

OFFICIAL STATEMENT DATED APRIL 29, 2019

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282, OF HARRIS COUNTY, TEXAS. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE “LEGAL MATTERS” AND “TAX MATTERS” HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL, RESPECTIVELY.

THE BONDS WILL BE DESIGNATED “QUALIFIED TAX-EXEMPT OBLIGATIONS” FOR FINANCIAL INSTITUTIONS. SEE “TAX MATTERS—Qualified Tax Exempt Obligations.”

NEW ISSUE-Book-Entry Only

Insured Ratings (AGM): S&P “AA” (stable outlook)
 Moody’s “A2” (stable outlook)
 Underlying Rating: Moody’s “A3”
 See “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE” herein.

\$6,210,000

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
 OF HARRIS COUNTY, TEXAS
 (A political subdivision of the State of Texas located within Harris County)
 UNLIMITED TAX REFUNDING BONDS
 SERIES 2019**

The bonds described above (the “Bonds”) are obligations solely of Harris County Municipal Utility District No. 282 of Harris County, Texas (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 ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See “INVESTMENT CONSIDERATIONS” herein.

Interest accrues from June 1, 2019

Due: September 1, as shown below

Principal of the Bonds will be 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., Dallas, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will accrue from June 1, 2019, and will be payable on March 1 and September 1 of each year commencing September 1, 2019, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in fully registered form only in denominations of \$5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown below.

The Bonds will be registered and delivered only 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 (as defined herein under “BOOK-ENTRY-ONLY SYSTEM”) of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. 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, as herein defined, directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See “BOOK-ENTRY-ONLY SYSTEM.”



The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. See “MUNICIPAL BOND INSURANCE” herein.

MATURITY SCHEDULE

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2020	\$ 260,000	3.00 %	1.80 %	41420W FF7	2028	\$ 355,000 (a)	2.25 %	2.57 %	41420W FP5
2021	275,000	3.00	1.87	41420W FG5	2029	360,000 (a)	2.50	2.75	41420W FQ3
2022	285,000	3.00	1.91	41420W FH3	2030	375,000 (a)	2.75	2.91	41420W FR1
2023	300,000	3.00	1.96	41420W FJ9	2031	390,000 (a)	2.75	2.97	41420W FS9
2024	315,000	2.00	2.05	41420W FK6	2032	400,000 (a)	3.00	3.01	41420W FT7
2025	325,000	2.00	2.14	41420W FL4	2033	415,000 (a)	3.00	3.07	41420W FU4
2026	330,000 (a)	2.00	2.28	41420W FM2	2034	435,000 (a)	3.00	3.11	41420W FV2
2027	340,000 (a)	2.00	2.42	41420W FN0	2035	455,000 (a)	3.00	3.16	41420W FW0

\$595,000 Term Bonds due September 1, 2037 (a), 41420W FY6 (b), 3.00% Interest Rate, 3.21% Yield (c)

- (a) Bonds maturing on or after September 1, 2026, 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 September 1, 2025, 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. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See “THE BONDS—Redemption Provisions.”
- (b) CUSIP Numbers have been assigned to the Bonds by CUSIP Service Bureau 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.
- (c) Initial 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, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. Investment in the Bonds is subject to special investment considerations described herein. See “INVESTMENT CONSIDERATIONS.”

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 Schwartz, Page & Harding, L.L.P., Bond Counsel, Houston, Texas, and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed on for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Underwriter’s Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about June 4, 2019.

SAMCO CAPITAL MARKETS, INC.

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this OFFICIAL STATEMENT, and, if given or made, such other information or 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 Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, Texas 77056 upon payment of the costs of duplication therefor.

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."

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the “Underwriter”) pursuant to a bond purchase agreement with the District (the “Bond Purchase Agreement”) at a price of \$6,105,472.82 (representing the par amount of the Bonds of \$6,210,000.00, less a net original issue discount on the Bonds of \$55,010.35, less an Underwriter’s discount of \$49,516.83) plus accrued interest. The Underwriter’s obligation is to purchase all of the Bonds, if any are purchased. See “PLAN OF FINANCING—Sources and Uses of Funds.”

The Underwriter has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

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 and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

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 FINANCING

<i>The Issuer...</i>	Harris County Municipal Utility District No. 282, of Harris County, Texas (the “District”), a political subdivision of the State of Texas, is located in Harris County, Texas. See “THE DISTRICT.”
<i>The Issue...</i>	\$6,210,000 Harris County Municipal Utility District No. 282, of Harris County, Texas Unlimited Tax Refunding Bonds, Series 2019, dated June 1, 2019 (the “Bonds”). Interest on the Bonds will accrue from June 1, 2019, and will be payable on March 1 and September 1 of each year commencing September 1, 2019, until maturity or prior redemption. The Bonds mature serially on September 1 in each of the years from 2020 through 2035, both inclusive, and as term bonds on September 1, 2037 (the “Term Bonds”) in the principal amounts and bear interest at the rates for each maturity shown on the cover page hereof. The Bonds maturing on September 1, 2026, are subject to redemption at the option of the District, in whole or, from time to time, in part, on September 1, 2025, or on any date thereafter, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. The Bonds will be issued in fully registered form only, in denominations of \$5,000 or any integral multiple thereof. See “THE BONDS.”
<i>Book-Entry Only...</i>	The Bonds will be registered in the name of, and delivered only to, Cede & Co., the nominee of The Depository Trust Company, New York, New York (“DTC”), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See “BOOK-ENTRY-ONLY SYSTEM.”
<i>Authority for Issuance...</i>	At an election held within the District on February 5, 2005, voters of the District authorized a total of \$46,200,000 principal amount in unlimited tax bonds for the purpose of refunding bonds of the District. The Bonds are issued by the District pursuant to said election and the terms and provisions of the Bond Order (as hereinafter defined), Article XVI, Section 59 of the Texas Constitution; Chapter 1207 of the Texas Government Code, as amended; Chapters 49 and 54 of the Texas Water Code, as amended; and City of Houston Ordinance No. 97-416. See “THE BONDS— Authority for Issuance”.
<i>Source of Payment...</i>	The Bonds and the Remaining Outstanding Bonds (as hereinafter defined) are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. See “THE BONDS—Source and Security for Payment.”
<i>Payment Record...</i>	The District has previously issued \$21,685,000 principal amount of unlimited tax bonds in five series and \$2,750,000 principal amount of unlimited tax park bonds (collectively, the “Previously Issued Bonds”), of which \$20,650,000 in principal amount will be outstanding (the “Outstanding Bonds”) as of April 1, 2019. The District has timely paid its debt service on the Outstanding Bonds.
<i>Use of Proceeds...</i>	Proceeds from the sale of the Bonds and lawfully available debt service funds, if any, will be used to pay certain costs incurred in connection with the issuance of the Bonds and to refund \$5,910,000 principal amount of the Outstanding Bonds in order to achieve net savings in the District's annual debt service expense. See “PLAN OF FINANCING.”

<i>Qualified Tax-Exempt Obligations...</i>	The District has designated the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See “TAX MATTERS— Qualified Tax-Exempt Obligations.”
<i>Municipal Bond Insurance and Municipal Bond Rating...</i>	It is expected that S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC, (“S&P”) and Moody’s Investors Service, Inc. (Moody’s) will assign municipal bond ratings of “AA” (stable outlook) and “A2” (stable outlook), respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. (“AGM” or the “Insurer”). Moody’s has also assigned an underlying rating of “A3” to the Bonds. An explanation of their ratings may be obtained from S&P or Moody’s. See “INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance,” “MUNICIPAL BOND RATING,” “MUNICIPAL BOND INSURANCE” and “APPENDIX B.”
<i>Bond Counsel...</i>	Schwartz, Page & Harding, L.L.P., Houston, Texas.
<i>Special Tax Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
<i>Underwriter’s Counsel...</i>	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
<i>Paying Agent/Registrar...</i>	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “THE BONDS— Method of Payment of Principal and Interest.”
<i>Escrow Agent...</i>	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See “PLAN OF FINANCING—Escrow Agent.”
<i>Verification Agent...</i>	Public Finance Partners LLC, Rockford, Minnesota.

THE DISTRICT

<i>Description...</i>	The District is a political subdivision of the State of Texas, created by order of the Texas Water Commission, a predecessor to the Texas Commission on Environmental Quality (the “TCEQ”), on May 28, 1986, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently consists of approximately 480 acres of land. See “THE DISTRICT.”
<i>Location...</i>	The District is located approximately 27 miles northwest of the central downtown business district of the City of Houston and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Tomball Independent School District. The District is located south of Boudreaux Road, north of Spring Cypress Road, west of Texas State Highway 249 and east of Shaw Road. See “THE DISTRICT.”
<i>Hurricane Harvey...</i>	<p>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 three storms exceeding a 0.2% probability (i.e. “500-year flood” events) since 2015. The most recent event was 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.</p> <p>The District’s System (as defined herein) did not sustain any material damage and there was no interruption of water and sewer service. Further, the District did not receive reports of any homes within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey.</p> <p>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 in the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will</p>

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. See “INVESTMENT CONSIDERATIONS—Hurricane Harvey.”

Flood Protection...

Flood protection for the District is provided by a drainage and detention system constructed by NorthPointe Water Control and Improvement District (“NorthPointe WCID”). The District is located entirely within the boundaries of NorthPointe WCID. As of April 1, 2019, NorthPointe WCID has \$19,740,000 of its unlimited tax bonds outstanding. NorthPointe WCID set a total tax rate in 2018 of \$0.275 per \$100 of assessed value. Taxes levied by NorthPointe WCID are in addition to taxes levied by the District. See “THE SYSTEM—Flood Protection,” “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes” and “INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey,” and “—Overlapping Debt and Taxes.”

According to LJA Engineering, Inc. (“LJA” or the District’s “Engineer”), and based upon the Flood Insurance Rate Map of Harris County, Texas, dated June 18, 2007, approximately 146 developed acres in the District were in the 100-year floodplain. The development within the District encompassing Villages of NorthPointe West, Sections Three through Six and Wildwood at NorthPointe, Sections One, Two, Four, Five, Seven, Eight and Ten included raising the elevation of land with the application of fill dirt to an elevation to remove the developed lots in the sections from the 100-year floodplain designation. The lots within Villages of NorthPointe West, Section One are not in the 100-year floodplain and fill dirt was not applied to the lots. Development of Wildwood at NorthPointe, Sections Nine, Twelve, Fourteen and Twenty included raising the elevation of land with the application of fill dirt to an elevation to remove the proposed lots in the sections from the 100-year flood plain designation. The District has received letters of map revision (“LOMR”) from FEMA, which indicate the application of fill dirt to the land developed as Villages of NorthPointe West, Sections Three through Six and Wildwood at NorthPointe, Sections One, Two, Four, Five, Seven, Eight, Nine, Ten, Twelve, Fourteen, Eighteen, Twenty and Twenty-One was sufficient to remove land from the 100-year floodplain designation. No developed or developable acreage within the District is currently located in the 100-year floodplain. See “THE SYSTEM—Flood Protection.”

Status of Development...

Development in the District began in 2005, and the District is being developed as Villages of NorthPointe West and Wildwood at NorthPointe. The development in the District currently includes 1,027 completed single-family residential lots on approximately 257 acres. As of January 18, 2019, the District consisted of 1,007 completed single-family homes of which 1,004 were occupied, 4 homes under construction, and 16 vacant developed lots. Homes in the District range in price from approximately \$200,000 to \$580,000.

The remainder of the District is comprised of approximately 2 developable but undeveloped acres, approximately 20 acres developed as a recreation center and parks and open spaces, and 75 acres that are not developable (detention and drainage facilities, street right-of-way and lift station site). Recreation facilities in the District include a park, pool, pool house with meeting rooms, amenity pond and tennis courts. Tomball Memorial High School, along with an agricultural facility related to the High School, are located on a portion of the approximately 122 acres of land in the District which is owned by the Tomball Independent School District (non-taxable). In addition, approximately 4 acres of land within the District which are served by an adjacent municipal utility district have been developed as Wildwood at NorthPointe, Sections Three and Nineteen. See “THE DISTRICT.”

Homebuilders...

Homebuilders building homes within the District are Village Builders and M/I Homes. See “THE DISTRICT—Status of Development—Homebuilding.”

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.”

FINANCIAL INFORMATION (UNAUDITED)

2018 Certified Taxable Assessed Valuation	\$289,334,105 (a)
Gross Direct Debt Outstanding.....	\$20,950,000 (b)
Estimated Overlapping Debt	<u>21,504,987 (c)</u>
Gross Direct Debt and Estimated Overlapping Debt.....	\$42,454,987
Ratio of Gross Direct Debt to:	
2018 Certified Taxable Assessed Valuation	7.24%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2018 Certified Taxable Assessed Valuation.....	14.67%
Debt Service Funds Available as of April 3, 2019	\$1,920,774 (d)
Operating Funds Available as of April 3, 2019	\$2,732,640
2018 Debt Service Tax Rate	\$0.68
2018 Maintenance Tax Rate	<u>0.15</u>
2018 Total Tax Rate	\$0.83
Average Annual Debt Service Requirement (2020-2037)	\$1,372,842 (e)
Maximum Annual Debt Service Requirement (2020)	\$1,797,644 (e)
Tax Rates Required to Pay Average Annual Debt Service (2020-2037) at a 95% Collection Rate	
Based upon 2018 Certified Taxable Assessed Valuation	\$0.50
Tax Rates Required to Pay Maximum Annual Debt Service (2020) at a 95% Collection Rate	
Based upon 2018 Certified Taxable Assessed Valuation	\$0.66
Status of Development as of January 18, 2019 (f):	
Completed Homes (1,004 occupied)	1,007
Homes Under Construction	4
Vacant Lots Available for Construction	16
Estimated Population.....	3,514 (g)

- (a) As certified by the Harris County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
(b) After the issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
(c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "Overlapping Taxes."
(d) The District intends to apply \$99,000 of available debt service funds towards the purpose for which the Bonds are being issued. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
(e) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."
(f) See "THE DISTRICT—Status of Development."
(g) Based upon 3.5 persons per occupied single-family residence.

OFFICIAL STATEMENT

\$6,210,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282 OF HARRIS COUNTY, TEXAS

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

UNLIMITED TAX REFUNDING BONDS SERIES 2019

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 282 of Harris County, Texas (the “District”) of its \$6,210,000 Unlimited Tax Refunding Bonds, Series 2019 (the “Bonds”).

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, Chapter 1207 of the Texas Government Code, as amended; Chapters 49 and 54 of the Texas Water Code, as amended, City of Houston Ordinance No. 97-416, 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. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents may be obtained from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, upon payment of the cost of duplication.

PLAN OF FINANCING

Purpose

The proceeds of the Bonds and lawfully available debt service funds, if any, are being used to refund and defease the outstanding portion of two series of the District’s Outstanding Bonds as listed below in “Refunded Bonds” totaling \$5,910,000 (the “Refunded Bonds”) in order to achieve a net savings in the District’s debt service expense. The proceeds will also be used to pay the costs of issuance of the Bonds. See “Sources and Uses of Funds” below. A total of \$14,740,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the “Remaining Outstanding Bonds”). See “FINANCIAL INFORMATION CONCERNING THE DISTRICT—Outstanding Bonds” and “—Debt Service Requirements.”

Refunded Bonds

The following table lists the principal amounts and maturity dates of the Refunded Bonds and the Redemption Dates on which the Refunded Bonds will be redeemed.

Maturity Date September 1	Series 2011	Series 2013
2020	\$ 130,000	\$ 75,000
2021	140,000	80,000
2022	145,000	85,000 (d)
2023	155,000	90,000 (d)
2024	165,000	95,000 (e)
2025	175,000	100,000 (e)
2026	185,000	105,000 (f)
2027	195,000 (a)	110,000 (f)
2028	210,000 (a)	115,000 (g)
2029	220,000 (b)	120,000 (g)
2030	235,000 (b)	130,000 (g)
2031	250,000 (b)	135,000 (h)
2032	260,000 (b)	145,000 (h)
2033	280,000 (c)	150,000 (h)
2034	295,000 (c)	160,000 (i)
2035	315,000 (c)	170,000 (i)
2036	330,000 (c)	175,000 (i)
2037	-	185,000 (i)
	\$ 3,685,000	\$ 2,225,000
Redemption Date:	9/1/2019	9/1/2019

- (a) Represents term bonds in the total principal amount of \$405,000, scheduled to mature on September 1, 2028.
- (b) Represents term bonds in the total principal amount of \$965,000, scheduled to mature on September 1, 2032.
- (c) Represents term bonds in the total principal amount of \$1,220,000, scheduled to mature on September 1, 2036.
- (d) Represents term bonds in the total principal amount of \$175,000, scheduled to mature on September 1, 2023.
- (e) Represents term bonds in the total principal amount of \$195,000, scheduled to mature on September 1, 2025.
- (f) Represents term bonds in the total principal amount of \$215,000, scheduled to mature on September 1, 2027.
- (g) Represents term bonds in the total principal amount of \$365,000, scheduled to mature on September 1, 2030.
- (h) Represents term bonds in the total principal amount of \$430,000, scheduled to mature on September 1, 2033.
- (i) Represents term bonds in the total principal amount of \$690,000, scheduled to mature on September 1, 2037.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, along with the transfer from the debt service fund, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds.....	\$6,210,000.00
Less: Net Original Issue Discount on the Bonds.....	(55,010.35)
Transfer from Debt Service Fund	99,000.00
Total Sources of Funds.....	\$6,253,989.65
Uses of Funds:	
Deposit to Escrow Fund.....	\$6,019,353.77
Issuance Expenses and Underwriters' Discount (a).....	234,635.88
Total Uses of Funds.....	\$6,253,989.65

- (a) Includes municipal bond insurance premium.

Escrow Agreement

The Refunded Bonds, and the interest due thereon, are to be paid on their scheduled interest payment dates until final payment or their redemption date, from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (the “Escrow Agent”).

The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the “Escrow Agreement”) to be dated as of the date of the sale of the Bonds but effective on the date of delivery of the Bonds (expected to be June 4, 2019). The Bond Order further provides that from the proceeds of the sale of the Bonds, along with certain other lawfully available funds of the District, if any, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the “Escrow Fund”) and a portion of such funds will be used to purchase United States Treasury Obligations (“Escrowed Securities”) maturing at such times and amounts as will be sufficient to pay scheduled payments on the Refunded Bonds on their redemption dates. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds

By the deposit of the Escrowed Securities and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the orders authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in the Escrow Fund.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. 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.

Description

The Bonds will be dated June 1, 2019, with interest payable on September 1, 2019, and on each March 1 and September 1 thereafter (each an “Interest Payment Date”) until the earlier of maturity or redemption. Interest on the Bonds initially accrues from June 1, 2019, and thereafter, from the most recent Interest Payment Date. The Bonds mature on September 1 in each of the years and in the principal amounts and accrue interest at the rates shown under “MATURITY SCHEDULE” on the cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York (“DTC”), in its nominee name of Cede & Co., pursuant to the book-entry system described herein (“Registered Owners”). No physical delivery of the Bonds will be made to the purchasers thereof. See “BOOK-ENTRY-ONLY SYSTEM.” Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At an election held within the District on February 5, 2005, voters of the District authorized a total of \$46,200,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District. The Bonds are issued by the District pursuant to said election and to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapter 1207, Texas Government Code, as amended; Chapters 49 and 54 of the Texas Water Code, as amended; and City of Houston Ordinance No. 97-416.

Source of and Security for Payment

The Bonds, together with the Remaining Outstanding Bonds and any additional bonds payable from ad valorem taxes, are secured by and payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See “TAXING PROCEDURES.” Investment in the Bonds involves certain elements of risk, and all prospective purchasers are urged to examine carefully this Official Statement with respect to the investment security of the Bonds. See “INVESTMENT CONSIDERATIONS.” The Bonds are obligations solely of the District and are not obligations of the City of Houston, Harris County, the State of Texas, or any political subdivision or entity other than the District.

Funds

The Bond Order confirms the establishment of the District's Bond Fund (the “Bond Fund”), which Bond Fund was created and established pursuant to the orders of the Board of Directors of the District authorizing the issuance of the Previously Issued Bonds. Accrued interest on the Bonds will be deposited from the proceeds of the sale of the Bonds into the Bond Fund. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Remaining Outstanding Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds, the Remaining Outstanding Bonds and any of the District's duly authorized additional bonds payable in whole or in part from taxes. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Remaining Outstanding Bonds and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Record Date

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1, 2037 (the “Term Bonds”) shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the “Redemption Date”), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

\$595,000 Term Bonds	
Due September 1, 2037	
<u>Mandatory</u>	<u>Principal</u>
<u>Redemption Date</u>	<u>Amount</u>
2036	\$ 460,000
2037 (maturity)	135,000

Notice of the mandatory redemption of the Term Bonds will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of the Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See “BOOK-ENTRY-ONLY-SYSTEM.”

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds (including any Term Bonds) maturing on and after September 1, 2026, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on September 1, 2025, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Serial Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures, so long as the Bonds are registered in accordance with the Book-Entry-Only System. See “BOOK-ENTRY-ONLY SYSTEM.” If less than all of the entire outstanding principal amount of a Term Bond is to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

Effects of Redemption: By the redemption date, due provision shall be made with the Paying Agent/Registrar for payment of the principal of the Bonds (including any Term Bonds) or portions thereof to be redeemed, plus accrued interest to the redemption date. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

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 Dallas, 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. See "BOOK- ENTRY-ONLY SYSTEM."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of \$46,200,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. The District currently has \$24,515,000 principal amount of unlimited tax bonds authorized but unissued for said improvements and facilities. The District's voters have authorized issuance of a total of \$3,725,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and currently has \$975,000 in principal amount authorized but unissued for such facilities and could authorize additional amounts. The District currently has \$975,000 principal amount of unlimited tax bonds authorized but unissued for said facilities. The District's voters have also authorized a total of \$46,200,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. After the issuance of the Bonds, the District will have \$45,900,000 principal amount of unlimited tax refunding bonds authorized but unissued.

The Bond Order imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (b) approval of the master plan and issuance of bonds by the Texas Commission on Environmental Quality (the "Commission" or "TCEQ"); and (c) approval of bonds by the Attorney General of Texas. The District does not provide fire protection service, and the Board has not considered calling such an election at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Road Facilities

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the Commission 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 Commission, 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 Commission for "road powers", nor calling such an election at this time. Issuance of bonds for roads could dilute the investment security for the Bonds.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or an amount greater than the estimated cost of the plan, whichever amount is smaller; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per \$100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District.

At an election held within the District on February 5, 2005, voters of the District authorized a total of \$3,725,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. The District currently has \$975,000 principal amount of unlimited tax bonds authorized but unissued for such facilities.

Issuance of bonds for recreational facilities could dilute the investment security for the Bonds.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed for full purposes by the City of Houston, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Effective December 1, 2017, such requirements may include the requirement that the City of Houston hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds and the Remaining Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. 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 attempt to 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.

Consolidation

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and wastewater systems with the water and wastewater systems of the district or districts with which it is consolidating, subject to voter approval. In their consolidation agreement, the consolidating districts may agree to assume each other's bonds, notes and other obligations. If each district assumes the other's bonds, notes and other obligations, taxes may be levied uniformly on all taxable property within the consolidated district in payment of same. If the districts do not assume each other's bonds, notes and other obligations, each district's taxes are levied on property in each of the original districts to pay said debts created by the respective original district as if no consolidation had taken place. No representation is made concerning whether the District will consolidate with any other district, but the District currently has no plans to do so.

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 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. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies and Bankruptcy Limitations."

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) for obligations of the District payable from revenues or from ad valorem taxes or both, or a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by 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. The foregoing obligations may be in book entry form, and shall 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. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Bond Order.

Upon such deposit as described above, such Bonds shall no longer be regarded to be 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 a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Order does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, (“DTC”) while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor take any responsibility for the accuracy or completeness thereof.

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

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

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser 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.

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.

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

THE DISTRICT

General

The District is a municipal utility district created by an order of the Texas Water Commission, a predecessor to the TCEQ, dated May 28, 1986, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District may also provide solid waste disposal and collection services. The District is also empowered to establish, operate and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, municipalities or other political subdivisions, after approval by the Commission and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and may also, subject to the granting of road powers by the Commission and certain limitations, develop and finance roads. See "THE BONDS—Issuance of Additional Debt," "Financing Recreational Facilities" and "Financing Road Facilities."

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 finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting 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 a plat that has been approved by the City of Houston and filed in the real property records of Harris County. The District is also required to obtain certain Commission approvals prior to acquiring, constructing and

financing road and fire-fighting facilities, as well as voter approval of the issuance of bonds for said purposes and/or for the purposes of financing recreational 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."

Description and Location

The District currently consists of approximately 480 acres of land in northwest Harris County. The District is located approximately 27 miles northwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of the Tomball Independent School District. The District is located south of Boudreaux Road, north of Spring-Cypress Road, west of Texas State Highway 249 and east of Shaw Road.

Land Use

The District currently includes approximately 257 acres of single-family residential development (1,027 lots), approximately 20 acres developed as a recreation center/parks and open spaces, approximately 75 undevelopable acres (detention and drainage facilities, street right-of-way and lift station site), approximately 122 acres owned by Tomball Independent School District with a portion currently developed as a high school site and approximately 2 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities. The table below represents a detailed breakdown of the current acreage and development in the District.

<u>Single-Family Residential</u>	Approximate <u>Acres</u>	<u>Lots</u>
Villages of NorthPointe West:		
Section One.....	29	134
Section Three.....	20	76
Section Four.....	23	112
Section Five.....	6	28
Section Six.....	10	45
Wildwood at NorthPointe:		
Section One.....	14	66
Section Two.....	12	40
Section Four.....	10	48
Section Five.....	13	45
Section Seven.....	10	33
Section Eight.....	8	31
Section Nine.....	7	29
Section Ten.....	7	35
Section Twelve.....	13	40
Section Fourteen.....	14	59
Section Sixteen (a).....	15	43
Section Eighteen.....	12	43
Section Twenty.....	12	44
Section Twenty-One.....	10	37
Section Twenty-Four.....	12	39
Subtotal.....	257	1027
<i>School Site (b).....</i>	122	-
<i>Recreation Center/Parks and Open Spaces (c)...</i>	20	-
<i>Future Development.....</i>	2	-
<i>Acreage Served by Adjacent District.....</i>	4	-
<i>Non-Developable (d).....</i>	75	-
Totals.....	480	1027

- (a) Developed lots are located in the District. Water and sewer service are provided by Northwest Harris County Municipal Utility District No. 5.
- (b) See "Status of Development—School Site" below.
- (c) Includes a park, pool, pool house with meeting rooms, amenity pond and tennis courts.
- (d) Includes detention and drainage facilities, street right-of-way and lift station site.

Status of Development

Single-Family Residential: As of January 18, 2019, the District consisted of 1,007 completed homes (1,004 occupied), 4 homes under construction, and 16 vacant developed lots. Homes in the District range in price from approximately \$200,000 to \$580,000. As of January 18, 2019, the estimated population in the District based upon 3.5 persons per occupied single-family residence was 3,514.

Homebuilding: Homebuilders actively building within the District are Village Builders and M/I Homes.

School Site: Tomball Memorial High School, including an agricultural facility related to the High School, has been constructed on a portion of approximately 122 acres of land in the District owned by the Tomball Independent School District. The property owned by the Tomball Independent School District is exempt from ad valorem taxation.

Future Development

Approximately 2 developable acres of land in the District are not yet served with water distribution and supply, wastewater collection and treatment or storm drainage facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances given as to whether or when any of such undeveloped land will ultimately be developed. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds (\$24,515,000) should be sufficient to finance the construction of water, sanitary sewer and drainage facilities to complete the District's water and sanitary sewer system for full development of the 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 four-year staggered terms and elections are held in May of even numbered years. One of the Board members resides within the District; each of the other four Board members own land within the District, subject to a Deed in Trust in favor of one of the Developers. The current members and officers of the Board, along with their titles and terms, are listed as follows:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert J. Grainger	President	May 2022
Victoria Caldwell	Vice President	May 2020
Dawn Mouton	Secretary	May 2020
P. Al Gosen	Assistant Secretary	May 2020
Angela Howes	Assistant Secretary	May 2022

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 and General Counsel: Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid 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, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor: Masterson Advisors LLC (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

Special Tax Counsel: McCall, Parkhurst & Horton L.L.P. serves as Special Tax Counsel to the District. The fee to be paid Special Tax Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's audited financial statements for the fiscal year ending July 31, 2018 have been prepared by McCall Gibson Swedlund Barfoot, PLLC. See "APPENDIX A" for a copy of the District's July 31, 2018 audited financial statements.

Engineer: The District's consulting engineer is LJA Engineering, Inc.

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

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

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

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Wheeler & Associates, Inc. (the "Tax Assessor/Collector") has been engaged by the District to serve in this capacity.

PARK FACILITIES

The park system includes landscaping and recreational improvements to serve the Northpointe subdivision. Recreation facilities within the District include a park, pool, pool house with meeting rooms, amenity pond and tennis courts.

THE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system (the "System") as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Withdrawal of ground water and the issuance of water well permits are subject to the regulatory authority of the Harris-Galveston Subsidence District where applicable. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District. Harris County, the City of Houston, and the Texas Department of Health also exercise regulatory jurisdiction over the District's System.

Water Supply

The District has a joint ownership interest in a water supply plant, which includes two 1,500 gallon per minute ("gpm") water wells and related component facilities. The water wells are jointly owned by the District, Harris County Municipal Utility District No. 280 ("MUD 280"), Harris County Municipal Utility District No. 281 ("MUD 281") and Northwest Harris County Municipal Utility District No. 15 ("Northwest 15"). Pressure tank, ground storage, booster pumps, methane gas stripper, and auxiliary power capacity is jointly owned by the District, MUD 280, MUD 281 and Northwest 15. According to the District's Engineer, the District's share of the water plant facilities is sufficient to serve 1,519 connections. As of January 18, 2019, the District was serving approximately 1,125 active equivalent single-family connections ("ESFCs") (including 4 homes under construction and a high school at 92 ESFCs). Construction of the expansion for joint water plant no. 3 has been completed and includes two 320,000 gallon ground storage tanks, two 20,000 gallon hydroneumatic tanks and one 1,500 gpm booster pump. Ownership of water plant no. 3 between the District, MUD 280 and MUD 281 is based on capacity.

Subsidence District Requirements: The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the North Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered

into a Water Supply Contract with the City of Houston, Texas (“Houston”) to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan (“GRP”) and obtained Subsidence District approval of its GRP. The Authority’s GRP sets forth the Authority’s plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District’s groundwater well(s) are included within the Authority’s GRP. The District’s authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority’s GRP.

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

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority’s GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority’s GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority’s GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty of \$9.00 per 1,000 gallons (“Disincentive Fees”) imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority’s GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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

Wastewater Collection

Wastewater treatment capacity is provided to the District by Northwest 15 pursuant to a Waste Disposal Agreement among the District, Northwest 15, Harris County Municipal Utility District No. 273, MUD 280, MUD 281 and Northwest Harris County Municipal Utility District No. 5 (“Northwest 5”).

The Northwest 15’s wastewater treatment facility has capacity to treat 2,613,350 gallons per day (“gpd”) of sewage, or 10,453 equivalent single-family connections based on a flow factor of 250 gpd per connection. Capacity in the 2,613,350 gpd plant is allocated as follows: the District (11.71%), MUD 273 (5.66%), MUD 280 (12.14%), MUD 281 (13.65%), Northwest 15 (25.87%) and Northwest 5 (30.97%). The District’s capacity of 305,950 gpd will adequately serve 1,224 equivalent single-family connections. As of January 18, 2019, the District was serving approximately 1,125 active equivalent single-family connections (including 4 homes under construction and a high school at 92 ESFCs).

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 1,027 single-family residential lots, a high school, and a recreational facility in the District. See “THE DISTRICT—Land Use” and “—Status of Development.”

Flood Protection

“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 is located entirely within the boundaries of NorthPointe WCID, which provides flood protection to the District by a drainage and detention system. According to the Engineer, and based upon the Flood Insurance Rate Map of Harris County, Texas, dated June 18, 2007, approximately 146 developed acres in the District were in the 100-year floodplain. The development within the District encompassing Villages of NorthPointe West, Sections Three through Six and Wildwood at NorthPointe, Sections One, Two, Five, Seven and Ten included raising the elevation of land with the application of fill dirt to an elevation to remove the developed lots in the sections from the 100-year floodplain designation. The lots within Villages of NorthPointe West, Section One are not in the 100-year floodplain and fill dirt was not applied to the lots. Development of Wildwood at NorthPointe, Sections Four and Eight included raising the elevation of land with the application of fill dirt to an elevation to remove the lots in the sections from the 100-year flood plain designation. The District has received letters of map revision (“LOMR”) from FEMA, which indicates the application of fill dirt to the land developed as Villages of NorthPointe West, Sections Three through Six and Wildwood at NorthPointe, Sections One, Two, Four, Five, Seven, Eight, Nine, Ten, Twelve, Fourteen, Eighteen, Twenty and Twenty-One is sufficient to remove land from the 100-year floodplain designation. Additionally, a Letter of Map Revision was issued by FEMA on January 26, 2018 and became effective June 11, 2018 that graphically removed all lots in the District from the 100-year flood plain. See “INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey.”

WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT

The Bonds are payable solely from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. Although net revenues of the District's waterworks and sewer system are not pledged to the payment of the Bonds, such net revenues are available for any legal purpose, including upon Board action, the payment of debt service on the Bonds. The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the years ending July 31, 2015 through 2018, and unaudited summary for the period ended of February 28, 2019, prepared by the Bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information on the audited financial statements.

	8/1/2018 to 2/28/2019 (a) (unaudited)	Fiscal Year Ended July 31			
		2018	2017	2016	2015
Revenues					
Property Taxes	\$ 403,750	\$ 474,573	\$ 658,793	\$ 399,172	\$ 350,895
Water Service	154,533	336,349	323,021	314,494	264,344
Wastewater Service	251,536	482,455	466,300	437,820	390,866
Regional Water Authority Fee	235,048	517,582	436,450	345,216	220,289
Penalty and Interest	6,684	13,355	12,587	12,391	9,124
Tap Connection and Inspection Fees	36,468	34,303	100,861	78,348	282,939
Investment Revenues	19,266	28,805	13,257	6,062	4,824
Miscellaneous Revenues	73,966	7,815	8,635	7,370	5,042
Total Revenues	\$ 1,181,249	\$ 1,895,237	\$ 2,019,904	\$ 1,600,873	\$ 1,528,323
Expenditures					
Professional Fees	\$ 65,964	\$ 130,632	\$ 180,469	\$ 121,450	\$ 161,530
Contracted Services	178,221	332,516	321,587	299,363	216,412
Purchased Water Service	230,149	658,203	574,533	486,858	344,002
Purchased Wastewater Service	45,226	144,845	133,367	119,445	72,429
Repairs and Maintenance	85,929	366,974	95,747	71,308	75,789
Other Expenditures	36,369	108,572	119,961	101,431	172,823
Capital Outlay	54,895	3,900	427,284	-	245,478
Total Expenditures	\$ 696,751	\$ 1,745,642	\$ 1,852,948	\$ 1,199,855	\$ 1,288,463
Revenues Over (Under) Expenditures	\$ 484,498	\$ 149,595	\$ 166,956	\$ 401,018	\$ 239,860
Transfers In (Out)	\$ 223	\$ 52,883	\$ 17,724	\$ 255,978	\$ -
Fund Balance (Beginning of Year)	\$ 2,326,561	\$ 2,124,083	\$ 1,939,403	\$ 1,282,407	\$ 1,042,547
Fund Balance (End of Year)	\$ 2,811,282	\$ 2,326,561	\$ 2,124,083	\$ 1,939,403	\$ 1,282,407

(a) Unaudited, provided by the Bookkeeper.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2018 Certified Taxable Assessed Valuation	\$289,334,105 (a)
Gross Direct Debt Outstanding.....	\$20,950,000 (b)
Estimated Overlapping Debt	<u>21,504,987 (c)</u>
Total Gross Direct Debt and Estimated Overlapping Debt	\$42,454,987
Ratio of Gross Direct Debt to:	
2018 Certified Taxable Assessed Valuation	7.24%
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:	
2018 Certified Taxable Assessed Valuation.....	14.67%
Debt Service Funds Available as of April 3, 2019	\$1,920,774 (d)
Operating Funds Available as of April 3, 2019	\$2,732,640

- (a) As certified by the Harris County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
 (b) After the issuance of the Bonds. See "Outstanding Bonds" herein.
 (c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "Overlapping Taxes."
 (d) The District intends to apply \$99,000 of available debt service funds towards the purpose for which the Bonds are being issued.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. 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 and the current principal balance of the Outstanding Bonds as of April 1, 2019, the Refunded Bonds and the Remaining Outstanding Bonds.

Series	Original Principal Amount	Principal Amount Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2011	\$ 4,490,000	\$ 3,810,000	\$ 3,685,000	\$ 125,000
2013	2,600,000	2,295,000	2,225,000	70,000
2014	3,750,000	3,300,000	-	3,300,000
2015	8,175,000	7,125,000	-	7,125,000
2016	2,670,000	2,370,000	-	2,370,000
2017 (a)	<u>2,750,000</u>	<u>1,750,000</u>	<u>-</u>	<u>1,750,000</u>
Total	\$ 24,435,000	\$ 20,650,000	\$ 5,910,000	\$ 14,740,000
The Bonds				<u>6,210,000</u>
The Bonds and Remaining Outstanding Bonds				\$ 20,950,000

(a) Unlimited Tax Park Bonds.

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds, plus the debt service on the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds			Total Debt Service Requirements
			Principal	Interest	Total	
2019	\$ 1,207,719 (a)	\$ 139,234		\$ 41,706	\$ 41,706	\$ 1,110,191
2020	1,854,288	483,469	\$ 260,000	166,825	426,825	1,797,644
2021	1,838,848	490,904	275,000	159,025	434,025	1,781,969
2022	1,816,998	492,304	285,000	150,775	435,775	1,760,469
2023	1,798,798	498,104	300,000	142,225	442,225	1,742,919
2024	1,760,054	503,110	315,000	133,225	448,225	1,705,169
2025	1,745,354	507,060	325,000	126,925	451,925	1,690,219
2026	1,451,954	510,110	330,000	120,425	450,425	1,392,269
2027	1,435,204	512,060	340,000	113,825	453,825	1,376,969
2028	1,422,099	518,043	355,000	107,025	462,025	1,366,081
2029	1,402,159	517,815	360,000	99,038	459,038	1,343,381
2030	1,319,709	526,115	375,000	90,038	465,038	1,258,631
2031	1,302,009	528,190	390,000	79,725	469,725	1,243,544
2032	1,282,146	528,940	400,000	69,000	469,000	1,222,206
2033	1,265,846	533,690	415,000	57,000	472,000	1,204,156
2034	1,248,296	537,190	435,000	44,550	479,550	1,190,656
2035	1,233,899	544,280	455,000	31,500	486,500	1,176,119
2036	1,207,991	539,860	460,000	17,850	477,850	1,145,981
2037	905,204	194,435	135,000	4,050	139,050	849,819
2038	835,806	-	-	-	-	835,806
Total	\$ 28,334,378	\$ 9,104,912	\$ 6,210,000	\$ 1,754,731	\$ 7,964,731	\$ 27,194,197

(a) Excludes the March 1, 2019 debt service payment in the amount of \$867,719.

Maximum Annual Debt Service Requirement (2020).....	\$1,797,644
Average Annual Debt Service Requirements (2020-2037)	\$1,372,842

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping	
			Percent	Amount
Tomball Independent School District.....	\$ 494,035,000	2/28/2019	2.70%	\$ 13,338,945
Harris County.....	2,050,758,022	2/28/2019	0.06%	1,230,455
Harris County Flood Control District.....	83,075,000	2/28/2019	0.06%	49,845
Harris County Hospital District.....	57,300,000	2/28/2019	0.06%	34,380
Harris County Department of Education.....	6,320,000	2/28/2019	0.06%	3,792
Port of Houston Authority.....	593,754,397	2/28/2019	0.06%	356,253
Lone Star College System.....	609,845,000	2/28/2019	0.15%	914,768
NorthPointe WCID.....	19,740,000	2/28/2019	28.25%	5,576,550
Total Estimated Overlapping Debt.....				\$ 21,504,987
The District.....	20,950,000 (a)	Current	100.00%	20,950,000
Total Direct and Estimated Overlapping Debt..				\$ 42,454,987
Ratio of Estimated Direct and Overlapping Debt to 2018 Certified Taxable Assessed Valuation.....				14.67%

(a) After issuance of the Bonds.

Overlapping Taxes

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

Set forth below are the taxes levied for the 2018 tax year by all of the taxing jurisdictions overlapping the District and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	2018 TaxRate per \$100 of Taxable <u>Assessed Valuation</u>
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education, and the Port of Houston Authority.....	\$ 0.63517
Tomball Independent School District.....	1.34000
Lone Star College System.....	0.10780
NorthPointe WCID.....	0.27500
Harris County Emergency Services District No. 11 (EMS).....	0.03606
Harris County Emergency Services District No. 16 (Fire).....	0.04957
Total Overlapping Tax Rate.....	\$ 2.44360
The District.....	0.83000
Total Tax Rate.....	\$ 3.27360

TAX DATA

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to such records for further and more complete information.

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of March 31, 2019 (a)	
				Amount	Percent
2014	\$ 115,000,455	\$ 1.11	\$ 1,276,502	\$ 1,273,855	99.79%
2015	200,743,970	0.96	1,927,138	1,927,138	100.00%
2016	260,869,275	0.88	2,295,645	2,295,340	99.99%
2017	280,567,498	0.85	2,384,819	2,382,377	99.90%
2018	289,337,105	0.83	2,401,493	2,369,368	98.66%

(a) Unaudited.

Debt Service Tax

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

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District’s voters. A maintenance tax election was conducted February 5, 2005, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed \$1.50 per \$100 appraised valuation. Additionally, the voters of the District have authorized a maintenance tax for recreational facilities at a rate not to exceed \$0.10 per \$100 appraised valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above, “Tax Rate Distribution” below, and “THE BONDS—Financing Recreational Facilities.”

Tax Exemptions

For 2019, the District adopted a \$3,000 exemption for residential homesteads of persons sixty-five (65) years or older and/or disabled persons.

Tax Rate Distribution

	2018	2017	2016	2015	2014
Debt Service	\$ 0.68	\$ 0.68	\$ 0.63	\$ 0.76	\$ 0.80
Maintenance and Operations	0.15	0.17	0.25	0.20	0.31
Total	\$ 0.83	\$ 0.85	\$ 0.88	\$ 0.96	\$ 1.11

Summary of Assessed Valuation

The following breakdown of the 2016 through 2018 Certified Taxable Assessed Valuations has been provided by the District's Tax Assessor/Collector based on information contained in the 2016 through 2018 tax rolls of the District. Differences in values from other information herein are due to differences in dates of information provided.

	2018 Certified Taxable Assessed Valuation	2017 Certified Taxable Assessed Valuation	2016 Certified Taxable Assessed Valuation
Land	\$ 57,694,848	\$ 54,526,727	\$ 53,732,204
Improvements	292,533,680	281,817,541	262,920,645
Personal Property	1,287,873	1,496,187	2,479,962
Exemptions	(62,179,296)	(57,272,957)	(58,298,148)
Total	\$ 289,337,105	\$ 280,567,498	\$ 260,834,663

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the 2018 certified tax roll of \$289,334,105, which reflects ownership at January 1, 2018.

<u>Taxpayer</u>	<u>Type of Property</u>	2018 Certified Taxable Assessed Valuation	% of 2018 Certified Taxable Assessed Valuation
Individual	Land and Improvements	\$ 772,810	0.27%
Centerpoint Energy Houston Electric	Personal	720,390	0.25%
Individual	Land and Improvements	654,598	0.23%
Individual	Land and Improvements	523,437	0.18%
Individual	Land and Improvements	501,434	0.17%
Individual	Land and Improvements	497,000	0.17%
Individual	Land and Improvements	495,242	0.17%
Individual	Land and Improvements	493,170	0.17%
Individual	Land and Improvements	488,132	0.17%
Individual	Land and Improvements	487,415	0.17%
Total		\$ 5,633,628	1.95%

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2018 Certified Taxable Assessed Valuation and no use of debt service funds on hand, collection of ninety-five percent (95%) of taxes levied, and utilize tax rates necessary to pay the District's maximum annual and average annual debt service requirements. See "INVESTMENT CONSIDERATIONS—Maximum Impact on District Tax Rates."

Average Annual Debt Service Requirement (2020-2037).....	\$1,372,842
\$0.50 Tax Rate on the 2018 Certified Taxable Assessed Valuation	\$1,374,337
Maximum Annual Debt Service Requirement (2020).....	\$1,797,644
\$0.66 Tax Rate on the 2018 Certified Taxable Assessed Valuation	\$1,814,125

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (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 a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the 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 wholly 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”). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a 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. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; 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 or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2019 tax year, the District has granted an exemption of \$3,000 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. 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 (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, effective January 1, 2018, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of (i) a member of the armed forces or, effective January 1, 2018, (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A “Freeport Exemption” applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A “Goods-in-Transit” Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code, acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or

importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that 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. For the 2019 tax year, the District has not granted a general residential homestead exemption.

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. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by 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.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may 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 comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, Texas law provides for an additional notice and, upon petition by qualified voters, an election which could result in the repeal of certain tax rate increases on residential homesteads. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair 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. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District 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 and not as to others. If a claimant receives the 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 for the three (3) to five (5) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2019, no land within the District was designated for agricultural use, open space, inventory deferment or timberland.

Tax Abatement

The City of Houston and Harris County may designate all or part of the District as a reinvestment zone, and the District, Harris County and (if it were to annex the area) the City of Houston may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty 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. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only if (i) an error or omission of a representative of the District, including the Appraisal District, caused the failure of the taxpayer to pay taxes, (ii) the delinquent taxes are paid on or before the one-hundred and eightieth (180th) day after the taxpayer received proper notice of such delinquency and the delinquent taxes relate to a property for which the appraisal roll lists one or more certain specified inaccuracies, or (iii) the taxpayer submits evidence sufficient to show that the tax payment was delivered before the delinquency, date to the United States Postal Service or other delivery service, but an act or omission of the postal or delivery service resulted in the tax payment being considered delinquent. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act, or (iii) qualifies as a disabled veteran under Texas law, is entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt.” A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law, and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property.

Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations."

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, Harris County, the City of Houston, or any other political entity other than the District, will be secured by an annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or, in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities.

Recent Extreme Weather Events; Hurricane Harvey

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 three storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015. The most recent event was 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.

The District's System did not sustain any material damage and there was no interruption of water and sewer service. Further, the District did not receive reports of an homes 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 in 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 drainage systems downstream.

Future Debt

The District reserves in the Bond Order the right to issue the remaining \$24,515,000 in principal amount of authorized but unissued unlimited tax bonds for purchasing, constructing, acquiring, owning, operating, repairing, improving or extending a water, sewer and drainage system for the District, \$975,000 in principal amount of authorized but unissued unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and \$45,900,000 in principal amount of authorized but unissued unlimited tax bonds for the purpose of refunding the outstanding bonds of the District. In addition, the District may issue any additional bonds approved by District voters in future elections. See “THE BONDS—Issuance of Additional Debt,” “Financing Road Facilities,” and “Financing Recreational Facilities.” The issuance of such obligations may adversely affect the investment security of the 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 District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board and any bonds issued to acquire or construct water, sewer and drainage facilities or recreational facilities must be approved by the Commission. The Engineer has stated that the District's authorized but unissued bonds will be adequate to complete the development of the District.

Overlapping Debt and Taxes

Approximately 460 acres within the District and approximately 1,245 other acres lie within NorthPointe Water Control and Improvement District (“NorthPointe WCID”), which provides flood protection for the property within its boundaries. Property in the District is subject to taxation by NorthPointe WCID. NorthPointe WCID's 2018 Taxable Assessed Valuation is \$1,157,340,122. The total 2018 tax rate of NorthPointe WCID is \$0.275 per \$100 of assessed valuation of which \$0.175 is allocated to debt service and \$0.10 to maintenance and operations. The District cannot represent whether any of the development planned or occurring in the District and other areas of NorthPointe WCID, will be successful or whether the assessed valuation of the land located within NorthPointe WCID will justify continued payment of the tax by property owners. Increases in NorthPointe WCID's tax rate could have an adverse impact development and home sales within NorthPointe WCID and the District and the willingness of owners of property located within the District to pay ad valorem taxes levied on their property. NorthPointe WCID has \$13,480,000 of unlimited tax bonds authorized but unissued bonds without additional voter approval. See “THE SYSTEM—Flood Protection” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt.”

In addition, property located within the District is subject to taxation by various other governmental entities. The aggregate amount of taxes imposed by such entities could materially affect development and the sale of homes in the District. See “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes.”

The 2018 combined tax rate of the District and NorthPointe WCID, including debt service and/or maintenance taxes, was \$1.105 per \$100 of assessed valuation. However, the tax rate that may be required to service debt on any bonds issued by the District and NorthPointe WCID is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each (including, in the case of NorthPointe WCID, growth of taxable values of properties outside the boundaries of the District but within the boundaries of NorthPointe WCID), the amount of direct unlimited tax bonds issued, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite tax rate will be competitive with the tax rates of competing projects in the Harris County region. To the extent that such composite tax rate is not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of \$1.105 is higher than the tax levy of many municipal utility districts in the Houston metropolitan area, although such a combined levy is within the range of levies imposed for similar purposes by certain municipal utility districts in the Houston metropolitan area in stages of development comparable with the District.

Environmental Regulations

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the “EPA”) and the Texas Commission on Environmental Quality (the “TCEQ”) may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act (“CAA”) Amendments of 1990, the eight-county Houston Galveston area (“HGB area”)—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion (“ppb”)) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (“the 1997 Ozone Standards”); the tighter, 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 ozone nonattainment area under the the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB area remained subject to continuing severe nonattainment area “anti-backsliding” requirements, despite the fact that HGB area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, EPA approved the TCEQ’s “redesignation substitute” for the HGB area under the revoked 1997 Ozone Standards, leaving the HGB area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in *South Coast Air Quality Management District v. EPA*, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for EPA’s decision to eliminate the anti-backsliding requirements that had applied in the HGB area under the 1997 Ozone Standard. The court has not responded to EPA’s April 2018 request for rehearing of the case. To address the uncertainty created by the *South Coast* court’s ruling, the TCEQ has developed a formal request that the HGB area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB area is currently designated as a “moderate” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. 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 “marginal” nonattainment area under the 2015 Ozone Standard. For purposes of the 2015 Ozone Standard, the HGB area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

Pursuant to the federal Safe Drinking Water Act (“SDWA”) and Environmental Protection Agency’s National Primary Drinking Water Regulations (“NPDWRs”), which are implemented by the TCEQ’s Water Supply Division, a municipal utility district’s provision of water for human consumption is subject to extensive regulation as a public water system.

Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

Texas Pollutant Discharge Elimination System ("TPDES") permits set limits on the type and quantity of discharge, in accordance with state and federal laws and regulations. The TCEQ reissued the TPDES Construction General Permit (TXR150000), with an effective date of March 5, 2018, which is a general permit authorizing the discharge of stormwater runoff associated with small and large construction sites and certain nonstormwater 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.

In 2015, the EPA and the United States Army Corps of Engineers ("USACE") promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expands the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR could have an adverse impact on municipal utility districts, including the District, particularly with respect to jurisdictional wetland determinations, and could increase the size and scope of activities requiring USACE permits. The CWR has been challenged in various jurisdictions, including the Southern District of Texas, and the litigation challenging the CWR is still pending.

On February 28, 2017, the President signed an executive order ordering the EPA and USACE to modify or rescind the CWR. In response, the EPA and the USACE subsequently released a proposed rule rescinding the CWR, reinstating the regulatory text that existed prior to the adoption of the CWR and proposing the development of a revised definition of "waters of the United States." In June 2018, the EPA and USACE issued a supplemental notice of proposed rulemaking to the 2017 proposed action to repeal the 2015 definition of "waters of the United States" to clarify that the agencies are proposing to permanently repeal the CWR in its entirety and reinstate language in place before the adoption of the CWR while developing a revised definition of "waters of the United States." Meanwhile, in January 2018, the EPA and the USACE finalized a rule extending the effective date of the CWR until 2020 while the agencies finalize actions to repeal and replace the CWR. This rule delaying the effective date of the CWR was challenged in court and, on August 16, 2018, the U.S. District Court for the District of South Carolina issued a nationwide injunction rendering the rule extending the effective date of the CWR void, thereby reinstating the CWR in 26 states, including Texas. However, on September 12, 2018, the U.S. District Court for the Southern District of Texas temporarily enjoined the implementation of the CWR in Texas, Louisiana and Mississippi until the case filed by the States of Texas, Louisiana and Mississippi in 2015 is finally resolved.

On December 11, 2018, the EPA and USACE released the proposed replacement definition of "waters of the United States." The proposed definition outlines six categories of waters that would be considered "waters of the United States," including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not "waters of the United States," such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies will take comment on the proposal for 60 days after publication in the Federal Register. If finalized, the proposed rule would apply nationwide, replacing the patchwork framework for Clean Water Act jurisdiction that has resulted from litigation challenging the CWR.

Due to the pending rulemaking activity and rule challenge litigation, there is significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction. Depending on the final outcome of such proceedings, operations of municipal utility districts, including the District, could potentially be subject to additional restrictions and requirements, including permitting requirements.

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

Tax Collections Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedure against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAXING PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

The Bond Order contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Order on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX MATTERS."

Bond Insurance Risk Factors

The long-term ratings on the Bonds are dependent in part on the financial strength of 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.

Future and Proposed Legislation

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

2019 Legislative Session

The 86th Regular Legislative Session convened on January 8, 2019, and will conclude on May 27, 2019. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters, including rollback elections for maintenance tax increases, and other matters which could adversely affect the marketability or market value of the Bonds. In addition, the Governor of Texas may call one or more additional special sessions that may include legislation affecting property taxes. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions.

Marketability

The District has no agreement 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 generally bought, sold or traded in the secondary market.

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. (Moody's) will assign municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from the company furnishing each rating.

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

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

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A2" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On December 21, 2018, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On June 26, 2018, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

On May 7, 2018, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2018.

Capitalization of AGM

At December 31, 2018:

- The policyholders' surplus of AGM was approximately \$2,533 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately \$1,034 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately \$1,873 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019).

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

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

Miscellaneous Matters

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

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds 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. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel to the District, to the effect that interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing law and not subject to the alternative minimum tax on individuals, or, except as described therein, corporations.

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel and Special Tax 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. Certain legal matters will be passed upon for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction, nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections "PLAN OF FINANCING – Escrow Agreement," and " – Defeasance of Refunded Bonds" (but only insofar as such section relates to the legal opinion of Bond Counsel), "THE BONDS," "THE DISTRICT – General," and "–MANAGEMENT OF THE DISTRICT - Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS – Legal Opinions" (but only insofar as such section relates to the opinion of Bond Counsel) solely to determine whether such information fairly summarizes the law and documents referred to therein. In its capacity as Special Tax Counsel, McCall, Parkhurst & Horton L.L.P, Dallas, Texas, has reviewed the information appearing in this Official Statement under the caption "LEGAL MATTERS – Legal Opinions" (insofar as such section relates to the opinion of Special Tax Counsel) and "TAX MATTERS" solely to determine whether such information fairly summarizes the law referred to therein. Such firms have not independently verified factual information contained in this Official Statement, nor have such firms 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 such firms' limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Special Tax 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 their opinion, Special Tax Counsel will rely upon (a) the opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District's federal tax certificate and the verification report prepared by Public Finance Partners LLC and (c) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the District, as well as the failure to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

The Underwriter has represented that the initial public offering price to be paid for the Bonds (the "Original Issue Discount Bonds"), as stated on the cover of the Official Statement, is less than the principal amount thereof. As such, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds.

Under existing law, such an owner is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period for which such Original Issue Discount Bond continues to be owned by such owner. For a discussion of certain collateral federal tax consequences, see "Collateral Federal Income Tax Consequences" below.

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on Existing Law which is subject to change or modification retroactively.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals otherwise allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM RECENTLY ENACTED LEGISLATION OR THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

State, Local and Foreign Taxes

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

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on-behalf of" and "subordinate" issuers) who issues no more than \$10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(1)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action that would assure, or to refrain from such action that would adversely affect, the treatment of the Bonds as "qualified tax-exempt obligations." Potential purchasers should be aware that if the issue price to the public exceeds \$10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of \$10,000,000 is disregarded; however, the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."

VERIFICATION OF MATHEMATICAL CALCULATIONS

Public Finance Partners LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the funds deposited with the Paying Agent as per the Escrow Agreement for the payment of the Refunded Bonds; (b) the mathematical computations of yield; and (c) compliance with City of Houston Ordinance No. 97-416.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel.

NO-LITIGATION CERTIFICATE

With the delivery of the Bonds, the President or Vice President and Secretary or Assistant Secretary of the Board will, on behalf of the District, execute and deliver to the Underwriter a certificate dated as of the date of delivery, to the effect that no litigation of any nature of which the District has notice is pending against or, to the knowledge of the District's certifying officers, threatened against the District, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the authorization, execution or delivery of the Bonds; affecting the provision made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the authorization, execution or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

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 Engineer, the Tax Assessor/Collector, the Appraisal District and information from other sources believed to be reliable. No guarantee is made by the District as to the accuracy or completeness of the information derived from sources other than the District, and the inclusion herein of information from sources other than the District 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, resolutions, engineering and other related information set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the Official Statement. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources: "THE DISTRICT" and "THE SYSTEM"—LJA Engineering, Inc. "THE BONDS" and "LEGAL MATTERS – Legal Opinions" (insofar as such section relates to the legal opinion of Bond Counsel and Special Tax Counsel)—Schwartz, Page & Harding, L.L.P. and McCall, Parkhurst & Horton L.L.P., as applicable; "TAX MATTERS"— McCall, Parkhurst & Horton L.L.P.; "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" and "TAX DATA"— Harris County Appraisal District, Wheeler & Associates, Inc. and the Municipal Advisory Council.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as 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.

Underwriter

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

Consultants

In approving this Official Statement, the District has relied upon the following consultants. Each consultant has agreed to the use of information provided by such firms.

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 LJA Engineering, Inc., Consulting Engineers, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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 Wheeler & Associates, Inc. and is included herein in reliance upon the authority of such individual as an expert in assessing property values and collecting taxes.

Auditor: The financial statements of the District, as of July 31, 2018, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot, PLLC, as stated in their report appearing herein. See “APPENDIX A” for a copy of the District’s July 31, 2018 audited financial statements.

Bookkeeper: The information related to the “unaudited” summary of the District’s General Operating Fund as it appears in “WATERWORKS AND SEWER SYSTEM OPERATING STATEMENT” has been provided by Municipal Accounts and Consulting, L.P., and is included herein in reliance upon the authority of such firm as experts 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 as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the registered 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 updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings “FINANCIAL INFORMATION (UNAUDITED)”, “TAX DATA,” “THE SYSTEM” and “FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) —Outstanding Bonds” and “—Debt Service Requirements” (most of which information is contained in the District’s annual audit report) and in Appendix A. The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2019.

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

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

Specified Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other events affecting the tax-exempt status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person within the meaning of 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 a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material to a decision to purchase or sell Bonds; (15) incurrence of a financial obligation of the District or other obligated person, 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, 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 a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms “financial obligation” and “material” when used in this paragraph shall have the meanings ascribed to them 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, operating data, or financial statements in accordance with its agreement described above under “Annual Reports.”

Availability of Information from the MSRB

The District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through an 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 Holders and beneficial owners of the Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance With Prior Undertakings

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

MISCELLANEOUS

All estimates, statements and assumptions in this Official Statement and the 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. 282 of Harris County, Texas, as of the date shown on the cover page.

/s/ Robert J. Grainger
President, Board of Directors

ATTEST:

/s/ Dawn Mouton
Secretary, Board of Directors

APPENDIX A

**Independent Auditor's Report and Financial Statements of the District
for the year ended July 31, 2018**

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
OF HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
JULY 31, 2018

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
OF HARRIS COUNTY, TEXAS
ANNUAL FINANCIAL REPORT
JULY 31, 2018

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 282,
of Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 282, of Harris County, Texas (the "District"), as of and for the year ended July 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Board of Directors
Harris County Municipal
Utility District No. 282,
of Harris County, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of July 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

November 7, 2018

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2018**

Management's discussion and analysis of Harris County Municipal Utility District No. 282, of Harris County, Texas (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended July 31, 2018. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2018**

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by \$5,257,991 as of July 31, 2018.

A portion of the District's net position reflects its net investment in capital assets (water, wastewater and drainage facilities and infrastructure less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water, wastewater and drainage services.

The following is a comparative analysis of government-wide changes in net position as of July 31, 2018, and July 31, 2017:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2018

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2018</u>	<u>2017</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 4,981,417	\$ 4,756,663	\$ 224,754
Capital Assets (Net of Accumulated Depreciation)	<u>15,270,765</u>	<u>17,166,784</u>	<u>(1,896,019)</u>
Total Assets	<u>\$ 20,252,182</u>	<u>\$ 21,923,447</u>	<u>\$ (1,671,265)</u>
Due to Developer	\$ 2,748,721	\$ 4,705,761	\$ 1,957,040
Long -Term Liabilities	20,578,386	19,640,025	(938,361)
Other Liabilities	<u>2,183,066</u>	<u>1,495,799</u>	<u>(687,267)</u>
Total Liabilities	<u>\$ 25,510,173</u>	<u>\$ 25,841,585</u>	<u>\$ 331,412</u>
Net Investment in Capital Assets	\$ (9,385,925)	\$ (8,004,002)	\$ (1,381,923)
Restricted	1,798,120	1,960,512	(162,392)
Unrestricted	<u>2,329,814</u>	<u>2,125,352</u>	<u>204,462</u>
Total Net Position	<u>\$ (5,257,991)</u>	<u>\$ (3,918,138)</u>	<u>\$ (1,339,853)</u>

The following table provides a summary of the District's operations for the years ended July 31, 2018, and July 31, 2017. The District's net position decreased by \$1,339,853. Comparative data is presented below.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2018</u>	<u>2017</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 2,381,211	\$ 2,317,821	\$ 63,390
Charges for Services	1,390,283	1,346,317	43,966
Other Revenues	<u>575,229</u>	<u>38,619</u>	<u>536,610</u>
Total Revenues	<u>\$ 4,346,723</u>	<u>\$ 3,702,757</u>	<u>\$ 643,966</u>
Expenses for Services	<u>5,686,576</u>	<u>2,696,477</u>	<u>(2,990,099)</u>
Change in Net Position	<u>\$ (1,339,853)</u>	<u>\$ 1,006,280</u>	<u>\$ (2,346,133)</u>
Net Position, Beginning of Year	<u>(3,918,138)</u>	<u>(4,924,418)</u>	<u>1,006,280</u>
Net Position, End of Year	<u>\$ (5,257,991)</u>	<u>\$ (3,918,138)</u>	<u>\$ (1,339,853)</u>

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2018**

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of July 31, 2018, were \$4,427,664, an increase of \$40,989 from the prior year.

The General Fund fund balance increased by \$202,478, primarily due to service revenues exceeding current year operating expenditures and a current year transfer from the Capital Projects Fund.

The Debt Service Fund fund balance decreased by \$161,906, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance increased by \$417.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were \$216,702 less than budgeted, primarily due to lower than budgeted property tax revenue. Actual expenditures were \$15,502 more than budgeted expenditures, primarily due to higher than budgeted purchased water and wastewater services.

CAPITAL ASSETS

Capital assets as of July 31, 2018, total \$15,270,765 (net of accumulated depreciation) and includes the water and wastewater systems, as well as the District's capacity interest in the NorthPointe Regional Wastewater Treatment Plant and the Harris County Municipal Utility District No. 281 Water Plant.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2018	2017	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Construction in Progress	\$ 1,148,785	\$ 1,148,785	\$ -0-
Capital Assets, Net of Accumulated Depreciation:			
Landscape	1,461,257		1,461,257
Water System	2,586,413	2,828,887	(242,474)
Wastewater System	4,029,031	4,597,000	(567,969)
Drainage System	2,198,342	4,588,328	(2,389,986)
Capacity Interest in NorthPointe Regional Wastewater Treatment Plant	784,054	845,295	(61,241)
Capacity Interest in Harris County Municipal Utility District No. 281 Water Plant	3,062,883	3,158,489	(95,606)
Total Net Capital Assets	\$ 15,270,765	\$ 17,166,784	\$ (1,896,019)

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2018**

LONG-TERM DEBT ACTIVITY

As of July 31, 2018, the District had total bond debt payable of \$21,980,000. The changes in the debt position of the District during the fiscal year ended July 31, 2018, are summarized as follows:

Bond Debt Payable, August 1, 2017	\$ 20,555,000
Add: Bond Sale	2,750,000
Less: Bond Principal Paid	<u>1,325,000</u>
Bond Debt Payable, July 31, 2018	<u>\$ 21,980,000</u>

The District’s Series 2014 bonds carry an underlying rating of “BBB-”. The District’s Series 2015, Series 2016, and Series 2017 Park bonds carry an underlying rating of “A3”. The District’s Series 2011 and 2013 bonds are not rated. The District’s bonds carry an underlying rating of “A3”. The Series 2014 Bonds and Series 2017 Park Bonds carry an insured rating of “AA” by virtue of bond insurance issued by Build America Mutual Company. The Series 2015 bonds carry an insured rating of “AA” by virtue of bond insurance issued by Assured Guaranty Municipal. The Series 2016 bonds carry an insured rating of “AA” by virtue of bond insurance by Municipal Assurance Corp. The above ratings are as of July 31, 2018, and reflect all rating changes through the fiscal year end.

CONTACTING THE DISTRICT’S MANAGEMENT

This financial report is designed to provide a general overview of the District’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 282, c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, TX 77056-3012.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2018

	General Fund	Debt Service Fund
ASSETS		
Cash	\$ 227,892	\$ 41,770
Investments	2,304,739	2,098,041
Receivables:		
Property Taxes	3,253	11,289
Penalty and Interest on Delinquent Taxes		
Service Accounts	159,226	
Accrued Interest	9,345	3,923
Due from Other Funds	35,236	
Prepaid Costs	5,764	
Advance for Water Plant Operations	83,217	
Advance for Regional Wastewater Treatment Plant Operations	30,619	
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	\$ 2,859,291	\$ 2,155,023

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 100	\$ 269,762	\$	\$ 269,762
373	4,403,153		4,403,153
	14,542		14,542
		1,866	1,866
	159,226		159,226
	13,268		13,268
	35,236	(35,236)	
	5,764		5,764
	83,217		83,217
	30,619		30,619
		1,148,785	1,148,785
		<u>14,121,980</u>	<u>14,121,980</u>
<u>\$ 473</u>	<u>\$ 5,014,787</u>	<u>\$ 15,237,395</u>	<u>\$ 20,252,182</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2018

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	\$ 388,622	\$
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		35,236
Due to Taxpayers		7,812
Security Deposits	140,855	
Long Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	\$ 529,477	\$ 43,048
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	\$ 3,253	\$ 11,289
FUND BALANCES		
Nonspendable:		
Prepaid Costs	\$ 5,764	\$
For Water Plant Operations	83,217	
For Regional Wastewater Treatment Plant Operations	30,619	
Restricted for Authorized Construction		
Restricted for Debt Service		2,100,686
Unassigned	2,206,961	
TOTAL FUND BALANCES	\$ 2,326,561	\$ 2,100,686
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 2,859,291	\$ 2,155,023
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
\$ 56	\$ 388,678	\$	\$ 388,678
		315,721	315,721
		2,748,721	2,748,721
	35,236	(35,236)	
	7,812		7,812
	140,855		140,855
		1,330,000	1,330,000
		<u>20,578,386</u>	<u>20,578,386</u>
<u>\$ 56</u>	<u>\$ 572,581</u>	<u>\$ 24,937,592</u>	<u>\$ 25,510,173</u>
<u>\$ -0-</u>	<u>\$ 14,542</u>	<u>\$ (14,542)</u>	<u>\$ -0-</u>
\$	\$ 5,764	\$ (5,764)	\$
	83,217	(83,217)	
	30,619	(30,619)	
417	417	(417)	
	2,100,686	(2,100,686)	
	<u>2,206,961</u>	<u>(2,206,961)</u>	
<u>\$ 417</u>	<u>\$ 4,427,664</u>	<u>\$ (4,427,664)</u>	<u>\$ - 0 -</u>
<u>\$ 473</u>	<u>\$ 5,014,787</u>		
		\$ (9,385,925)	\$ (9,385,925)
		1,798,120	1,798,120
		<u>2,329,814</u>	<u>2,329,814</u>
		<u>\$ (5,257,991)</u>	<u>\$ (5,257,991)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JULY 31, 2018**

Total Fund Balances - Governmental Funds \$ 4,427,664

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. 15,270,765

Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2017 and prior tax levies became part of recognized revenue in the governmental activities of the District. 16,408

Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:

Accrued Interest Payable	\$ (315,721)	
Due to Developer	(2,748,721)	
Bonds Payable Within One Year	(1,330,000)	
Bonds Payable After One Year	<u>(20,578,386)</u>	<u>(24,972,828)</u>

Total Net Position - Governmental Activities \$ (5,257,991)

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2018

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	\$ 474,573	\$ 1,896,566
Water Service	336,349	
Wastewater Service	482,455	
Regional Water Authority Fees	517,582	
Penalty and Interest	13,355	5,193
Tap Connection and Inspection Fees	34,303	
Investment Revenues	28,805	22,938
Contributed by Other Governmental Unit		
Miscellaneous Revenues	7,815	31
	<u>\$ 1,895,237</u>	<u>\$ 1,924,728</u>
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	\$ 130,632	\$ 1,068
Contracted Services	332,516	39,181
Purchased Water Service	658,203	
Purchased Wastewater Service	144,845	
Repairs and Maintenance	366,974	
Depreciation		
Other	108,572	11,143
Capital Outlay		
Conveyance of Assets		
Debt Service:		
Bond Issuance Costs	3,900	
Bond Principal		1,325,000
Bond Interest		737,742
	<u>\$ 1,745,642</u>	<u>\$ 2,114,134</u>
TOTAL EXPENDITURES/EXPENSES		
EXCESS (DEFICIENCY) OF REVENUES OVER		
EXPENDITURES/EXPENSES	<u>\$ 149,595</u>	<u>\$ (189,406)</u>
OTHER FINANCING SOURCES (USES)		
Transfers In(Out)	\$ 52,883	\$
Bond Premium		
Long-Term Debt Issued		27,500
	<u>\$ 52,883</u>	<u>\$ 27,500</u>
TOTAL OTHER FINANCING SOURCES (USES)		
NET CHANGE IN FUND BALANCES	\$ 202,478	\$ (161,906)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION-		
AUGUST 1, 2017	<u>2,124,083</u>	<u>2,262,592</u>
FUND BALANCES/NET POSITION-		
JULY 31, 2018	<u>\$ 2,326,561</u>	<u>\$ 2,100,686</u>

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
\$	\$ 2,371,139	\$ 10,072	\$ 2,381,211
	336,349		336,349
	482,455		482,455
	517,582		517,582
	18,548	1,046	19,594
	34,303		34,303
2,374	54,117		54,117
		513,266	513,266
	7,846		7,846
<u>2,374</u>	<u>3,822,339</u>	<u>524,384</u>	<u>4,346,723</u>
\$ 10,288	\$ 141,988	\$	\$ 141,988
269	371,966		371,966
	658,203		658,203
	144,845		144,845
	366,974		366,974
		1,287,795	1,287,795
20	119,735		119,735
2,458,580	2,458,580	(2,458,580)	
		1,623,030	1,623,030
217,554	221,454		221,454
	1,325,000	(1,325,000)	
	737,742	12,844	750,586
<u>2,686,711</u>	<u>6,546,487</u>	<u>(859,911)</u>	<u>5,686,576</u>
<u>\$ (2,684,337)</u>	<u>\$ (2,724,148)</u>	<u>\$ 1,384,295</u>	<u>\$ (1,339,853)</u>
\$ (52,883)	\$	\$	\$
15,137	15,137	(15,137)	
2,722,500	2,750,000	(2,750,000)	
<u>\$ 2,684,754</u>	<u>\$ 2,765,137</u>	<u>\$ (2,765,137)</u>	<u>\$ -0-</u>
\$ 417	\$ 40,989	\$ (40,989)	\$
		(1,339,853)	(1,339,853)
	4,386,675	(8,304,813)	(3,918,138)
<u>\$ 417</u>	<u>\$ 4,427,664</u>	<u>\$ (9,685,655)</u>	<u>\$ (5,257,991)</u>

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

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2018**

Net Change in Fund Balances - Governmental Funds	\$ 40,989
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	10,072
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	1,046
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,287,795)
Governmental funds report bond premiums as other financing sources in the year paid. However, in the Statement of Position, bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(15,137)
Governmental funds report bond proceeds as other financing sources. In the government-wide statements, the issuance of long-term debt increases liabilities in the Statement of Net Position and does not affect the Statement of Activities.	(2,750,000)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, these principal payments are reported as decreases in long-term liabilities.	1,325,000
Governmental funds report capital expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	2,971,846
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(12,844)
Governmental funds do not report transfers to other governmental units. However, in the Statement of Activities, the cost of the assets transferred to Harris County is recorded as an expense when the facilities are actually conveyed.	(1,623,030)
Change in Net Position - Governmental Activities	<u>\$ (1,339,853)</u>

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 282, of Harris County, Texas (the “District”) was created effective May 28, 1986, by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the “Commission”). Pursuant to the provisions of Chapters 54 and 49 of the Texas Water Code and Article XVI, Section 59, of the Texas Constitution, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on June 27, 1986, and its first bonds were sold on November 8, 2011.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

The District has entered into a Waste Disposal Agreement with Northwest Harris County Municipal Utility District No. 15 (“No. 15”), Harris County Municipal Utility District No. 273 (“No. 273”), Harris County Municipal Utility District No. 280 (“No. 280”), Harris County Municipal Utility District No. 281 (“No. 281”), and Northwest Harris County Municipal Utility District No. 5 (“No. 5”) for waste disposal through the NorthPointe Regional Wastewater Treatment Plant. Currently, No. 15 has operating and oversight responsibility over the wastewater treatment plant. Additional disclosure concerning this joint venture is provided in Note 9.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has entered into a Permanent and Emergency Water Supply Contract with No. 15, No. 280 and No. 281 for water service through a joint water plant. No. 281 exercises operating and oversight responsibility for the joint water plant. Additional disclosure concerning this joint venture is provided in Note 10.

Financial Statement Presentation

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

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

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted Net Position – This component of net position consists of external constraints placed on the use of net position imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

Government-Wide Financial Statements

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Basis of Accounting

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

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

Capital Assets

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

In some facilities, contract terms state that multiple parties may have a capacity interest in the facilities with only one party having physical ownership of the facility. In this scenario, the entity having physical ownership records the entire cost of the capital asset on its books and the other parties, with a capacity interest in the facility, have an asset to record and amortize over the life of the contract. There are other intergovernmental contracts that set forth terms of a shared ownership in facilities for which each contract participant records its ownership share of the capital asset and depreciates the asset over its estimated useful life.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The General Fund budget was not amended during the current fiscal year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 3. LONG-TERM DEBT

	Series 2011	Series 2013	Series 2014
Amount Outstanding July 31, 2018	\$ 3,925,000	\$ 2,360,000	\$ 3,450,000
Interest Rates	3.20% - 5.00%	3.25% - 5.10%	2.00% - 4.00%
Maturity Date	September 1, 2018/2036	September 1, 2018/2037	September 1, 2018/2038
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2019*	September 1, 2019*	September 1, 2022*

	Series 2015	Series 2016	Series 2017 Park
Amount Outstanding July 31, 2018	\$ 7,475,000	\$ 2,520,000	\$ 2,250,000
Interest Rates	3.00% - 3.875%	2.00% - 3.00%	2.00%
Maturity Date	September 1, 2018/2038	September 1, 2018/2038	September 1, 2018/2025
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	September 1, 2023*	March 1, 2023*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2011 term bonds maturing on September 1, 2028, 2032, and 2036, are subject to a mandatory redemption by random selection beginning September 1, 2027, 2029, and 2033, respectively. Series 2013 term bonds maturing on September 1, 2023, 2025, 2027, 2030, 2033, and 2037, are subject to mandatory redemption by random selection beginning September 1, 2022, 2024, 2026, 2028, 2031, and 2034, respectively. Series 2014 term bonds maturing on September 1, 2024, 2026, 2028, 2030, 2034, 2036, and, 2038, are subject to mandatory redemption by random selection beginning September 1, 2023, 2025, 2027, 2029, 2031, 2035 and 2037, respectively. Series 2015 term bonds maturing on September 1, 2033, 2035, and 2038, are subject to mandatory redemption by random selection beginning September 1, 2032, 2034, and 2036, respectively. Series 2016 term bond maturing on September 1, 2034, is subject to mandatory redemption by random selection beginning September 1, 2030.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2018:

	August 1, 2017	Additions	Retirements	July 31, 2018
Bonds Payable	\$ 20,555,000	\$ 2,750,000	\$ 1,325,000	\$ 21,980,000
Unamortized Discounts	(89,975)		(4,670)	(85,305)
Unamortized Premiums		15,137	1,446	13,691
Bonds Payable, Net	<u>\$ 20,465,025</u>	<u>\$ 2,765,137</u>	<u>\$ 1,321,776</u>	<u>\$ 21,908,386</u>
		Amount Due Within One Year		\$ 1,330,000
		Amount Due After One Year		<u>20,578,386</u>
		Bonds Payable, Net		<u>\$ 21,908,386</u>

As of July 31, 2018, the District had authorized but unissued bonds in the amount of \$24,515,000 for water, sanitary sewer and drainage bonds, \$46,200,000 for refunding bonds and \$975,000 for recreational facility bonds.

As of July 31, 2018, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2019	\$ 1,330,000	\$ 746,584	\$ 2,076,584
2020	1,145,000	713,863	1,858,863
2021	1,155,000	684,068	1,839,068
2022	1,170,000	652,922	1,822,922
2023	1,180,000	620,397	1,800,397
2024-2028	5,210,000	2,596,513	7,806,513
2029-2033	4,910,000	1,722,493	6,632,493
2034-2038	5,075,000	678,715	5,753,715
2039	805,000	15,403	820,403
	<u>\$ 21,980,000</u>	<u>\$ 8,430,958</u>	<u>\$ 30,410,958</u>

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

During the year ended July 31, 2018, the District levied an ad valorem debt service tax at the rate of \$0.68 per \$100 of assessed valuation, which resulted in a tax levy of \$1,901,998 on the adjusted taxable valuation of \$279,706,059 for the 2017 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 3. LONG-TERM DEBT (Continued)

The District's tax calendar is as follows:

- Levy Date - October 1, or as soon thereafter as practicable.
- Lien Date - January 1.
- Due Date - Not later than January 31.
- Delinquent Date - February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The bond orders state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

The bond orders state that the District is required by the Securities and Exchange Commission to provide annual continuing disclosure of certain general financial information and operating data to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year.

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

In relation to the Series 2017 Park bonds, a portion of the bond proceeds were deposited into the Debt Service Fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid. Transactions for the current year are summarized as follows:

Bond Interest Reserve - August 1, 2017	\$	-0-
Add: Series 2017 Park Interest		27,500
Less: Series 2017 Park Interest		<u>(14,056)</u>
Bond Interest Reserve - July 31, 2018	\$	<u>13,444</u>

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was \$2,739,762 and the bank balance was \$2,741,923. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at July 31, 2018, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 227,892	\$ 1,750,000	\$ 1,977,892
DEBT SERVICE FUND	41,770	720,000	761,770
CAPITAL PROJECTS FUND	100		100
TOTAL DEPOSITS	\$ 269,762	\$ 2,470,000	\$ 2,739,762

Investments

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

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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

As of July 31, 2018, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
Texas CLASS	\$ 554,739	\$ 554,739	\$	\$	\$
Certificates of Deposits	1,750,000	1,750,000			
<u>DEBT SERVICE FUND</u>					
Texas CLASS	1,378,041	1,378,041			
Certificates of Deposits	720,000	720,000			
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	<u>373</u>	<u>373</u>			
TOTAL INVESTMENTS	<u>\$ 4,403,153</u>	<u>\$ 4,403,153</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2018, the District’s investment in Texas CLASS was rated “AAAm” by Standard and Poor’s. The District also manages credit risk by investing in certificates of deposit with balances below FDIC coverage.

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

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

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2018:

	<u>August 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>July 31, 2018</u>
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 1,148,785	\$ 3,030,533	\$ 3,030,533	\$ 1,148,785
Capital Assets Subject to Depreciation				
Landscape	\$	\$ 2,535,554	\$	\$ 2,535,554
Water System	3,279,562	125,513	315,203	3,089,872
Wastewater System	5,228,785	134,920	629,954	4,733,751
Drainage System	4,862,268	234,546	2,693,600	2,403,214
Capacity Interest in NorthPointe Regional Wastewater Treatment Plant	1,674,032			1,674,032
Capacity Interest in Harris County Municipal Utility District No. 281 Water Plant	<u>3,822,180</u>			<u>3,822,180</u>
Total Capital Assets Subject to Depreciation	<u>\$ 18,866,827</u>	<u>\$ 3,030,533</u>	<u>\$ 3,638,757</u>	<u>\$ 18,258,603</u>
Less Accumulated Depreciation				
Landscape	\$	\$ 1,074,297	\$	\$ 1,074,297
Water System	450,675	68,389	15,605	503,459
Wastewater System	631,785	104,899	31,964	704,720
Drainage System	273,940	69,182	138,250	204,872
Capacity Interest in NorthPointe Regional Wastewater Treatment Plant	828,737	61,241		889,978
Capacity Interest in Harris County Municipal Utility District No. 281 Water Plant	<u>663,691</u>	<u>95,606</u>		<u>759,297</u>
Total Accumulated Depreciation	<u>\$ 2,848,828</u>	<u>\$ 1,473,614</u>	<u>\$ 185,819</u>	<u>\$ 4,136,623</u>
Total Depreciable Capital Assets, Net of Accumulated Depreciation	<u>\$ 16,017,999</u>	<u>\$ 1,556,919</u>	<u>\$ 3,452,938</u>	<u>\$ 14,121,980</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>\$ 17,166,784</u>	<u>\$ 4,587,452</u>	<u>\$ 6,483,471</u>	<u>\$ 15,270,765</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 7. MAINTENANCE TAX

On February 5, 2005, the voters of the District approved the levy and collection of a maintenance tax not to exceed \$1.50 per \$100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks, wastewater and system. During the current fiscal year, the District levied an ad valorem maintenance tax rate of \$0.17 per \$100 of assessed valuation, which resulted in a tax levy of \$475,500 on the adjusted taxable valuation of \$279,706,059 for the 2017 tax year.

At an election within the District on February 5, 2005, the voters approved for the levy and collection of a recreational facilities maintenance tax not to exceed \$0.10 per \$100 of assessed valuation of taxable property within the District. As of July 31, 2018, no recreational facilities maintenance tax has been levied.

NOTE 8. UNREIMBURSED COSTS

The District has executed utility development agreements with certain Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds. As of July 31, 2018, the District has recorded an amount due to the Developers of \$2,390,321 in relation to these agreements for facilities that have been completed.

The Developers have also been required to advance monies to the District's General Fund in order for the District to meet its ongoing financial obligations. To date, the Developers have advanced \$228,400 to cover the operating deficits and \$130,000 to cover construction costs. These amounts have been recorded in the Statement of Net Position as an amount due to the Developers.

NOTE 9. WASTE DISPOSAL AGREEMENT

On October 22, 1984, the District, Northwest Harris County Municipal Utility District No. 15 ("No. 15"), Harris County Municipal Utility District No. 273 ("No. 273"), Harris County Municipal Utility District No. 280 ("No. 280"), Harris County Municipal Utility District No. 281 ("No. 281") and Harris County Municipal Utility District No. 283 ("No. 283") entered into a waste disposal agreement to provide for the financing, design, construction, operation and maintenance of a regional wastewater treatment plant to provide wastewater treatment services to the customers of each district. On May 16, 2001, the existing parties executed a first amendment to, among other things, add Northwest Harris County Municipal Utility District No. 5 ("No. 5") as a party to the agreement, provide for expansion of the plant and allocate capacity in the enlarged plant. Certain land within the District and No. 281 was later excluded from the respective districts and annexed into No. 5. On June 25, 2003, the districts entered into a second amendment to the waste disposal agreement to expand the service area of the plant and to change

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 9. WASTE DISPOSAL AGREEMENT (Continued)

the description of the No. 5 tract to include additional land that is within the boundaries of No. 5 and land that is intended to be annexed into No. 5.

On June 1, 2005, the districts entered into a third amendment to the waste disposal agreement. In accordance with the third amendment, No. 283 has been removed as a party to the agreement since it was dissolved on February 27, 2004. No. 281 also determined that it required only 283,500 gallons per day capacity in the plant. No. 281 had been allocated 519,450 gallons per day capacity in the plant. In accordance with the third amendment, the No. 281 has agreed to transfer the 235,950 gallons of surplus capacity and corresponding ownership interest in the plant to the District.

On May 24, 2006, the districts entered into a fourth amendment to the waste disposal agreement. This amendment provided for the expansion of the plant by 1,053,350 gallons per day. No. 281 was allocated 45,000 gallons per day and No. 5 was allocated 1,008,350 gallons per day. This expansion was completed on November 19, 2007. The amendment also extended the date of conveyance of the plant to No. 281 from No. 15 until June 25, 2008.

On March 26, 2008, the districts entered into a fifth amendment to the waste disposal agreement. In accordance with the amendment, it was agreed that No. 15 would retain legal title to the plant on behalf of the districts and would no longer be required to transfer the plant to No. 281, unless and until the districts with beneficial ownership of at least two-third ($\frac{2}{3}$) of the then-existing capacity in the plant vote to transfer legal title to and operational responsibility for the plant to another district, with such vote not to occur before January 1, 2011, if at all.

The term of the agreement is for a period of 40 years from the date of the first amendment.

Effective March 1, 2010, the districts entered into a sixth amendment to the waste disposal agreement. No. 281 purchased from No. 5 28,350 gallons per day of wastewater treatment plant capacity that No. 5 had determined was a portion of its surplus capacity in the plant.

Effective June 3, 2015, the District entered into a purchase and sales agreement for wastewater treatment plant capacity in which the District purchased from No. 5 an additional 70,000 gallons per day at a purchase price of \$245,478. In addition, effective July 1, 2015, No. 273 and District No. 5 entered into a purchase and sales agreement for wastewater treatment plant capacity in which No. 273 purchased from No. 5 148,000 gallons per day.

Effective September 1, 2015, the districts entered into a seventh amendment to the waste disposal agreement. This amendment reallocated and redefined ownership interests in the plant based on the purchases noted above.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 9. WASTE DISPOSAL AGREEMENT (Continued)

The participating districts and their current respective pro rata share of capacity in the plant as of September 1, 2015, are as follows:

	Capacity in Gallons Per Day	Proportionate Share
No. 15	676,095	25.87%
No. 273	148,000	5.66
No. 280	317,205	12.14
No. 281	356,850	13.65
No. 5	809,250	30.97
The District	<u>305,950</u>	<u>11.71</u>
	<u>2,613,350</u>	<u>100.00%</u>

Each party owning capacity in the plant has appointed one member of its Board of Directors or its general manager to serve on an operations committee to oversee the operation and maintenance of the plant. All costs and expenses incurred in connection with the meetings and activities of the operations committee shall be expenses of the plant. During the current fiscal year, the District recorded expenditures in the amount of \$144,845 in relation to this agreement and has funded a reserve in the amount of \$30,619.

The following summary of financial data on the plant is presented for the fiscal year ended September 30, 2017. A copy of the financial statements for No. 15 can be obtained by contacting Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, TX 77056-3012.

	Joint Venture General Fund
Total Assets	\$ 269,873
Total Liabilities	<u>216,550</u>
Total Fund Balance	<u>\$ 53,323</u>
Total Revenues	\$ 958,485
Total Expenditures	<u>958,485</u>
Net Change in Fund Balance	\$ -0-
Fund Balance, Beginning of Year	<u>53,323</u>
Fund Balance, End of Year	<u>\$ 53,323</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 10. PERMANENT AND EMERGENCY WATER SUPPLY CONTRACT

On October 1, 1997, and for a term of 40 years, No. 280, No. 281 and No. 15 executed a Permanent and Emergency Water Supply Contract. In accordance with the provisions of the initial contract, Phase I of Water Plant No. 2 was constructed and placed in service on April 16, 1999. In accordance with the First Amendment to the Contract, effective June 6, 2000, it was agreed that ultimately No. 281 would be the owner of Water Plant No. 2 for the benefit of the participating districts. During the 2006 fiscal year, No. 280 conveyed physical ownership of Water Plant No. 2 to No. 281 and No. 281 assumed oversight responsibility of the plant. In the initial plan for Phase I of Water Plant No. 2, No. 280 leased certain facilities included in Water Plant No. 1 owned by No. 15. Phase II and Phase III of Water Plant No. 2 were constructed to include additional storage and pressure facilities. Upon completion of Phase II and Phase III of Water Plant No. 2, each district's pro rata share of capacity in the well and pump and the other components were as reflected below:

	Well and Pump	Other Components
No. 280	42.44%	57.85%
No. 281	30.92	42.15
No. 15	26.64	-0-
	100.00%	100.00%

On December 1, 2005, the Second Amendment to the agreement was approved. In accordance with this amendment, the District was added as a party to this agreement to participate in the construction of Phase IV of Water Plant No. 2. Each district's share of the Phase IV construction costs was paid in accordance with the cost percentages outlined in the Second Amendment. Until completion of Phase IV construction, No. 281, No. 280 and No. 15 paid all operation and maintenance expenses in accordance with the above listed percentages. On November 19, 2007, construction of Phase IV of Water Plant No. 2 was completed.

On February 6, 2017, the Fourth Amendment to the agreement was approved to revise the proportionate shares of fixed costs for monthly operation and maintenance expenses that each district pays for Water Plant No. 2. These costs are allocated between fixed costs and variable costs. Fixed costs for Water Plant No. 2 are divided between ordinary expenses and component-specific repairs. In accordance with the agreement, all fixed costs deemed to be ordinary expenses are billed to each district at the percentages as follows:

	Percentages
No. 280	25.98%
The District	29.97
No. 15	16.31
No. 281	27.74
	100.00%

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 10. PERMANENT AND EMERGENCY WATER SUPPLY CONTRACT
(Continued)

All fixed costs for Water Plant No. 2 deemed to be component-specific repairs are billed to each district based on the following percentages:

	Water Well and Pump	Ground Storage	Auxiliary Power	All Other Components
No. 280	25.98%	31.04%	25.98%	31.04%
The District	29.97	35.81	29.97	35.81
No. 15	16.31	-0-	16.31	-0-
No. 281	<u>27.74</u>	<u>33.15</u>	<u>27.74</u>	<u>33.15</u>
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Variable costs are currently calculated as follows based on the agreement. The proportionate share of variable costs to be paid by No. 15 are based upon its actual water usage during any given month, in proportion to the entire amount of usage of water from Water Plant No. 2. The remaining variable costs are allocated between No. 280, No. 281 and the District. No. 280, No. 281 and the District's share of variable costs are allocated based upon its percentage of connections being served by Water Plant No. 2 as a total of all connections being served by each of the three districts.

On April 4, 2012, the Third Amendment to the agreement was approved. In accordance with this amendment, the District, No. 280, and No. 281 agreed to participate in the construction of Phase I of Water Plant No. 3. Each district's share of the Phase I of Water Plant No. 3 construction costs was in accordance with the cost percentages outlined in the agreement. Construction has been completed. No. 15 does not have any responsibility as to the operations and maintenance costs of Phase I of Water Plant No. 3.

On February 6, 2017, the Fourth Amendment to the agreement was approved to require Phase II of Water Plant No. 3 to be maintained in the same manner as Phase 1 of Water Plant No. 3 and to revise the proportionate shares of fixed costs for monthly operation and maintenance expenses that each district pays for Water Plant No. 3. These costs are allocated between fixed costs and variable costs. Fixed costs for Water Plant No. 3 are divided between ordinary expenses and component-specific repairs. In accordance with the agreement, all fixed costs deemed to be ordinary expenses are billed to each district at the percentages as follows:

	Percentages
No. 280	31.04%
The District	35.81
No. 281	<u>33.15</u>
	<u>100.00%</u>

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 10. PERMANENT AND EMERGENCY WATER SUPPLY CONTRACT
(Continued)

All fixed costs for Water Plant No. 3 deemed to be component-specific repairs are billed to each district based on the following percentages:

	Booster Pump	Ground Storage	Pressure Tank	All Other Components
No. 280	31.04%	31.04%	31.04%	31.04%
The District	35.81	35.81	35.81	35.81
No. 281	33.15	33.15	33.15	33.15
	100.00%	100.00%	100.00%	100.00%

As of July 31, 2018, a reserve of \$275,293 has been funded with the District's share being \$83,217. The District has also recorded expenditures of \$658,203 for purchased water during the current fiscal year. The following summary financial data on the joint water plant is presented for the fiscal year ended July 31, 2018. A copy of the financial statements for No. 281 can be obtained by contacting Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, TX 77056-3012 or by contacting the District's auditor.

	Joint Water Facilities
Total Assets	\$ 565,362
Total Liabilities	290,069
Total Fund Balance	\$ 275,293
Total Revenues	\$ 2,051,800
Total Expenditures	2,051,800
Excess Revenues Over Expenditures	\$ -0-
Increase in Reserve	76,122
Fund Balance, Beginning of Year	199,171
Fund Balance, End of Year	\$ 275,293

NOTE 11. RISK MANAGEMENT

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
NOTES TO THE FINANCIAL STATEMENTS
JULY 31, 2018

NOTE 12. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

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

The Authority currently charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee being charged is \$3.40 per 1,000 gallons of water pumped from each well. Assessment costs of the District are included in purchased water.

NOTE 13. INTERFUND LIABILITIES AND TRANSFERS

At July 31, 2018, the Debt Service Fund (Tax Account) owed the General Fund \$35,236 for maintenance tax collections. During the current fiscal year, the Capital Projects Fund transferred \$52,883 to the General Fund for costs paid in a prior year related to the Series 2017 Park bonds.

NOTE 14. BOND SALE

On November 29, 2017, the District closed on the sale of its Series 2017 Unlimited Tax Park Bonds in the amount of \$2,750,000. Proceeds from the bond sale were used to reimburse a Developer for a portion of costs associated with hardscape and softscape for Wildwood at Northpointe, Sections 1, 2, 3, 4, 5, 16, 19, 24 and 25. Additional proceeds were used to pay for engineering, capitalized interest, and issuance costs of the bonds.

NOTE 15. USE OF SURPLUS FUNDS

On April 30, 2018, the Commission approved the use of surplus Capital Projects Fund monies in the amount of \$318,302 to pay for the District’s pro-rata share of Wildwood at Northpointe Sections 2, 3, and 4 – Hardscape; and Wildwood at Northpointe Sections 2, 3 and 4 - Softscape. The District used these monies for these projects during the current fiscal year.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2018

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	\$ 686,900	\$ 474,573	\$ (212,327)
Water Service	362,000	336,349	(25,651)
Wastewater Service	478,000	482,455	4,455
Regional Water Authority Fee	496,000	517,582	21,582
Penalty and Interest	13,000	13,355	355
Tap Connection and Inspection Fees	56,000	34,303	(21,697)
Investment Revenues	11,239	28,805	17,566
Miscellaneous Revenues	<u>8,800</u>	<u>7,815</u>	<u>(985)</u>
TOTAL REVENUES	<u>\$ 2,111,939</u>	<u>\$ 1,895,237</u>	<u>\$ (216,702)</u>
EXPENDITURES			
Services Operations:			
Professional Fees	\$ 135,700	\$ 130,632	\$ 5,068
Contracted Services	337,400	332,516	4,884
Purchased Water Service	615,100	658,203	(43,103)
Purchased Wastewater Service	131,800	144,845	(13,045)
Repairs and Maintenance	405,340	366,974	38,366
Other	<u>104,800</u>	<u>112,472</u>	<u>(7,672)</u>
TOTAL EXPENDITURES	<u>\$ 1,730,140</u>	<u>\$ 1,745,642</u>	<u>\$ (15,502)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 381,799</u>	<u>\$ 149,595</u>	<u>\$ (232,204)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	<u>\$ - 0 -</u>	<u>\$ 52,883</u>	<u>\$ 52,883</u>
NET CHANGE IN FUND BALANCE	\$ 381,799	\$ 202,478	\$ (179,321)
FUND BALANCE - AUGUST 1, 2017	<u>2,124,083</u>	<u>2,124,083</u>	<u></u>
FUND BALANCE - JULY 31, 2018	<u>\$ 2,505,882</u>	<u>\$ 2,326,561</u>	<u>\$ (179,321)</u>

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JULY 31, 2018

**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2018**

1. SERVICES PROVIDED BY THE DISTRICT:

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

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

Based on the rate order effective April 1, 2018.

	Minimum Charge	Minimum Usage	Flat Rate	Rate per 1,000 Gallons over Minimum	Usage Levels
WATER:	\$ 18.25	10,000	N	\$ 2.00	10,001 and up
WASTEWATER:	\$ 39.26		Y		
SURCHARGE:					
Commission Regulatory Assessments	Included in water and wastewater rates				
Regional Water Authority Fees			N	\$ 3.74	per 1,000 gallons

District employs winter averaging for wastewater usage?

_____	<u> X </u>
Yes	No

Total monthly charges per 10,000 gallons usage: Water: \$18.25 Wastewater: \$39.26 Surcharge: \$37.40

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2018

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC Factor</u>	<u>Active ESFCs</u>
Unmetered			x 1.0	
≤ ³ / ₄ "	<u>900</u>	<u>898</u>	x 1.0	<u>898</u>
1"	<u>123</u>	<u>123</u>	x 2.5	<u>308</u>
1½"			x 5.0	
2"	<u>16</u>	<u>13</u>	x 8.0	<u>104</u>
3"			x 15.0	
4"	<u>1</u>	<u>1</u>	x 25.0	<u>25</u>
6"	<u>1</u>	<u>1</u>	x 50.0	<u>50</u>
8"	<u>1</u>	<u>1</u>	x 80.0	<u>80</u>
10"			x 115.0	
Total Water Connections	<u><u>1,042</u></u>	<u><u>1,037</u></u>		<u><u>1,465</u></u>
Total Wastewater Connections	<u><u>1,023</u></u>	<u><u>1,018</u></u>	x 1.0	<u><u>1,018</u></u>

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

Gallons pumped into system: 160,105,000* Water Accountability Ratio: 95%
(Gallons billed/Gallons pumped)

Gallons billed to customers: 151,902,000

* The District purchases its water from Harris County Municipal Utility District No. 281.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2018

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

Does the District have Debt Service standby fees? Yes No

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes No

County or Counties in which District is located.

Harris County, Texas

Is the District located within a city?

Entirely Partly Not at all

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

Entirely Partly Not at all

ETJ's in which District is located.

City of Houston, Texas

Is the general membership of the Board appointed by an office outside the District?

Yes No

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2018

PROFESSIONAL FEES:	
Auditing	\$ 16,000
Engineering	32,602
Legal	<u>82,030</u>
TOTAL PROFESSIONAL FEES	<u>\$ 130,632</u>
PURCHASED SERVICES FOR RESALE:	
Purchased Water Service	\$ 658,203
Purchased Wastewater Service	<u>144,845</u>
TOTAL PURCHASED SERVICES FOR RESALE	<u>\$ 803,048</u>
CONTRACTED SERVICES:	
Bookkeeping	\$ 25,313
Operations and Billing	<u>59,200</u>
TOTAL CONTRACTED SERVICES	<u>\$ 84,513</u>
REPAIRS AND MAINTENANCE	<u>\$ 366,974</u>
ADMINISTRATIVE EXPENDITURES:	
Director Fees	\$ 11,550
Insurance	5,991
Office Supplies and Postage	6,118
Payroll Taxes	884
Other	<u>23,146</u>
TOTAL ADMINISTRATIVE EXPENDITURES	<u>\$ 47,689</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2018

TAP CONNECTIONS	\$ <u>41,434</u>
SOLID WASTE DISPOSAL	\$ <u>178,582</u>
SECURITY	\$ <u>69,421</u>
OTHER EXPENDITURES:	
Laboratory Fees	\$ 2,319
Permit Fees	2,188
Reconnection Fees	4,075
Inspection Fees	6,908
Regulatory Assessment	<u>3,959</u>
TOTAL OTHER EXPENDITURES	\$ <u>19,449</u>
BOND ISSUANCE COSTS	\$ <u>3,900</u>
TOTAL EXPENDITURES	\$ <u><u>1,745,642</u></u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
INVESTMENTS
FOR THE YEAR ENDED JULY 31, 2018

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
<u>GENERAL FUND</u>					
Texas CLASS	XXX-XXXXXX-X0002	Varies	Daily	\$ 554,739	\$
Certificate of Deposit	XXXX5961	2.06%	06/01/19	150,000	499
Certificate of Deposit	XXXXXX2993	1.30%	02/06/19	150,000	935
Certificate of Deposit	XXXXXX4195	2.20%	07/05/19	150,000	226
Certificate of Deposit	XXXX0565	1.35%	09/11/18	150,000	1,792
Certificate of Deposit	X2063	1.98%	02/28/19	150,000	228
Certificate of Deposit	XX2058	1.00%	10/28/18	150,000	1,134
Certificate of Deposit	XXX9319	1.20%	11/21/18	150,000	1,238
Certificate of Deposit	X3759	1.10%	12/07/18	150,000	1,067
Certificate of Deposit	XXXXXX3316	2.10%	07/11/19	150,000	173
Certificate of Deposit	XXXXXX6267	2.25%	06/25/19	150,000	259
Certificate of Deposit	5776	1.05%	01/19/19	100,000	566
Certificate of Deposit	XX6531	0.90%	08/31/18	<u>150,000</u>	<u>1,228</u>
TOTAL GENERAL FUND				<u>\$ 2,304,739</u>	<u>\$ 9,345</u>
<u>DEBT SERVICE FUND</u>					
Texas CLASS	XXX-XXXXXX-X0003	Varies	Daily	\$ 1,378,041	\$
Certificate of Deposit	X5904	1.25%	02/26/19	240,000	1,291
Certificate of Deposit	XXXXXX0197	1.25%	02/24/19	240,000	1,290
Certificate of Deposit	XXXXXX6796	1.30%	02/24/19	<u>240,000</u>	<u>1,342</u>
TOTAL DEBT SERVICE FUND				<u>\$ 2,098,041</u>	<u>\$ 3,923</u>
<u>CAPITAL PROJECTS FUND</u>					
Texas CLASS	XXX-XXXXXX-X0001	Varies	Daily	<u>373</u>	<u>\$ -0-</u>
TOTAL - ALL FUNDS				<u>\$ 4,403,153</u>	<u>\$ 13,268</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2018

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2017	\$	1,269		\$ 3,201
Adjustments to Beginning Balance		<u>1,057</u>	\$ 2,326	<u>2,656</u> \$ 5,857
Original 2017 Tax Levy	\$	458,558		\$ 1,834,231
Adjustment to 2017 Tax Levy		<u>16,942</u>	<u>475,500</u>	<u>67,767</u> <u>1,901,998</u>
TOTAL TO BE				
ACCOUNTED FOR		\$ 477,826		\$ 1,907,855
TAX COLLECTIONS:				
Prior Years	\$	1,111		\$ 2,719
Current Year		<u>473,462</u>	<u>474,573</u>	<u>1,893,847</u> <u>1,896,566</u>
TAXES RECEIVABLE -				
JULY 31, 2018		<u>\$ 3,253</u>		<u>\$ 11,289</u>
TAXES RECEIVABLE BY				
YEAR:				
2017		\$ 2,038		\$ 8,151
2016		208		524
2015		12		47
2014		<u>995</u>		<u>2,567</u>
TOTAL		<u>\$ 3,253</u>		<u>\$ 11,289</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2018

	2017	2016	2015	2014
PROPERTY VALUATIONS:				
Land	\$ 54,352,372	\$ 53,690,919	\$ 47,602,411	\$ 33,393,860
Improvements	281,206,706	262,882,150	209,367,481	136,674,430
Personal Property	1,419,938	2,052,679	1,563,787	898,493
Exemptions	(57,272,957)	(57,937,451)	(58,564,795)	(57,841,524)
TOTAL PROPERTY VALUATIONS	\$ 279,706,059	\$ 260,688,297	\$ 199,968,884	\$ 113,125,259
TAX RATES PER \$100 VALUATION:				
Debt Service Tax	\$ 0.68	\$ 0.63	\$ 0.76	\$ 0.80
Maintenance Tax	0.17	0.25	0.20	0.31
TOTAL TAX RATES PER \$100 VALUATION	\$ 0.85	\$ 0.88	\$ 0.96	\$ 1.11
ADJUSTED TAX LEVY*	\$ 2,377,498	\$ 2,294,053	\$ 1,919,696	\$ 1,255,687
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.57 %	99.97 %	99.99 %	99.72 %

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

Maintenance Tax – Maximum tax rate of \$1.50 per \$100 of assessed valuation approved by voters on February 5, 2005.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2018

S E R I E S - 2 0 1 1			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 115,000	\$ 180,069	\$ 295,069
2020	125,000	176,041	301,041
2021	130,000	171,384	301,384
2022	140,000	166,113	306,113
2023	145,000	160,414	305,414
2024	155,000	154,317	309,317
2025	165,000	147,614	312,614
2026	175,000	140,257	315,257
2027	185,000	132,245	317,245
2028	195,000	123,548	318,548
2029	210,000	114,132	324,132
2030	220,000	103,750	323,750
2031	235,000	92,375	327,375
2032	250,000	80,250	330,250
2033	260,000	67,500	327,500
2034	280,000	54,000	334,000
2035	295,000	39,625	334,625
2036	315,000	24,375	339,375
2037	330,000	8,250	338,250
2038			
2039			
	\$ 3,925,000	\$ 2,136,259	\$ 6,061,259

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2018

S E R I E S - 2 0 1 3			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 65,000	\$ 107,946	\$ 172,946
2020	70,000	105,753	175,753
2021	75,000	103,302	178,302
2022	80,000	100,490	180,490
2023	85,000	97,290	182,290
2024	90,000	93,790	183,790
2025	95,000	89,971	184,971
2026	100,000	85,828	185,828
2027	105,000	81,340	186,340
2028	110,000	76,502	186,502
2029	115,000	71,296	186,296
2030	120,000	65,715	185,715
2031	130,000	59,777	189,777
2032	135,000	53,315	188,315
2033	145,000	46,315	191,315
2034	150,000	38,940	188,940
2035	160,000	31,110	191,110
2036	170,000	22,695	192,695
2037	175,000	13,897	188,897
2038	185,000	4,718	189,718
2039			
	\$ 2,360,000	\$ 1,349,990	\$ 3,709,990

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2018

S E R I E S - 2 0 1 4			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 150,000	\$ 115,875	\$ 265,875
2020	150,000	112,875	262,875
2021	150,000	109,688	259,688
2022	150,000	106,125	256,125
2023	150,000	102,000	252,000
2024	150,000	97,500	247,500
2025	155,000	92,925	247,925
2026	160,000	88,000	248,000
2027	160,000	82,800	242,800
2028	160,000	77,500	237,500
2029	160,000	72,100	232,100
2030	160,000	66,400	226,400
2031	160,000	60,400	220,400
2032	160,000	54,200	214,200
2033	160,000	47,800	207,800
2034	160,000	41,400	201,400
2035	160,000	35,000	195,000
2036	160,000	28,600	188,600
2037	160,000	22,200	182,200
2038	225,000	14,500	239,500
2039	250,000	5,000	255,000
	\$ 3,450,000	\$ 1,432,888	\$ 4,882,888

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2018

S E R I E S - 2 0 1 5			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 350,000	\$ 240,657	\$ 590,657
2020	350,000	230,157	580,157
2021	350,000	219,657	569,657
2022	350,000	209,157	559,157
2023	350,000	198,656	548,656
2024	350,000	188,156	538,156
2025	350,000	177,656	527,656
2026	350,000	167,156	517,156
2027	350,000	156,656	506,656
2028	350,000	146,156	496,156
2029	350,000	135,437	485,437
2030	350,000	124,281	474,281
2031	350,000	112,906	462,906
2032	350,000	101,312	451,312
2033	350,000	89,281	439,281
2034	350,000	77,031	427,031
2035	350,000	64,562	414,562
2036	350,000	51,875	401,875
2037	350,000	38,750	388,750
2038	350,000	25,187	375,187
2039	475,000	9,203	484,203
	\$ 7,475,000	\$ 2,763,889	\$ 10,238,889

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2018

S E R I E S - 2 0 1 6			
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2019	\$ 150,000	\$ 57,037	\$ 207,037
2020	150,000	54,037	204,037
2021	150,000	51,037	201,037
2022	150,000	48,037	198,037
2023	150,000	45,037	195,037
2024	150,000	42,038	192,038
2025	150,000	39,038	189,038
2026	150,000	36,038	186,038
2027	150,000	33,038	183,038
2028	150,000	29,944	179,944
2029	150,000	26,663	176,663
2030	150,000	23,288	173,288
2031	80,000	20,400	100,400
2032	80,000	18,000	98,000
2033	80,000	15,600	95,600
2034	80,000	13,200	93,200
2035	80,000	10,800	90,800
2036	80,000	8,400	88,400
2037	80,000	6,000	86,000
2038	80,000	3,600	83,600
2039	80,000	1,200	81,200
	\$ 2,520,000	\$ 582,432	\$ 3,102,432

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2018

S E R I E S - 2 0 1 7 P A R K

Due During Fiscal Years Ending July 31	Principal Due March 1	Interest Due September 1/ March 1	Total
2019	500,000	45,000	545,000
2020	300,000	35,000	335,000
2021	300,000	29,000	329,000
2022	300,000	23,000	323,000
2023	300,000	17,000	317,000
2024	275,000	11,000	286,000
2025	275,000	5,500	280,500
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
	<u>\$ 2,250,000</u>	<u>\$ 165,500</u>	<u>\$ 2,415,500</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2018

ANNUAL REQUIREMENTS
FOR ALL SERIES

Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal Interest Due
2019	\$ 1,330,000	\$ 746,584	\$ 2,076,584
2020	1,145,000	713,863	1,858,863
2021	1,155,000	684,068	1,839,068
2022	1,170,000	652,922	1,822,922
2023	1,180,000	620,397	1,800,397
2024	1,170,000	586,801	1,756,801
2025	1,190,000	552,704	1,742,704
2026	935,000	517,279	1,452,279
2027	950,000	486,079	1,436,079
2028	965,000	453,650	1,418,650
2029	985,000	419,628	1,404,628
2030	1,000,000	383,434	1,383,434
2031	955,000	345,858	1,300,858
2032	975,000	307,077	1,282,077
2033	995,000	266,496	1,261,496
2034	1,020,000	224,571	1,244,571
2035	1,045,000	181,097	1,226,097
2036	1,075,000	135,945	1,210,945
2037	1,095,000	89,097	1,184,097
2038	840,000	48,005	888,005
2039	805,000	15,403	820,403
	<u>\$ 21,980,000</u>	<u>\$ 8,430,958</u>	<u>\$ 30,410,958</u>

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JULY 31, 2018

Description	Original Bonds Issued	Bonds Outstanding August 1, 2017
Harris County Municipal Utility District No. 282 Unlimited Tax Bonds - Series 2011	\$ 4,490,000	\$ 4,035,000
Harris County Municipal Utility District No. 282 Unlimited Tax Bonds - Series 2013	2,600,000	2,425,000
Harris County Municipal Utility District No. 282 Unlimited Tax Bonds - Series 2014	3,750,000	3,600,000
Harris County Municipal Utility District No. 282 Unlimited Tax Bonds - Series 2015	8,175,000	7,825,000
Harris County Municipal Utility District No. 282 Unlimited Tax Bonds - Series 2016	2,670,000	2,670,000
Harris County Municipal Utility District No. 282 Unlimited Tax Park Bonds - Series 2017	<u>2,750,000</u>	<u> </u>
TOTAL	<u>\$ 24,435,000</u>	<u>\$ 20,555,000</u>

Bond Authority:	Tax Bonds	Refunding Bonds	Recreational Facility Bonds
Amount Authorized by Voters	\$ 46,200,000	\$ 46,200,000	\$ 3,725,000
Amount Issued	<u>21,685,000</u>	<u> </u>	<u>2,750,000</u>
Remaining to be Issued	<u>\$ 24,515,000</u>	<u>\$ 46,200,000</u>	<u>\$ 975,000</u>

Debt Service Fund cash and investment balances as of
July 31, 2018: \$ 2,139,811

Average annual debt service payment (principal and interest) for remaining term
of all debt: \$ 1,448,141

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

See accompanying independent auditor's report.

Current Year Transactions			
Bonds Sold	Retirements		Bonds Outstanding July 31, 2018
	Principal	Interest	
\$	\$ 110,000	\$ 183,559	\$ 3,925,000
			The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	65,000	110,059	2,360,000
			The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	150,000	118,875	3,450,000
			The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	350,000	251,157	7,475,000
			The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	150,000	60,037	2,520,000
			The Bank of New York Mellon Trust Company, N.A. Dallas, TX
<u>2,750,000</u>	<u>500,000</u>	<u>14,055</u>	<u>2,250,000</u>
<u>\$ 2,750,000</u>	<u>\$ 1,325,000</u>	<u>\$ 737,742</u>	<u>\$ 21,980,000</u>
			The Bank of New York Mellon Trust Company, N.A. Dallas, TX

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 474,573	\$ 658,793	\$ 399,172
Water Service	336,349	323,021	314,494
Wastewater Service	482,455	466,300	437,820
Regional Water Authority Fee	517,582	436,450	345,216
Penalty and Interest	13,355	12,587	12,391
Tap Connection and Inspection Fees	34,303	100,861	78,348
Investment Revenues	28,805	13,257	6,062
Miscellaneous Revenues	<u>7,815</u>	<u>8,635</u>	<u>7,370</u>
TOTAL REVENUES	<u>\$ 1,895,237</u>	<u>\$ 2,019,904</u>	<u>\$ 1,600,873</u>
EXPENDITURES			
Service Operations:			
Professional Fees	\$ 130,632	\$ 180,469	\$ 121,450
Contracted Services	332,516	321,587	299,363
Purchased Water Service	658,203	574,533	486,858
Purchased Wastewater Service	144,845	133,367	119,445
Repairs and Maintenance	366,974	95,747	71,308
Other	108,572	119,961	101,431
Capital Outlay		427,284	
Bond Issuance Costs	<u>3,900</u>		
TOTAL EXPENDITURES	<u>\$ 1,745,642</u>	<u>\$ 1,852,948</u>	<u>\$ 1,199,855</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 149,595</u>	<u>\$ 166,956</u>	<u>\$ 401,018</u>
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	<u>\$ 52,883</u>	<u>\$ 17,724</u>	<u>\$ 255,978</u>
NET CHANGE IN FUND BALANCE	\$ 202,478	\$ 184,680	\$ 656,996
BEGINNING FUND BALANCE	<u>2,124,083</u>	<u>1,939,403</u>	<u>1,282,407</u>
ENDING FUND BALANCE	<u>\$ 2,326,561</u>	<u>\$ 2,124,083</u>	<u>\$ 1,939,403</u>

See accompanying independent auditor's report.

		Percentage of Total Revenues						
2015	2014	2018	2017	2016	2015	2014		
\$ 350,895	\$ 243,186	25.1 %	32.6 %	24.9 %	23.0 %	23.2 %		
264,344	188,883	17.7	16.0	19.6	17.3	18.0		
390,866	278,895	25.5	23.1	27.3	25.6	26.5		
220,289	157,899	27.3	21.6	21.6	14.4	15.0		
9,124	8,917	0.7	0.6	0.8	0.6	0.8		
282,939	165,770	1.8	5.0	4.9	18.5	15.8		
4,824	3,060	1.5	0.7	0.4	0.3	0.3		
5,042	4,447	0.4	0.4	0.5	0.3	0.4		
<u>\$ 1,528,323</u>	<u>\$ 1,051,057</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>		
\$ 161,530	\$ 160,923	6.9 %	8.9 %	7.6 %	10.6 %	15.3 %		
216,412	130,676	17.5	15.9	18.7	14.2	12.4		
344,002	242,078	34.7	28.4	30.4	22.5	23.0		
72,429	84,871	7.6	6.6	7.5	4.7	8.1		
75,789	72,437	19.4	4.7	4.5	5.0	6.9		
172,823	171,818	5.7	5.9	6.3	11.3	16.3		
245,478			21.2		16.1			
		0.2						
<u>\$ 1,288,463</u>	<u>\$ 862,803</u>	<u>92.0 %</u>	<u>91.6 %</u>	<u>75.0 %</u>	<u>84.4 %</u>	<u>82.0 %</u>		
<u>\$ 239,860</u>	<u>\$ 188,254</u>	<u>8.0 %</u>	<u>8.4 %</u>	<u>25.0 %</u>	<u>15.6 %</u>	<u>18.0 %</u>		
<u>\$ - 0 -</u>	<u>\$ - 0 -</u>							
\$ 239,860	\$ 188,254							
<u>1,042,547</u>	<u>854,293</u>							
<u>\$ 1,282,407</u>	<u>\$ 1,042,547</u>							

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2018	2017	2016
REVENUES			
Property Taxes	\$ 1,896,566	\$ 1,664,711	\$ 1,515,591
Penalty and Interest	5,193	8,074	7,791
Investment Revenues	22,938	12,589	5,971
Miscellaneous Revenues	31	765	120
TOTAL REVENUES	\$ 1,924,728	\$ 1,686,139	\$ 1,529,473
EXPENDITURES			
Tax Collection Expenditures	\$ 49,142	\$ 48,690	\$ 42,355
Debt Service Principal	1,325,000	665,000	155,000
Debt Service Interest and Fees	739,992	725,733	603,946
TOTAL EXPENDITURES	\$ 2,114,134	\$ 1,439,423	\$ 801,301
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (189,406)	\$ 246,716	\$ 728,172
OTHER FINANCING SOURCES (USES)			
Long-Term Debt Issued	\$ 27,500	\$ - 0 -	\$ 30,769
NET CHANGE IN FUND BALANCE	\$ (161,906)	\$ 246,716	\$ 758,941
BEGINNING FUND BALANCE	2,262,592	2,015,876	1,256,935
ENDING FUND BALANCE	\$ 2,100,686	\$ 2,262,592	\$ 2,015,876
TOTAL ACTIVE RETAIL WATER CONNECTIONS	1,037	1,007	950
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	1,018	986	866

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2015	2014	2018	2017	2016	2015	2014
\$ 904,811	\$ 527,897	98.5 %	98.8 %	99.1 %	99.0 %	99.1 %
5,474	2,168	0.3	0.5	0.5	0.6	0.4
3,816	2,322	1.2	0.7	0.4	0.4	0.4
405	472					0.1
<u>\$ 914,506</u>	<u>\$ 532,859</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 34,383	\$ 23,414	2.6 %	2.9 %	2.8 %	3.8 %	4.4 %
145,000	85,000	68.8	39.4	10.1	15.9	16.0
<u>380,166</u>	<u>262,047</u>	<u>38.4</u>	<u>43.0</u>	<u>39.5</u>	<u>41.6</u>	<u>49.2</u>
<u>\$ 559,549</u>	<u>\$ 370,461</u>	<u>109.8 %</u>	<u>85.3 %</u>	<u>52.4 %</u>	<u>61.3 %</u>	<u>69.6 %</u>
\$ 354,957	\$ 162,398	<u>(9.8) %</u>	<u>14.7 %</u>	<u>47.6 %</u>	<u>38.7 %</u>	<u>30.4 %</u>
\$ 195,141	\$ 58,401					
\$ 550,098	\$ 220,799					
<u>706,837</u>	<u>486,038</u>					
<u>\$ 1,256,935</u>	<u>\$ 706,837</u>					
<u>882</u>	<u>762</u>					
<u>866</u>	<u>748</u>					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2018

District Mailing Address - Harris County Municipal Utility District No. 282
c/o Schwartz, Page & Harding, L.L.P.
1300 Post Oak Blvd., Suite 1400
Houston, TX 77056-3012

District Telephone Number - (713) 623-4531

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended July 31, 2018	Expense Reimbursements for the year ended July 31, 2018	Title
Robert J. Grainger	05/18 05/22 (Elected)	\$ 1,650	\$ 879	President
Victoria Caldwell	05/16 05/20 (Elected)	\$ 2,550	\$ 1,035	Vice President
Dawn Mouton	05/16 05/20 (Elected)	\$ 2,250	\$ 1,060	Secretary
P. Al Gosen	05/16 05/20 (Elected)	\$ 2,850	\$ 137	Assistant Secretary
Angela Howes	05/18 05/22 (Elected)	\$ 2,250	\$ 190	Assistant Secretary

Note: No Director has any business or family relationships (as defined by the Texas Water Code) with the District's developer or with any of the District's consultants.

Submission Date of most recent District Registration Form (TWC Sections 36.054 and 49.054):
May 15, 2018.

The limit on Fees of Office that a Director may receive during a fiscal year is \$7,200 as set by Board Resolution (TWC Section 49.060) on November 18, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 282
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2018

Consultants:	<u>Date Hired</u>	Fees for the year ended <u>July 31, 2018</u>	<u>Title</u>
Schwartz, Page & Harding, L.L.P.	06/27/86	\$ 94,646 \$ 79,324	General Counsel Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	08/02/06	\$ 16,000 \$ 11,150	Auditor Bond Related
Municipal Accounts & Consulting, L.P.	07/25/00	\$ 30,773	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	11/02/05	\$ 1,068	Delinquent Tax Attorney
LJA Engineering, Inc.	11/06/13	\$ 39,076	Engineer
Hilltop Securities Inc.	05/04/05	\$ 61,918	Former Financial Advisor
Masterson Advisors LLC	05/02/18	\$ -0-	Financial Advisor
Mark Burton	08/12/04	\$ -0-	Investment Officer
Water District Management Co., Inc.	06/01/05	\$ 270,971	Operator
Wheeler & Associates, Inc.	06/27/86	\$ 30,556	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer

A subsidiary of Assured Guaranty Municipal Holdings Inc.
1633 Broadway, New York, N.Y. 10019
(212) 974-0100