Net position, end of year		$ 2,343,610

NOTES TO THE FINANCIAL STATEMENTS (Continued)

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

Total net change in fund balances		$ 537,507
The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay	$ 123,513	
Depreciation	(349,212)	(225,699)
The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:		
Principal reduction		420,000
The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:		
Refunding charges	(40,035)	
Issuance discount, net of premium	72,540	32,505
Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:		
Accrued penalty and interest on property taxes receivable	5,656	
Uncollected property taxes	11,940	17,596
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds:		
Accreted interest	877	
Accrued interest	(42,511)	(41,634)
Change in net position		$ 740,275

NOTE 4: CAPITAL ASSETS

At December 31, 2023, “Invested in capital assets, net of related debt” was $(3,547,291). This amount was negative primarily because not all expenditures from bond proceeds (such as bond issuance costs) were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District. In addition, some expenditures from bond proceeds were for the acquisition of capital assets beneath the capitalization threshold of $5,000 (see Note 2) and some authorized expenditures were not for capital assets.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Capital asset activity for the fiscal year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 768,241	$	$	$ 768,241
Detention ponds	1,640,695			1,640,695
Construction in progress	0	4,884		4,884
Total capital assets not being depreciated	2,408,936	4,884	0	2,413,820
Depreciable capital assets:				
Water system	6,019,692	106,088		6,125,780
Sewer system	8,159,960	12,541		8,172,501
Total depreciable capital assets	14,179,652	118,629	0	14,298,281
Less accumulated depreciation for:				
Water system	(3,205,812)	(171,702)		(3,377,514)
Sewer system	(2,991,497)	(177,510)		(3,169,007)
Total accumulated depreciation	(6,197,309)	(349,212)	0	(6,546,521)
Total depreciable capital assets, net	7,982,343	(230,583)	0	7,751,760
Total capital assets, net	$ 10,391,279	$ (225,699)	$ 0	$ 10,165,580
Changes to capital assets:				
Capital outlay		$ 123,513	$	
Less depreciation expense for the fiscal year		(349,212)		
Net increases / decreases to capital assets		$ (225,699)	$ 0	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Bonds payable	$ 14,035,000	$	$ 420,000	$ 13,615,000	$ 430,000
Add interest accreted	4,282	637	1,514	3,405	2,506
Less deferred amounts:					
For issuance (discounts) premiums	562,198		72,540	489,658	72,959
On refunding	(435,227)		(40,035)	(395,192)	(57,124)
Total bonds payable	14,166,253	637	454,019	13,712,871	448,341
Total long-term liabilities	$ 14,166,253	$ 637	$ 454,019	$ 13,712,871	$ 448,341

Developer Construction Commitments and Liabilities

At December 31, 2023, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of December 31, 2023, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 430,000	$ 517,667	$ 947,667
2025	520,000	446,768	966,768
2026	550,000	412,143	962,143
2027	570,000	391,843	961,843
2028	595,000	371,019	966,019
2029 - 2033	3,255,000	1,513,269	4,768,269
2034 - 2038	3,940,000	938,593	4,878,593
2039 - 2043	3,755,000	319,726	4,074,726
	$ 13,615,000	$ 4,911,028	$ 18,526,028

Construction bonds voted	$ 7,040,000
Construction bonds approved for sale and sold	7,040,000
Construction bonds voted and not issued	0
Construction and refunding bonds voted	55,317,000
Construction and refunding bonds sold	17,199,176
Construction and refunding bonds voted and not issued	38,117,824

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

The bond issues payable at December 31, 2023, were as follows:

	Refunding Series 2014	Refunding Series 2016	Series 2019
Amounts outstanding, December 31, 2023	$185,000	$4,605,000	$3,595,000
Interest rates	2.35%	3.00% to 4.00%	3.00% to 5.50%
Maturity dates, serially beginning/ending	March 1, 2024	March 1, 2024/2034	March 1, 2024/2043
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	March 1, 2022*	March 1, 2023*	March 1, 2024*

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	Refunding Series 2020	Refunding Series 2021
Amounts outstanding, December 31, 2023	$2,515,000	$2,715,000
Interest rates	2.00% to 3.00%	3.00%
Maturity dates, serially beginning/ending	March 1, 2024/2037	March 1, 2024/2040
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates	March 1, 2026*	March 1, 2027*

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

NOTE 6: PROPERTY TAXES

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

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

At an election held September 14, 2002, the voters within the District authorized a maintenance tax without limitation as to rate or amount on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 25, 2023, the District levied the following ad valorem taxes for the 2023 tax year and the 2024 fiscal year on the adjusted taxable valuation of $278,971,329:

	Rate	Amount
Debt service	$ 0.4750	$ 1,325,114
Maintenance	0.2200	613,737
	$ 0.6950	$ 1,938,851

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

2023 tax year total property tax levy	$ 1,938,851
2023 tax year total property tax levy deferred to 2024 fiscal year	(1,938,851)
2022 tax year total property tax levy deferred to 2023 fiscal year	1,668,911
Appraisal district adjustments to prior year taxes	(1,800)
Statement of Activities property tax revenues	$ 1,667,111

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

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

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

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was $620,372 and the bank balance was $616,974. Of the bank balance, $500,000 was covered by federal insurance and $116,974 was covered by a letter of credit in favor of the District issued by the Federal Home Loan Bank of Dallas.

At the balance sheet date the carrying value and market value of the investments in TexPool was $6,173,529.

Deposits and temporary investments restricted by contracts and state statutes and Bond Resolutions:

Debt Service Fund

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

Cash	$ 476,673
Temporary investments	1,356,024
	$ 1,832,697

Capital Projects Fund

For construction of capital assets:

Cash	$ 3,644
Temporary investments	294,929
	$ 298,573

NOTE 8: RISK MANAGEMENT

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At December 31, 2023, the District had physical damage and boiler and machinery coverage of $10,482,500, mobile equipment coverage of $42,500, general liability coverage with a per occurrence limit of $5,000,000 and $10,000,000 general aggregate, pollution liability coverage of $2,000,000, automobile liability coverage of $2,000,000, law enforcement liability coverage with a per occurrence limit of $3,000,000 and $6,000,000 general aggregate, consultant's crime coverage of $1,000,000, a tax assessor-collector bond of $100,000 and statutory worker's compensation coverage with the Texas Municipal League Intergovernmental Risk Pool (the "Pool"). The Pool is a public entity risk pool currently operating as a common risk management and insurance program for various Texas public entities. The District pays annual premiums for its general insurance coverage. The Pool purchases reinsurance for protection against catastrophic losses that exceed the Pool's self-insurance retention. This reinsurance is purchased from companies rated A- or higher by A. M. Best Company.

NOTE 9: GROUNDWATER PUMPAGE FEES

On July 11, 2003, the District entered into a Water Supply and Groundwater Reduction Plan Wholesale Agreement (the "Agreement") with the City of Houston (the "City") in order to meet regulatory compliance requirements of the Harris-Galveston Subsidence District (the "Subsidence District"). The Agreement continues until noon on December 31, 2040. Under the terms of the Agreement, the City is the manager of the Groundwater Reduction Plan (the "GRP") that includes the District as a participant. In order to achieve overall compliance with the Subsidence District regulation for reduction of groundwater use in Regulatory Area 3, treated surface water will be supplied by the City to some of the participants in the GRP area in sufficient quantities to meet the requirements. Under the terms of the Agreement, the District will pay to the City a monthly pumpage charge based on the District's groundwater pumpage. The surface water pumpage fees payable by the District to the City for the fiscal year ended December 31, 2023, were $218,346. The District billed its customers $227,899 during the fiscal year to pay for the fees charged by the City.

NOTE 10: STRATEGIC PARTNERSHIP AGREEMENT

Effective as of July 11, 2006 (amended and restated effective December 13, 2010), the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "SPA"). Under the terms of the SPA, the City annexed a portion of the District (the "Partial District") for the limited purpose of imposition of the City's Sales and Use Tax. The SPA states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

The City has imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The SPA provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of $59,481 from the City for the year ended December 31, 2023. $13,397 of this amount was receivable at that date.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	Budgeted Amounts			Variance with Final Budget Over
	Original	Final	Actual	(Under)
REVENUES				
Property taxes	$ 525,000	$ 525,000	$ 547,800	$ 22,800
Water service	525,000	525,000	645,420	120,420
Sewer service	400,000	400,000	402,248	2,248
Surface water fees	140,000	140,000	227,899	87,899
Penalty	30,000	30,000	25,243	(4,757)
Tap connection and inspection fees	30,000	30,000	36,679	6,679
Sales and Use Taxes	65,000	65,000	59,481	(5,519)
Interest on deposits and investments	130,000	130,000	226,784	96,784
Other revenues	35,000	35,000	38,416	3,416
TOTAL REVENUES	1,880,000	1,880,000	2,209,970	329,970
EXPENDITURES				
Service operations:				
Professional fees	232,000	232,000	279,499	47,499
Contracted services	113,000	113,000	121,503	8,503
Utilities	130,000	130,000	140,104	10,104
Groundwater pumpage fees	130,000	130,000	218,346	88,346
Repairs and maintenance	440,000	440,000	526,338	86,338
Other operating expenditures	130,000	130,000	207,845	77,845
Security service	80,000	80,000	84,562	4,562
Administrative expenditures	275,000	275,000	166,646	(108,354)
Capital outlay	50,000	50,000	131,390	81,390
TOTAL EXPENDITURES	1,580,000	1,580,000	1,876,233	296,233
EXCESS REVENUES (EXPENDITURES)	300,000	300,000	333,737	33,737
FUND BALANCE, BEGINNING OF YEAR	4,051,350	4,051,350	4,051,350	0
FUND BALANCE, END OF YEAR	$ 4,351,350	$ 4,351,350	$ 4,385,087	$ 33,737

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

DECEMBER 31, 2023

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

[X] TSI-1. Services and Rates

[X] TSI-2. General Fund Expenditures

[X] TSI-3. Temporary Investments

[X] TSI-4. Taxes Levied and Receivable

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

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

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

SCHEDULE OF SERVICES AND RATES

DECEMBER 31, 2023

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

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

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

__ Other

2. Retail Service Providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1000 Gallons Over Minimum	Usage Levels
WATER:	$25.00	7,000	N	$4.00	7,001 to 20,000
				6.00	Over 20,000
WASTEWATER:	$25.00		Y		

SURCHARGE: 0.50 % of monthly billing -- TCEQ assessment fees.
$2.83 per 1,000 gallons of water used – surface water fee.

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

Total charges per 10,000 gallons usage: Water: $37.00 Wastewater: $25.00 Surcharge: $28.61

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

SCHEDULE OF SERVICES AND RATES (Continued)

DECEMBER 31, 2023

b. Water and Wastewater Retail Connections (unaudited):

Meter Size	Total Connections	Active Connections	ESFC* Factor	Active ESFCs
Unmetered	0	0	1.0	0
< or = 3/4"	1,175	1,164	1.0	1,164
1"	14	14	2.5	35
1-1/2"	3	3	5.0	15
2"	20	19	8.0	152
3"	0	0	15.0	0
4"	0	0	25.0	0
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	1,212	1,200		1,366
Total Wastewater	1,199	1,187	1.0	1,187

*Single family equivalents

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

Gallons pumped into system (unaudited):	111,657
Gallons billed to customers (unaudited):	98,799

Water Accountability Ratio
(Gallons billed/ gallons pumped): 88%

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

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

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

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

EXPENDITURES

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CURRENT				
Professional fees:				
Auditing	$ 10,950	$	$	$ 10,950
Legal	136,171	11,423		147,594
Engineering	132,378			132,378
	279,499	11,423	0	290,922
Contracted services:				
Bookkeeping	22,800			22,800
Operation and billing	95,754			95,754
Sales tax consultant	2,949			2,949
Tax assessor-collector		25,790		25,790
Central appraisal district		13,009		13,009
	121,503	38,799	0	160,302
Utilities	140,104	0	0	140,104
Groundwater pumpage fees	218,346	0	0	218,346
Repairs and maintenance	526,338	0	0	526,338
Other operating expenditures:				
Sludge hauling	45,373			45,373
Chemicals	68,578			68,578
Laboratory costs	36,335			36,335
Sewer inspection costs	4,319			4,319
Telephone	27,076			27,076
Reconnection costs	10,744			10,744
TCEQ assessment	5,243			5,243
Other	10,177			10,177
	207,845	0	0	207,845
Security service	84,562	0	0	84,562
Administrative expenditures:				
Director's fees	31,348			31,348
Office supplies and postage	43,929			43,929
Insurance	40,564			40,564
Permit fees	13,792			13,792
Other	37,013	5,736		42,749
	166,646	5,736	0	172,382

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

EXPENDITURES (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
CAPITAL OUTLAY				
Authorized expenditures	$ 116,279	$	$ 7,234	$ 123,513
Tap connection costs	15,111			15,111
	131,390	0	7,234	138,624
Principal retirement	0	420,000	0	420,000
Interest and fees:				
Interest		530,299		530,299
Paying agent fees		3,900		3,900
	0	534,199	0	534,199
TOTAL EXPENDITURES	$ 1,876,233	$ 1,010,157	$ 7,234	$ 2,893,624

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Debt Service Fund	Capital Projects Fund	Totals (Memorandum Only)
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes	$ 1,628,473	$ 1,225,238	$ 15,273	$ 2,868,984
Maintenance tax receipts		545,056		545,056
Transfer of maintenance taxes	543,930			543,930
Increase in customer and builder deposits	10,261			10,261
Reimbursement from other fund		4,687	6,337	11,024
Overpayments from taxpayers		20,832		20,832
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	2,182,664	1,795,813	21,610	4,000,087
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	1,751,667	55,562		1,807,229
Capital outlay	131,390		133,074	264,464
Debt service		954,199		954,199
Transfer of maintenance taxes		543,930		543,930
Reimbursement to other fund	11,024			11,024
Refund of taxpayer overpayments		17,140		17,140
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	1,894,081	1,570,831	133,074	3,597,986
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	288,583	224,982	(111,464)	402,101
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	4,374,048	1,607,715	410,037	6,391,800
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	$ 4,662,631	$ 1,832,697	$ 298,573	$ 6,793,901

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

SCHEDULE OF TEMPORARY INVESTMENTS

DECEMBER 31, 2023

	Interest Rate	Maturity Date	Year End Balance	Accrued Interest Receivable
GENERAL FUND				
TexPool				
No. 2562900003	Market	On demand	$ 4,522,576	$ 0
DEBT SERVICE FUND				
TexPool				
No. 2562900001	Market	On demand	$ 1,356,024	$ 0
CAPITAL PROJECTS FUND				
TexPool				
No. 2562900008	Market	On demand	$ 294,929	$ 0
Total – All Funds			$ 6,173,529	$ 0

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

TAXES LEVIED AND RECEIVABLE

FOR THE YEAR ENDED DECEMBER 31, 2023

	Maintenance Taxes	Debt Service Taxes
RECEIVABLE, BEGINNING OF YEAR	$ 388,199	$ 785,538
Additions and corrections to prior year taxes	(654)	(1,146)
Adjusted receivable, beginning of year	387,545	784,392
2023 ADJUSTED TAX ROLL	613,737	1,325,114
Total to be accounted for	1,001,282	2,109,506
Tax collections: Current tax year	(181,276)	(391,392)
Prior tax years	(363,780)	(735,330)
RECEIVABLE, END OF YEAR	$ 456,226	$ 982,784
RECEIVABLE, BY TAX YEAR		
2013 and prior	$ 2,185	$ 5,125
2014	699	2,038
2015	684	1,989
2016	838	1,990
2017	1,378	2,527
2018	2,158	4,109
2019	2,270	4,406
2020	1,918	3,876
2021	4,127	7,824
2022	7,508	15,178
2023	432,461	933,722
RECEIVABLE, END OF YEAR	$ 456,226	$ 982,784

Fiscal year 2023 General Fund property tax revenue of $547,800 under the modified accrual basis of accounting is comprised of prior tax year collections of $363,780 during fiscal year 2023 and 2022 tax year collections of $184,020 during fiscal year 2022.

Fiscal year 2023 Debt Service Fund property tax revenue of $1,107,371 under the modified accrual basis of accounting is comprised of prior tax year collections of $735,330 during fiscal year 2023 and 2022 tax year collections of $372,041 during fiscal year 2022.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

TAXES LEVIED AND RECEIVABLE (Continued)

FOR THE YEAR ENDED DECEMBER 31, 2023

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	2023	2022	2021	2020
Land	$ 73,227,122	$ 52,905,961	$ 45,047,037	$ 43,539,877
Improvements	240,189,189	217,416,254	186,072,439	174,692,539
Personal property	38,567,744	29,813,926	44,331,427	14,457,099
Less exemptions	(73,012,726)	(59,223,112)	(58,506,990)	(31,376,081)
TOTAL PROPERTY VALUATIONS	$ 278,971,329	$ 240,913,029	$ 216,943,913	$ 201,313,434
TAX RATES PER $100 VALUATION				
Debt service tax rates	$ 0.47500	$ 0.46500	$ 0.45500	$ 0.48500
Maintenance tax rates*	0.22000	0.23000	0.24000	0.24000
TOTAL TAX RATES PER $100 VALUATION	$ 0.69500	$ 0.69500	$ 0.69500	$ 0.72500
TAX ROLLS	$ 1,938,851	$ 1,674,346	$ 1,507,760	$ 1,459,523
PERCENT OF TAXES COLLECTED TO TAXES LEVIED	29.5 %**	98.6 %	99.2 %	99.6 %

*Maximum tax rate approved by voters on September 14, 2002: without limitation

**The District's taxes are usually levied in the fall and are not delinquent until after the following January 31.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS

DECEMBER 31, 2023

	Series 2014		
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 185,000	$ 2,173	$ 187,173

	Series 2016		
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 135,000	$ 180,825	$ 315,825
2025	355,000	171,700	526,700
2026	375,000	157,100	532,100
2027	395,000	141,700	536,700
2028	415,000	125,500	540,500
2029	435,000	108,500	543,500
2030	455,000	90,700	545,700
2031	480,000	72,000	552,000
2032	495,000	52,500	547,500
2033	520,000	32,200	552,200
2034	545,000	10,900	555,900
TOTALS	$ 4,605,000	$ 1,143,625	$ 5,748,625

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

DECEMBER 31, 2023

	Series 2019		
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 50,000	$ 131,187	$ 181,187
2025	50,000	129,062	179,062
2026	50,000	127,562	177,562
2027	50,000	126,062	176,062
2028	50,000	124,562	174,562
2029	50,000	123,062	173,062
2030	50,000	121,500	171,500
2031	50,000	119,875	169,875
2032	50,000	118,219	168,219
2033	50,000	116,532	166,532
2034	50,000	114,813	164,813
2035	50,000	113,063	163,063
2036	50,000	111,282	161,282
2037	50,000	109,469	159,469
2038	275,000	103,406	378,406
2039	300,000	92,625	392,625
2040	325,000	80,906	405,906
2041	665,000	62,344	727,344
2042	665,000	37,407	702,407
2043	665,000	12,469	677,469
TOTALS	$ 3,595,000	$ 2,075,407	$ 5,670,407

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

DECEMBER 31, 2023

	Series 2020		
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 5,000	$ 122,857	$ 57,857
2025	60,000	67,031	112,031
2026	70,000	50,156	120,156
2027	70,000	48,406	118,406
2028	70,000	47,007	117,007
2029	70,000	45,606	115,606
2030	70,000	44,206	114,206
2031	70,000	42,806	112,806
2032	65,000	41,457	106,457
2033	65,000	40,156	105,156
2034	65,000	38,856	103,856
2035	630,000	31,907	661,907
2036	610,000	19,125	629,125
2037	595,000	6,322	601,322
TOTALS	$ 2,515,000	$ 645,898	$ 3,075,898

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

DECEMBER 31, 2023

	Series 2021		
Due During Fiscal Years Ending December 31	Principal Due March 1	Interest Due March 1, September 1	Total
2024	$ 55,000	$ 80,625	$ 135,625
2025	55,000	78,975	133,975
2026	55,000	77,325	132,325
2027	55,000	75,675	130,675
2028	60,000	73,950	133,950
2029	60,000	72,150	132,150
2030	55,000	70,425	125,425
2031	55,000	68,775	123,775
2032	55,000	67,125	122,125
2033	55,000	65,475	120,475
2034	55,000	63,825	118,825
2035	105,000	61,425	166,425
2036	130,000	57,900	187,900
2037	155,000	53,625	208,625
2038	575,000	42,675	617,675
2039	570,000	25,500	595,500
2040	565,000	8,475	573,475
TOTALS	$ 2,715,000	$ 1,043,925	$ 3,758,925

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

DECEMBER 31, 2023

	Annual Requirements for All Series		
Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total
2024	$ 430,000	$ 517,667	$ 877,667
2025	520,000	446,768	951,768
2026	550,000	412,143	962,143
2027	570,000	391,843	961,843
2028	595,000	371,019	966,019
2029	615,000	349,318	964,318
2030	630,000	326,831	956,831
2031	655,000	303,456	958,456
2032	665,000	279,301	944,301
2033	690,000	254,363	944,363
2034	715,000	228,394	943,394
2035	785,000	206,395	991,395
2036	790,000	188,307	978,307
2037	800,000	169,416	969,416
2038	850,000	146,081	996,081
2039	870,000	118,125	988,125
2040	890,000	89,381	979,381
2041	665,000	62,344	727,344
2042	665,000	37,407	702,407
2043	665,000	12,469	677,469
TOTALS	$ 13,615,000	$ 4,911,028	$ 18,441,028

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT

FOR THE YEAR ENDED DECEMBER 31, 2023

	(1)	(2)
Bond Series:	2014	2016
Interest Rate:	2.35%	3.00% to 4.00%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1
Maturity Dates:	March 1, 2024	March 1, 2024/2034
Bonds Outstanding at Beginning of Current Year	$ 375,000	$ 4,725,000
Less Retirements	(190,000)	(120,000)
Bonds Outstanding at End of Current Year	$ 185,000	$ 4,605,000
Current Year Interest Paid:	$ 6,580	$ 184,650

Bond Descriptions and Original Amount of Issue

(1) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2014 ($1,915,000)

(2) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2016 ($5,200,000)

Paying Agent/Registrar

(1) TIB - The Independent Bankers Bank, Irving, Texas

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

Bond Authority	Construction Bonds	Other Bonds	Construction & Refunding Bonds
Amount Authorized by Voters:	$ 7,040,000	$ 0	$ 55,317,000
Amount Issued:	7,040,000		17,199,176
Remaining to be Issued:	0		38,117,824

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

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

FOR THE YEAR ENDED DECEMBER 31, 2023

	(3)	(4)	(5)	Totals
Bond Series:	2019	2020	2021	
Interest Rate:	3.00% to 5.50%	2.00% to 3.00%	3.00%	
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity Dates:	March 1, 2024/2043	March 1, 2024/2037	March 1, 2024/2040	
Bonds Outstanding at Beginning of Current Year	$ 3,645,000	$ 2,520,000	$ 2,770,000	$ 14,035,000
Less Retirements	(50,000)	(5,000)	(55,000)	(420,000)
Bonds Outstanding at End of Current Year	$ 3,595,000	$ 2,515,000	$ 2,715,000	$ 13,615,000
Current Year Interest Paid:	$ 133,938	$ 122,856	$ 82,275	$ 530,299

Bond Descriptions and Original Amount of Issue

(3) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2019 ($3,795,000)

(4) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2020 ($2,525,000)

(5) Harris County Municipal Utility District No. 11 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2021 ($2,770,000)

Paying Agent/Registrar

(3) (4) (5) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Net Debt Service Fund deposits and investments balances as of December 31, 2023:	$1,303,511
Average annual debt service payment for remaining term of all debt:	922,051

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, GENERAL FUND

FOR YEARS ENDED DECEMBER 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
REVENUES										
Property taxes	$ 547,800	$ 521,800	$ 479,543	$ 475,183	$ 463,199	24.8 %	29.2 %	31.0 %	30.3 %	28.4 %
Water service	645,420	564,207	463,217	480,463	470,239	29.2	31.6	29.9	30.8	28.8
Sewer service	402,248	393,650	377,557	376,725	380,335	18.2	22.0	24.4	24.1	23.3
Surface water fees	227,899	117,907	102,212	105,643	100,739	10.3	6.6	6.6	6.8	6.2
Penalty	25,243	21,851	19,235	13,443	26,256	1.1	1.2	1.2	0.9	1.6
Tap connection and sewer inspection fees	36,679	0	11,569	0	20,154	1.7	0.0	0.7	0.0	1.2
Sales and Use Taxes	59,481	62,558	66,098	60,274	55,146	2.7	3.5	4.3	3.9	3.4
Interest on deposits and investments	226,784	65,567	1,209	19,245	83,600	10.3	3.7	0.1	1.2	5.1
Other revenues	38,416	38,400	28,487	30,989	32,001	1.7	2.2	1.8	2.0	2.0
TOTAL REVENUES	2,209,970	1,785,940	1,549,127	1,561,965	1,631,669	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	279,499	226,284	189,345	263,048	225,982	12.7	12.7	12.2	16.8	13.8
Contracted services	121,503	110,046	105,185	107,132	108,053	5.5	6.2	6.8	6.9	6.6
Utilities	140,104	110,370	110,175	87,065	89,498	6.3	6.2	7.1	5.6	5.5
Groundwater pumpage fees	218,346	122,963	146,798	134,282	55,369	9.9	6.9	9.5	8.6	3.4
Repairs and maintenance	526,338	391,120	378,712	632,197	548,570	23.9	21.9	24.5	40.5	33.7
Other operating expenditures	207,845	172,681	156,930	159,368	167,406	9.4	9.7	10.1	10.2	10.3
Security service	84,562	77,683	74,063	71,988	69,220	3.8	4.3	4.8	4.6	4.2
Administrative expenditures	166,646	148,430	108,360	125,203	123,942	7.5	8.3	7.0	8.0	7.6
Capital outlay	131,390	88,035	119,567	53,493	267,340	5.9	4.9	7.7	3.4	16.4
TOTAL EXPENDITURES	1,876,233	1,447,612	1,389,135	1,633,776	1,655,380	84.9	81.1	89.7	104.6	101.5
EXCESS REVENUES (EXPENDITURES)	$ 333,737	$ 338,328	$ 159,992	$ (71,811)	$ (23,711)	15.1 %	18.9 %	10.3 %	(4.6) %	(1.5) %
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,200	1,200	1,195	1,195	1,199					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,187	1,187	1,167	1,182	1,193					

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES, DEBT SERVICE FUND

FOR YEARS ENDED DECEMBER 31

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2023	2022	2021	2020	2019	2023	2022	2021	2020	2019
REVENUES										
Property taxes	$ 1,107,371	$ 990,545	$ 968,671	$ 922,289	$ 882,376	91.9 %	94.2 %	95.6 %	95.1 %	94.0 %
Penalty and interest	29,407	43,046	44,145	41,392	22,826	2.4	4.1	4.4	4.3	2.4
Accrued interest on bonds received at date of sale	0	0	0	294	5,184	0.0	0.0	0.0	0.0	0.6
Interest on deposits and investments	69,110	17,818	395	5,639	27,842	5.7	1.7	0.0	0.6	3.0
TOTAL REVENUES	1,205,888	1,051,409	1,013,211	969,614	938,228	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	11,423	19,438	11,710	19,784	8,262	0.9	1.8	1.2	2.0	0.9
Contracted services	38,799	33,604	32,623	32,137	30,978	3.2	3.2	3.2	3.3	3.3
Other expenditures	5,736	9,432	9,194	4,463	4,258	0.5	0.9	0.9	0.5	0.5
Debt service:										
Principal retirement	420,000	410,000	445,000	435,000	380,000	34.8	39.0	43.9	44.9	40.5
Refunding contribution	0	0	29,312	37,769	0	0.0	0.0	2.9	3.9	0.0
Interest and fees	534,199	526,697	495,237	592,179	541,987	44.4	50.1	48.9	61.0	57.7
TOTAL EXPENDITURES	1,010,157	999,171	1,023,076	1,121,332	965,485	83.8	95.0	101.0	115.6	102.9
EXCESS REVENUES (EXPENDITURES)	$ 195,731	$ 52,238	$ (9,865)	$ (151,718)	$ (27,257)	16.2 %	5.0 %	(1.0) %	(15.6) %	(2.9) %

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS

DECEMBER 31, 2023

Complete District Mailing Address: Harris County Municipal Utility District No. 11
c/o Coats Rose, P.C.
9 Greenway Plaza, Suite 1000
Houston, Texas 77046

District Business Telephone No.: 713-651-0111

Submission date of the most recent District Registration Form: May 16, 2023

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

BOARD MEMBERS

Name and Address	Term of Office (Elected/ Appointed)	Fees of Office Paid	Expense Reimb.	Title at Year End
Kenneth D. Vasina c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/01/21- 5/03/25	$ 7,200	$ 5,651	President/ Investment Officer
Cynthia C. Cruz c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/06/23- 5/01/27	7,200	2,000	Vice President
Tammy B. Rose c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Appointed 8/11/21- 5/03/25	5,502	3,638	Secretary/ Treasurer
Marvin L. Zahradnik c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/01/21- 5/03/25	6,465	575	Assistant Sec./Treas.
Barbara K. Burson c/o Coats Rose, P.C. 9 Greenway Plaza, Suite 1000 Houston, Texas 77046	Elected 5/06/23- 5/01/27	3,331	400	Assistant Vice President

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 11

BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)

DECEMBER 31, 2023

CONSULTANTS

Name and Address	Date Hired	Fees and Expense Reimbursements	Title at Year End
Coats Rose, P.C. 9 Greenway Plaza, Suite 1100 Houston, Texas 77046	2/02/82	$ 136,171	Attorney
Perdue, Brandon, Fielder, Collins & Mott, L.L.P. 1235 N. Loop West, Suite 600 Houston, Texas 77008	3/06/96	11,423	Delinquent Tax Attorney
Claudia Redden & Associates, L.L.C. P.O. Box 11890 Spring, Texas 77391	9/14/78	30,085	Bookkeeper
Water District Management Co., Inc. P.O. Box 579 Spring, Texas 77383	3/30/89	846,477	Operator
A&S Engineers, Inc. 10377 Stella Link Road Houston, Texas 77025	1/02/13	139,611	Engineer
Bob Leared 11111 Katy Freeway, Suite 725 Houston, Texas 77079	7/30/76	31,457	Tax Assessor-Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	13,009	Central Appraisal District
Masterson Advisors, LLC 3 Greenway Plaza, Suite 1100 Houston, Texas 77046	5/23/18	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	12/16/93	10,950	Independent Auditor