OFFICIAL STATEMENT DATED JUNE 5, 2019

IN THE OPINION OF BOND COUNSEL, UNDER EXISTING LAW, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES AND INTEREST ON THE BONDS IS NOT SUBJECT TO THE ALTERNATIVE MINIMUM TAX ON INDIVIDUALS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

*The Bonds are **not** "qualified tax-exempt obligations" for financial instititions.*

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (AGM Insured) . . . . "AA" (stable outlook)
Moody's Investors Service, Inc. (AGM Insured) . . . . "A2" (stable outlook)
Moody's Investors Service, Inc. (underlying) . . . . "Baa3" (stable outlook)
See "BOND INSURANCE" and "RATINGS" herein

$16,000,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 495
(A Political Subdivision of the State of Texas, located within Harris County, Texas)
UNLIMITED TAX BONDS, SERIES 2019

Dated: July 1, 2019 **Due: September 1, as shown below**

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or Paying Agent/Registrar"). Interest on the Bonds accrues from July 1, 2019, and is payable on March 1, 2020 (eight-month interest payment), and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – 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. ("AGM" or the "Insurer").

MATURITY SCHEDULE
CUSIP Prefix (a) 41424G

Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)	Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
$270,000	2021	5.500%	1.80%	BF2	$ 500,000	2036(c)	3.00%	3.04%	BW5
280,000	2022	5.500	1.85	BG0	520,000	2037(c)	3.00	3.06	BX3
295,000	2023	5.500	1.90	BH8	540,000	2038(c)	3.00	3.08	BY1
305,000	2024	5.500	1.95	BJ4	560,000	2039(c)	3.00	3.10	BZ8
320,000	2025(c)	5.500	1.96	BK1	585,000	2040(c)	3.00	3.11	CA2
335,000	2026(c)	5.125	1.97	BL9	610,000	2041(c)	3.00	3.12	CB0
345,000	2027(c)	4.000	2.00	BM7	630,000	2042(c)	3.00	3.13	CC8
360,000	2028(c)	3.000	2.40	BN5	655,000	2043(c)	3.00	3.14	CD6
375,000	2029(c)	3.000	2.60	BP0	685,000	2044(c)	3.00	3.15	CE4
390,000	2030(c)	3.000	2.80	BQ8	710,000	2045(c)	3.00	3.16	CF1
410,000	2031(c)	3.000	2.85	BR6	740,000	2046(c)	3.00	3.17	CG9
420,000	2032(c)	3.000	2.90	BS4	770,000	2047(c)	3.00	3.18	CH7
440,000	2033(c)	3.000	2.95	BT2	800,000	2048(c)	3.00	3.19	CJ3
460,000	2034(c)	3.000	3.00	BU9	2,215,000	2049(c)	3.00	3.20	CK0
475,000	2035(c)	3.000	3.02	BV7					

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District (hereinafter defined), the Financial Advisor (hereinafter defined), nor the Underwriter (hereinafter defined) take any responsibility for the accuracy of CUSIP numbers.

(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter (defined herein). Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed.

(c) The Bonds maturing on and after September 1, 2025, are subject to redemption prior to maturity at the option of the District, as a whole or from time to time in part, on September 1, 2024, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.

If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which as been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and the issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

The Bonds constitute the third series of unlimited tax bonds issued by the District for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." Voters in the District authorized a total of $189,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing the System and refunding of same, $58,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing roads and refunding of same, and $24,000,000 principal amount of unlimited tax bonds for recreational facilities and refunding of same. Following the issuance of the Bonds, $150,595,000 principal amount of unlimited tax bonds for the acquisition or construction of the System and refunding of same, $58,000,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing roads and refunding of same, and $24,000,000 principal amount of unlimited tax bonds for recreational facilities and refunding of same will remain authorized but unissued. See "THE BONDS – Issuance of Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment." Neither the State of Texas, the City of Houston, Texas, Harris County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, Harris County, Texas is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel. Delivery of the Bonds in book-entry form is expected through DTC on or about July 11, 2019.

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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 representations must not be relied upon as having been authorized by the District.

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, resolutions, contracts, audits, and engineering and other related reports set forth in the 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 the Financial Advisor.

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 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 the Official Statement until delivery of the Bonds to the Underwriter (as hereinafter defined) and thereafter only as described under "OFFICIAL STATEMENT - Updating of Official Statement."

Neither the District nor the Underwriter makes any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important investment considerations and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

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 "BOND INSURANCE" and "APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (referred to herein as the "Underwriter" or the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of 97.0% of the principal amount thereof plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.224907%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Marketability

The District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, 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 PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any 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 should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") 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 C" 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 insurance 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 March 31, 2019:

- The policyholders' surplus of AGM was approximately $2,523 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,054 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 $1,848 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the consolidated 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:

(i) 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); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2019 (filed by AGL with the SEC on May 10, 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 "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 "BOND INSURANCE."

BOND INSURANCE RISK FACTORS

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the 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 "BOND INSURANCE" and "RATINGS" herein. As is stated in this Official Statement under the caption "NO MATERIAL ADVERSE CHANGE," the rating of the Insurer's creditworthiness by any rating agency does not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

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

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

RATINGS

The Bonds are expected to receive an insured rating of "AA" (stable outlook) from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and "A2" (stable outlook) from Moody's Investors Service, Inc. ("Moody's") based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody's is "Baa3" (stable outlook).

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody's. The foregoing ratings express only the view of S&P and Moody's at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P and Moody's, if, in any of their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P and Moody's. See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS."

OFFICIAL STATEMENT SUMMARY

The following summary of certain information contained herein is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

THE BONDS

The Issuer	Harris County Municipal Utility District No. 495 (the "District") is a political subdivision of the State of Texas located within Harris County, Texas. See "THE DISTRICT - General."
Description	$16,000,000 Unlimited Tax Bonds, Series 2019, are dated July 1, 2019, and mature on September 1 in the years and principal amounts shown on the cover page of this Official Statement. Interest on the Bonds accrues from July 1, 2019, at the rates shown on the cover hereof, and is payable at the rates shown on the cover hereof on March 1, 2020 (eight-month interest payment), and on each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The Bonds scheduled to mature on and after September 1, 2025, are subject to redemption, in whole or from time to time in part, prior to their scheduled maturities, on September 1, 2024, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. See "THE BONDS."
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (as defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of 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 "THE BONDS - Book-Entry-Only System").
Source of Payment	Principal of and interest on the Bonds are 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. See "THE BONDS - Source of Payment," "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates," and "TAX DATA - Tax Rate Calculations."

Use of Proceeds	Proceeds of the sale of the Bonds will be used by the District to (i) finance the District's costs associated with the construction and acquisition of water well No. 2 and water plant No. 1 expansion, wastewater treatment plant phase III, King Crossing lift station No. 2; Katy Manor lift station, 12 inch waterline extension to serve Katy Manor; Katy Pointe lift station; water and drainage for Porter Road extension, detention facilities to serve Katy Manor; Phase I detention facilities to serve Katy Pointe; and water, wastewater and drainage facilities serving King Crossing Sections 7 through 11 and Katy Manor, Section 1; (ii) finance certain land acquisition costs; (iii) pay interest on advances made to or on behalf of the District; and (iv) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), engineering fees, material testing fees and stormwater pollution prevention plans, costs associated with the operation of the District, and certain financing costs related to the issuance of the BAN (defined below) and the Bonds. The District will also retire its $8,150,000 Bond Anticipation Note, Series 2018 (the "BAN"), with a portion of the proceeds of the sale of the Bonds. The District utilized the proceeds of the BAN to interim finance certain of the aforementioned facilities that it is financing with the proceeds of the sale of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds."
Payment Record	The Bonds are the third series of bonds issued by the District to finance water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System"). The District has previously issued Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds") and Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds"). All of such previously issued bonds of the District are hereinafter referred to as the "Prior Bonds." The District has timely paid all payments on the Prior Bonds when due. Before the issuance of the Bonds, the aggregate principal amount of the Prior Bonds that had not been previously retired by the District was $22,405,000 (collectively, the "Outstanding Bonds"), and after the issuance of the Bonds, the total of the District's direct bonded indebtedness owing, consisting of the Outstanding Bonds and the Bonds, will be $38,405,000.
Authority for Issuance	At an election held within the District on May 10, 2014, voters of the District authorized a total of $189,000,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the "System"), and refunding of same. The Bonds constitute the third issuance of bonds from such authorization. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapter 8350, Special District Local Laws Code, Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission").

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

Authorized But Unissued Bonds	$150,595,000 for waterworks, wastewater, and drainage facilities (after issuance of the Bonds), and refunding of same, $58,000,000 for roads and refunding of same, and $24,000,000 for parks and recreational facilities, and refunding of same. See "THE BONDS - Issuance of Additional Debt." In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."
Municipal Bond Insurance	Assured Guaranty Municipal Corp. ("AGM"). See "BOND INSURANCE."
Municipal Bond Ratings	S&P Global Ratings (AGM insured) "AA" (stable outlook). Moody's Investors Service, Inc. (AGM insured) "A2" (stable outlook). Moody's Investors Service, Inc. (Underlying) "Baa3" (stable outlook). See "BOND INSURANCE" and "RATINGS."
Bond Counsel	Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Not Qualified Tax-Exempt Obligations	The Bonds are **not** "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

THE DISTRICT

Description	The District, a political subdivision of the State of Texas, was created by a special act of the 81st Texas Legislature, effective May 27, 2009, now codified as Chapter 8350 Special District Local Laws Code ("Chapter 8350"). The District contains

approximately 978.56 acres of land, including two tracts of land aggregating approximately 200.29 acres that were annexed into the District on May 1, 2019. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The District is located north of Interstate Highway I-10, west of the Grand Parkway, and north of the City of Katy. The southern tract of the District is bounded by Clay Road to the south and Porter Road to the east. The northern portion of the District is bounded by Beckendorff Road to the north, Porter Road to the East and is bisected by Katy Hockley Cut Off Road. The District lies within the Katy Independent School District. See THE DISTRICT - General" and - "Description," and "APPENDIX A - LOCATION MAP."

Authority . . . .

The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 and Article III Section 52 of the Constitution of the State of Texas, Chapter 8350, and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - General."

Development and Home Construction . . . .

As of March 1, 2019, the District contained 1,333 homes, including 143 homes under construction. See "BUILDERS." According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage facilities, detention facilities and street paving have been completed to serve 1,828 single-family residential lots located in King Crossing, Sections 1 through 11, Katy Manor, Sections 1 through 5, 7 and 8, Katy Pointe, Sections 1 and 2, and Katy Crossing, Sections 1 through 3 (approximately 563.60 total acres) in the District as is delineated in the chart that appears in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." In addition, as is also delineated in such chart, 66 additional single-family residential lots (approximately 15.40 acres) are currently under development as Katy Crossing, Section 5.

The developers of King Crossing located within the District, Beazer Homes Texas, L.P. ("Beazer Homes") and Pulte Homes of Texas, L.P. ("Pulte") (described below under the caption "Developers"), have completed the development of 898 single-family residential lots that have been subdivided as King Crossing, Sections 1 through 11. Beazer Homes and Pulte paid equal amounts for undivided interests in the land that has been developed as King Crossing, Sections 1 through 11. As the development of such single-family residential lots has been undertaken, Beazer Homes and Pulte have each paid one-half of the costs of the development thereof. As the development of each section of single-family lots has been completed, each of Beazer Homes and Pulte has taken title to one-half of such fully-developed single-family residential lots for home building purposes. Beazer Homes has contracted to buy approximately 58.48 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development.

The developer of Katy Manor located within the District, KB Home Lone Star, Inc. ("KB") (described below under the caption "Developers"), has completed the development of 436 single-family residential lots that have been subdivided as Katy Manor, Sections 1 through 5, 7 and 8. KB owns approximately 154.21 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development.

The developer of Katy Pointe located within the District, Telephone Investments, Inc., a Texas Corporation ("Telephone") (described below under the caption "Developers"), has completed the development of 206 single-family residential lots that have been subdivided as Katy Pointe, Sections 1 and 2. Telephone owns approximately 84.05 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential, multi-family residential and commercial development.

The developers of Katy Crossing located within the District, Pulte and Lennar Homes of Texas Land and Construction, Ltd. ("Lennar") dba Friendswood Development Company (described below under the caption "Developers"), have completed the development of 288 single-family residential lots that have been subdivided as Katy Crossing, Sections 1 through 3. Pulte and Lennar own approximately 15.40 acres of land located within the District on which they have undertaken the development of 66 single-family residential lots that have been subdivided as Katy Crossing, Section 5, the development of which, including street paving, is anticipated to be completed by approximately December 2019. Pulte and Lennar paid equal amounts for undivided interests in the land that is being developed as Katy Crossing. As the development of single-family residential lots has been undertaken, Pulte and Lennar have each paid one-half of the costs of the development thereof. As the development of each section of single-family lots has been completed, each of Pulte and Lennar has taken title to one-half of such fully-developed single-family residential lots for home building purposes. Pulte and Lennar own approximately 87.2 acres of currently undeveloped land located within the District that are available for future development, all of which they expect to be utilized for future single-family residential development.

There are approximately 388.94 acres of currently undeveloped land located within the District which are available for future development. Approximately 154.21 of such acres are owned by KB, approximately 84.05 of such acres are owned by Telephone, approximately 87.2 of such acres are owned by Pulte and Lennar, approximately 58.48 of such acres are under contract to be bought by Beazer, and approximately 5 acres of undeveloped land located within the District are owned by a party that has not reported any definitive development plan to the District, and thus the District cannot represent when, or whether the development thereof might be undertaken.

The District cannot represent that the development of Katy Crossing, Section 5 will be completed, nor whether, or when, the development of any the aforementioned currently undeveloped acres might occur. The balance of the land located in the District is contained within easements, rights-of-way, detention ponds, or is otherwise not available for future development. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments," "DEVELOPERS," "FUTURE DEVELOPMENT" and "TAX DATA - Principal 2018 Taxpayers."

In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

Developers . . . . The developers of King Crossing located within the District, Beazer Homes Texas, L.P. ("Beazer Homes") and Pulte Homes of Texas, L.P. ("Pulte"), have completed the development of 898 single-family residential lots that have been subdivided as King Crossing, Sections 1 through 11. Beazer Homes and Pulte paid equal amounts for undivided interests in the land that has been developed as King Crossing, Sections 1 through 11. As the development of such single-family residential lots has been undertaken, Beazer Homes and Pulte have each paid one-half of the costs of the development thereof. As the development of each section of single-family lots has been completed, each of Beazer Homes and Pulte as taken title to one-half of such fully-developed single-family residential lots for home building purposes. Beazer Homes owns no additional land located within the District that is available for future development. Beazer Homes has contracted to buy approximately 58.48 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development.

The developer of Katy Manor located within the District, KB Home Lone Star, Inc. ("KB") has completed the development of 436 single-family residential lots that have been subdivided as Katy Manor, Sections 1 through 5, 7 and 8. KB owns approximately 154.21 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development.

The developer of Katy Pointe located within the District, Telephone Investments, Inc., a Texas Corporation ("Telephone"), has completed the development of 206 single-family residential lots that have been subdivided as Katy Pointe, Sections 1 and 2. Telephone owns approximately 84.05 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential, multi-family residential and commercial development.

The developers of Katy Crossing located within the District, Pulte and Lennar Homes of Texas Land and Construction, Ltd. ("Lennar") dba Friendswood Development Company have completed the development of 288 single-family residential lots that have been subdivided as Katy Crossing, Sections 1 through 3. Pulte and Lennar own approximately 15.40 acres of land located within the District on which they have undertaken the development of 66 single-family residential lots that have been subdivided as Katy Crossing, Section 5, the development of which, including street paving, is anticipated to be completed by approximately December 2019. Pulte and Lennar paid equal amounts for undivided interests in the land that is being developed as Katy Crossing. As the development of such single-family residential lots has been undertaken, Pulte and Lennar have each paid one-half of the costs of the development thereof. As the development of each section of single-family lots has been completed, each of Pulte and Lennar has taken title to one-half of such fully-developed single-family residential lots for home building purposes. Pulte and Lennar own approximately 87.2 acres of currently undeveloped land located within the District that are available for future development, all of which they expect to be utilized for future single-family residential development.

Builders . . . . According to Beazer Homes and Pulte, they are currently constructing homes in King Crossing which range in size from approximately 1,512 to 3,847 square feet of living area and in sales price from approximately $196,990 to $354,990.

According to KB, it is currently constructing homes in Katy Manor which range in size from approximately 1,585 to 3,353 square feet of living area and in sales price from approximately $170,995 to $256,995.

According to Telephone, Meritage Homes and K. Hovnanian Homes are currently constructing homes in Katy Pointe which range in size from approximately 1,496 to 3,135 square feet of living area and in sales price from approximately $208,995 to $315,000.

According to Pulte and Lennar, they are currently constructing homes in Katy Crossing which range in size from approximately 1,230 to 2,694 square feet of living area and in sales price from approximately $175,990 to $280,990.

Beazer Homes, Pulte, KB, Meritage Homes, K. Hovnanian Homes and Lennar (collectively, the “Builders”) may change the types, sizes and sales prices of the homes which they choose to construct within the District entirely within their discretion, or may suspend home construction activity entirely.

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AS SET FORTH IN THIS OFFICIAL STATEMENT. PROSPECTIVE PURCHASERS SHOULD CAREFULLY EXAMINE THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING THEIR INVESTMENT DECISIONS, ESPECIALLY THE PORTION OF THE OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS.”

SELECTED FINANCIAL INFORMATION
(Unaudited)

2018 Assessed Valuation	$205,147,204(a)
(As of January 1, 2018)	
See "TAX DATA" and "TAXING PROCEDURES"	
Estimated Valuation at March 1, 2019	$321,547,362(b)
(As of March 1, 2019)	
See "TAX DATA" and "TAXING PROCEDURES"	
Direct Debt: Outstanding Bonds	$ 22,405,000
The Bonds	16,000,000
Total	$ 38,405,000(c)
Estimated Overlapping Debt	$ 9,940,060
Direct and Estimated Overlapping Debt	$ 48,345,060(c)
Direct Debt Ratios	
: as a percentage of 2018 Assessed Valuation	18.72%
: as a percentage of Estimated Valuation at March 1, 2019	11.94%
Direct and Estimated Overlapping Debt Ratios	
: as a percentage of 2018 Assessed Valuation	23.57%
: as a percentage of Estimated Valuation at March 1, 2019	15.04%
Debt Service Fund Balance at April 3, 2019	$ 2,482,721(d)
General Fund Balance at April 3, 2019	$ 1,984,333
2018 Tax Rate Per $100 of Assessed Valuation	
Debt Service Tax $1.00	
Maintenance Tax 0.50	
Total	$1.50(e)
Average Percentage of Total Tax Collections (2014-2017 Levies)	99.86%
As of March 31, 2019.	
Percentage of Tax Collections 2018 levy	92.77%
As of March 31, 2019. In process of collection.	
Average Annual Debt Service Requirements of the	
Bonds and the Outstanding Bonds (2020-2049)	$ 2,102,321
Maximum Annual Debt Service Requirement of the	
Bonds and the Outstanding Bonds (2049)	$ 2,281,450
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual	
Debt Service Requirements of the Bonds and the Outstanding Bonds	
(2020-2049) at 95% Tax Collections	
Based Upon 2018 Assessed Valuation	$1.08(c)(d)
Based Upon Estimated Valuation at March 1, 2019	$0.69(c)(d)

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement of the Bonds and the Outstanding Bonds (2049) at 95% Tax Collections	
Based Upon 2018 Assessed Valuation	$1.18(c)(d)
Based Upon Estimated Valuation at March 1, 2019	$0.75(c)(d)
Number of Single Family Residences (including 143 residences under construction) as of March 1, 2019	1,333

(a) As of January 1, 2018, and comprises the District's 2018 tax roll. All property located in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The 2018 Assessed Valuation does not include taxable value of property annexed into the District after January 1, 2018, including (i) the 174.99 acres being developed as Katy Crossing, which was annexed on August 1, 2018 (the "Pulte Lennar Annexation Tract"), and (ii) the 141.81 acre tract owned by KB that will be developed as Katy Manor South and the 58.48 acre annexation tract (collectively, the "2019 Annexation Tracts"), which were annexed which were annexed on May 1, 2019. The Pulte Lennar Annexation Tract will be reflected on the District's 2019 tax roll and the 2019 Annexation Tracts will be reflected on the District's 2020 tax roll. Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $41,399, which total is included in the amount of $205,147,204. The Appraisal District has proposed the valuation of such protested properties to be $48,705. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $2,925,409, which total is also included in the amount of $205,147,204. The District is unable to predict the amount of the District's final 2018 Assessed Valuation. Such final 2018 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2018. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of March 1, 2019, including the Pulte Lennar Annexation Tract, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2018, through February 28, 2019. Such amount includes the estimated value of the Pulte Lennar Annexation Tract annexed into the District after January 1, 2018, but does not include the 2019 Annexation Tracts. No taxes were levied for 2018 against any values added since January 1, 2018. Moreover, the ultimate Assessed Valuation of any land and improvements added from January 1, 2018, through December 31, 2018, which will be placed on the District's 2019 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2019. The ultimate Assessed Valuation of any land and improvements added from January 1, 2019, through February 28, 2019, which will be placed on the District's 2020 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2020.

(c) See "DISTRICT DEBT." In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service payments that were due on March 1, 2019, on the Outstanding Bonds. The District's remaining debt service payments for 2019, which are due on September 1, 2019, total $548,478. The District's initial debt service payment on the Bonds, consisting of an eight-month interest payment thereon, is due on March 1, 2020.

(e) The District levied a total tax rate of $1.50 per $100 of Assessed Valuation for 2018, consisting of a debt service tax of $1.00 per $100 of Assessed Valuation and a maintenance tax of $0.50 per $100 of Assessed Valuation. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2018 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2018 tax rate, is $3.75127 per $100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 495
UNLIMITED TAX BONDS
SERIES 2019

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Harris County Municipal Utility District No. 495 (the "District") of its $16,000,000 Unlimited Tax Bonds, Series 2019 (the "Bonds").

There follow in this Official Statement descriptions of the Bonds, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon request and payment of the costs of duplication thereof.

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 resolution (the "Bond Resolution") of the Board of Directors of the District (the "Board") authorizing the issuance of the Bonds. A copy of the Bond Resolution may be obtained from the District upon written request made to the District's Financial Advisor, Rathmann & Associates, L.P., 8584 Katy Freeway, Suite 250, Houston, Texas 77024.

The Bonds are dated July 1, 2019. Interest accrues from July 1, 2019, at the rates shown on the cover hereof, and is payable on March 1, 2020 (eight-month interest payment), and on each September 1 and March 1 thereafter until the earlier of stated maturity or redemption. The Bonds are fully registered bonds maturing on September 1 in each of the years and in the amounts shown under "MATURITY SCHEDULE" on the cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, (the "Paying Agent," "Registrar" or "Paying Agent/Registrar").

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described below under "Book-Entry-Only System."

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of 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 takes 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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities 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 effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or 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 to DTC.

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.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and, (ii) except as described above, notices that are to be given to registered owners under the Bond Resolution will be given only to DTC.

Assignments, Transfers and Exchanges

In the event the book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the Initial Purchaser, any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date (defined below) and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, on receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

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

Bonds maturing on September 1, 2025, and thereafter shall be subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

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

Authority for Issuance

At an election held within the District on May 10, 2014, voters of the District authorized a total of $189,000,000 in bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities (the “System”), and refunding of same. The Bonds constitute the third issuance of bonds from such authorization. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; Chapter 8350 Special District Local Laws Code (“Chapter 8350"), Chapters 49 and 54 of the Texas Water Code, as amended; and an order of the Texas Commission on Environmental Quality (the “TCEQ” or “Commission”).

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

Source of Payment

The Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collection, and Paying Agent/Registrar fees. Such proceeds, after deduction for collection costs, will be placed in the District’s Debt Service Fund and used solely to pay principal of and interest on the Bonds, and on additional bonds payable from taxes which may hereafter be issued, and Paying Agent/Registrar fees.

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

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ, as applicable, necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $189,000,000 unlimited tax bonds for construction of the System, and refunding of same, and could authorize additional amounts. Following the issuance of the Bonds, $150,595,000 unlimited tax bonds will remain authorized but unissued for construction of the System, and refunding of same. The District's voters also have authorized $24,000,000 in unlimited tax bonds for parks and recreational facilities and refunding of same, and $58,000,000 in unlimited tax bonds for roads and refunding of same, all of which remains unissued, and could authorize additional amounts. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ, as applicable.) In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "Use and Distribution of Bond Proceeds" below and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

Based on present engineering cost estimates and on development plans supplied by the Developers (hereinafter defined), in the opinion of the District's consulting engineer, LJA Engineering, Inc. (the "Engineer"), the $150,595,000 authorized but unissued bonds for water, sewer and drainage facilities and refunding of same will be adequate to finance the extension of water, wastewater and storm drainage/detention facilities and services to serve all of the remaining undeveloped portions of the District. See "DEVELOPMENT OF THE DISTRICT," FUTURE DEVELOPMENT," and "THE SYSTEM."

The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park plan and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. On May 10, 2014, the District authorized $24,000,000 in bonds for parks and recreational facilities and refunding of same.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a fire plan and bonds for such purpose by the qualified voters in the District; (b) approval of the fire plan and bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

No Arbitrage

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

Annexation and Consolidation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, under legislation effective December 1, 2017, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

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

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.

Strategic Partnership

The District is authorized to enter into a strategic partnership agreement with the City to provide the terms and conditions under which the services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were to be annexed for full or limited purposes by the City. The terms of any such agreement would be determined by the City and the District. Although the City has negotiated and entered into such an agreement with one or more other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District, although no representation can be made regarding the future likelihood of an agreement or the terms thereof.

Registered Owners' Remedies

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Even if the Registered Owners could obtain a judgment against the District, such judgment cannot be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. 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 waivers of such immunity by the Texas Legislature, a default by the District in its covenant in the Bond Resolution may not be reduced to a judgment for money damages. The enforceability of the rights and remedies of the Registered Owners may be further 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. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by 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. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing 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 non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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) non-callable 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 Resolution.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Use and Distribution of Bond Proceeds

Proceeds of the sale of the Bonds will be used by the District to (i) finance the District's costs associated with the construction and acquisition of water well No. 2 and water plant No. 1 expansion, wastewater treatment plant phase III, King Crossing lift station No. 2; Katy Manor lift station, 12 inch waterline extension to serve Katy Manor; Katy Pointe lift station; water and drainage for Porter Road extension, detention facilities to serve Katy Manor; Phase I detention facilities to serve Katy Pointe; and water, wastewater and drainage facilities serving King Crossing Sections 7 through 11 and Katy Manor, Section 1; (ii) finance certain land acquisition costs; (iii) pay interest on advances made to or on behalf of the District; and (iv) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the TCEQ, engineering fees, material testing fees and stormwater pollution prevention plans, costs associated with the operation of the District, and certain financing costs related to the issuance of the BAN (defined below) and the Bonds. The District will also retire its $8,150,000 Bond Anticipation Note, Series 2018 (the "BAN"), with a portion of the proceeds of the sale of the Bonds. The District utilized the proceeds of the BAN to interim finance certain of the aforementioned facilities that it is financing with the proceeds of the sale of the Bonds.

Construction Costs	**District Share**
A. Developer Contribution Items (a)	
1. King Crossing, Section 7 - Water, Wastewater & Drainage	$ 598,352
2. King Crossing, Section 8 - Water, Wastewater & Drainage	508,972
3. King Crossing, Section 9 - Water, Wastewater & Drainage	1,323,668
4. Porter Road Extension - Water & Drainage	422,590
5. King Crossing, Section 10 - Water, Wastewater & Drainage	477,424
6. King Crossing, Section 11 - Water, Wastewater & Drainage	596,412
7. Katy Manor Detention Ponds	992,450
8. Katy Manor, Section 1 - Water, Wastewater & Drainage	521,598
9. Katy Pointe Phase 1 Detention Facilities	280,000
10. King Crossing Lift Station No. 2	325,891
11. Katy Manor Lift Station	499,139
12. Katy Manor 12-inch Waterline Extension	292,298
13. Katy Pointe Lift Station	571,012
14. Engineering	1,105,083

15. Material Testing	146,221
16. Stormwater Pollution Prevention Plans	312,216
Total Developer Contribution Items	$8,973,326
B. District Items	
1. Water Well No. 2 & Water Plant Phase No. 1 Expansion	$ 1,772,635
2. Wastewater Treatment Plant Phase III	216,654
3. Engineering	347,538
4. Material Testing	17,075
5. Land Costs	
a. Katy Manor Detention Ponds	701,724
b. Katy Manor Lift Station	7,750
c. Katy Pointe HCFCD Channel Extension	144,576
d. Katy Pointe Detention Ponds	417,929
Total District Items	$ 3,625,881
TOTAL CONSTRUCTION COSTS	$12,599,207

Non-Construction Costs

1. Legal Fees	$ 355,000
2. Fiscal Agent Fees	310,000
3. Interests Costs	
a. Developer Interest (b)	1,060,403
b. Bond Anticipation Note Interest (12 months)	210,352
4. Bond Discount	480,000
5. Bond Issuance Expenses	39,515
6. Bond Anticipation Note Issuance Expenses	188,427
7. Bond Application Report Costs	60,000
8. Operating Expenses	647,596
9. Attorney General Fee	9,500
10. TCEQ Bond Issuance Fee	40,000
TOTAL NON-CONSTRUCTION COSTS	$3,400,793
TOTAL BOND ISSUE REQUIREMENT	**$16,000,000**

(a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement with respect to certain facilities being financed with portions of the proceeds of the sale of the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds.

(b) Represents interest owed to the Developers on advances they have made on the District's behalf. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the Developers have borrowed funds.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to reimburse the Developers for the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any political subdivision or agency other than the District, are secured by the proceeds an annual ad valorem tax, without legal limit as to rate or amount, levied upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See “THE BONDS - Source of Payment” and - “Registered Owners' Remedies,” and “Tax Collection Limitations” and “Registered Owners' Remedies and Bankruptcy” below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New residential housing construction can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and costs and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of home construction activity would restrict the growth of property values in the District. Further declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the value of existing homes. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for houses and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although, as is described in this Official Statement under the captions “DEVELOPMENT AND HOME CONSTRUCTION,” “DEVELOPERS” and “BUILDERS” (i) the development of 1,828 single-family residential lots is complete within the District, and the development of 66 additional single-family residential lots is underway in the District, and (ii) as of March 1, 2019, the District contained 1,333 single-family homes (including 143 homes under construction), and (iii) the Builders are currently constructing homes as is described under such captions, the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date.

National Economy: There has been a downturn in new housing construction in the United States, resulting in a decline in national housing market values. Although, as is described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," "DEVELOPERS" and "BUILDERS" (i) the development of 1,828 single-family residential lots is complete within the District, and the development of 66 additional single-family residential lots is underway in the District, (ii) as of March 1, 2019, the District contained 1,333 single-family homes (including 143 homes under construction), and (iii) the Builders are currently constructing homes as is described under such captions, the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date. The District cannot predict what impact, if any, a downturn in the local housing and financial markets or a continued downturn in the national housing and financial markets may have on the Houston market generally and the District specifically, or the maintenance of assessed values in the District.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or home construction within the District. In addition, since the District is located approximately 31 miles west of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and further decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans in the District and restrain the growth of the District's property tax base.

Developer/Builder/Landowner Obligation to the District: The developer of Katy Manor within the District is KB Home Lone Star, Inc. ("KB"). KB is currently the District's largest taxpayer. KB owns currently undeveloped acreage, developed lots and homes under construction the 2018 Assessed Valuation of which is $8,478,923, or approximately 4.13% of the District's 2018 tax roll. The developer of Katy Pointe within the District is Telephone Investments, Inc. ("Telephone"). Telephone is currently the District's second largest taxpayer. Telephone owns currently undeveloped acreage and developed lots the 2018 Assessed Valuation of which is $5,977,185, or approximately 2.91% of the District's 2018 tax roll. The developers of King Crossing within the District are Beazer Homes Texas, L.P. ("Beazer Homes") and Pulte Homes of Texas, L.P. ("Pulte"). Pulte is currently the District's third largest taxpayer. Pulte owns currently undeveloped acreage, and developed lots and homes under construction the 2018 Assessed Valuation of which is $2,544,009, or approximately 1.24% of the District's 2018 tax roll. Beazer Homes is currently the District's fourth largest taxpayer. Beazer Homes owns currently developed lots, and homes under construction the 2018 Assessed Valuation of which is $2,419,651, or approximately 1.18% of the District's 2018 tax roll. See "DEVELOPMENT AND HOME CONSTRUCTION," "DEVELOPERS," "BUILDERS" and "TAX DATA - Principal 2018 Taxpayers." The ability of KB, Telephone, Pulte, Beazer Home and Lennar (see "DEVELOPERS") or any other principal taxpayer within the District to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. There is no commitment by or legal requirement of KB, Telephone, Pulte, Beazer Homes, Lennar or any other landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, or of any of the Builders or any other home building company to proceed at any particular pace with the construction of homes in the District, and there is no restriction on any landowner's right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See "FUTURE DEVELOPMENT."

KB, Telephone, Pulte, Lennar and Beazer Homes are wholly dependent on sales of lots within the District, and/or advances or capital contributions from related entities to satisfy their tax obligations on property owned by KB, Telephone, Pulte, Lennar and Beazer Homes in the District. Without these sources of funds KB, Telephone, Pulte, Lennar and Beazer Homes would not be able to satisfy their respective tax obligations to the District and other taxing authorities. Only KB, Telephone, Pulte, Lennar, Beazer Homes and other owners of property located in the District are legally responsible for payment of ad valorem taxes to the District and other taxing authorities.

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The District's 2018 Assessed Valuation is $205,147,204. The Estimated Valuation at March 1, 2019, of property located within the District, supplied by the Harris County Appraisal District (the "Appraisal District") is $321,547,362. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be $2,281,450 (2049) and the Average Annual Debt Service Requirements will be $2,102,321 (2020 through 2049, inclusive). Assuming no increase to nor decrease from the 2018 Assessed Valuation, the issuance of no bonds by the District other than the Prior Bonds and the Bonds, and no use of funds on hand, tax rates of $1.18 and $1.08 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively, on the Bonds and the Outstanding Bonds. Assuming no increase to nor decrease from the Estimated Valuation at March 1, 2019, the issuance of no bonds by the District other than the Prior Bonds and the Bonds, and no use of funds on hand, tax rates of $0.75 and $0.69 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively, on the Bonds and the Outstanding Bonds.

The District levied a total tax rate of $1.50 per $100 of Assessed Valuation for 2018, consisting of a debt service tax of $1.00 per $100 of Assessed Valuation, plus a maintenance tax rate of $0.50 per $100 of Assessed Valuation. As the above calculations indicate, the 2018 debt service rate will be sufficient to pay the Average Annual Debt Service Requirements and the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the Estimated Valuation at March 1, 2019, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. See "TAXING PROCEDURES." As is illustrated in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District has collected an average of 99.86% of its 2014 through 2017 tax levies, and its 2018 levy, which is in the process of collection, is 92.77% collected as of March 31, 2019. Moreover, the District's Debt Service Fund balance is $2,482,721, as of April 3, 2019. Neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds. See "APPENDIX B - FINANCIAL REPORT." The District anticipates that, given these factors, and future increases in taxable values which are expected to occur as a consequence of the construction of homes on the lots developed by the Developers, the District will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the debt service tax rate above the debt service tax rate which the District levied for 2018 - $1.00 per $100 of Assessed Valuation. Increases in the District's tax rate to higher levels than the total $1.50 per $100 of Assessed Valuation rate which the District levied for 2018 may have an adverse impact upon future development of the District, the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District.

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2018 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2018 rate, is $3.75127 per $100 of Assessed Valuation. Such aggregate rates are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

Tax Collection 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 taxing authorities on the property against which taxes are levied, and such lien may be enforced by judicial foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property, (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer's limited right to redeem its foreclosed property as set forth below, or (e) insufficient foreclosure bids to satisfy the tax liens of all state and local taxing authorities which have parity liens on the 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. Moreover, the value of the property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. See “TAXING PROCEDURES.”

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not 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. 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 waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. Even if the Registered Owners could obtain a judgment against the District, such judgment could not be enforced by a 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 in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. The enforceability of the rights and remedies of the Registered Owners may be further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “THE BONDS - Registered Owners' Remedies.”

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining $150,595,000 in unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing waterworks, wastewater and drainage facilities and refunding of same, the $58,000,000 for the purpose of acquiring and constructing roads and refunding of same, the $24,000,000 for parks and recreational facilities and refunding of same, and such additional bonds as may hereafter be approved by the voters of the District. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such $150,595,000 in bonds for waterworks, wastewater and drainage facilities and $24,000,000 for parks and recreational facilities is subject to TCEQ approval. In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The

District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt" and "FUTURE DEVELOPMENT."

The District's Engineer currently estimates that the aforementioned $150,595,000 authorized bonds which remain unissued will be adequate to finance the construction of all waterworks, wastewater, and drainage facilities and refunding of same, to provide service to all of the currently undeveloped portions of the District. See "Maximum Impact on District Tax Rates" above, "THE BONDS," "DEVELOPMENT AND HOME CONSTRUCTION," "FUTURE DEVELOPMENT," and "THE SYSTEM." If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Issuance of Additional Debt."

The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens, and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (i) that no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent the FIRREA provisions are valid and applicable to any property in the District and to the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes.

Competitive Nature of Houston Residential Housing Market

The housing industry in the Houston area is very competitive, and the District can give no assurance that the building programs which are planned by the Builders or any future home builder(s) will be continued or completed. The respective competitive positions of the Developers and the Builders and any other developer(s) or home builder(s) which might attempt future development or home building projects in the District in the sale of developed lots or in the construction and sale of single-family residential units are affected by most of the factors discussed in this section. Such competitive positions are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

Continuing Compliance with Certain Covenants

The Bond Resolution 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 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."

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriter regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. There is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

Environmental Regulations

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

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

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

Air Quality Issues

Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")-Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties-has been designated a nonattainment area under 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 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, the 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, the 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 the 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 the 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, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

Water Supply & Discharge Issues

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

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

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

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

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

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 took comment on the proposal for 60 days after publication in the Federal Register, which occurred on February 14, 2019. 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.

Changes in Tax Legislation

Certain tax legislation, whether currently proposed or proposed in the future, may directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, may also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

Tropical Weather Events; Hurricane Harvey

The greater Houston area, including the District, is subject to occasional severe tropical 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. However, according to the District's Operator and Engineer, the District's System did not sustain any material damage and there was no interruption of water and sewer service. Further, according to the District's Operator, after investigation, although the District experienced street flooding, there was no apparent material wind or water damage to homes within the District. Hurricane Harvey could have a material impact on the Houston region's economy.

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

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.

Legislation Affecting Ad Valorem Taxation

The 86th Regular Legislative Session convened on January 8, 2019 and concluded on May 27, 2019. The Governor may call one or more additional special sessions, which may last no more than 30 days, and for which the Governor sets the agenda.

During the 86th Regular Legislative Session, the Texas Legislature passed Senate Bill 2 ("SB 2"), a law that materially changes ad valorem tax matters, including automatic rollback elections for maintenance tax increases for certain districts, and other matters which may have an adverse impact on the District's operations and, therefore, the marketability or market value of the Bonds.

As of the date of this Official Statement, SB 2 is awaiting signature by the Governor. Pursuant to Article IV, section 14 of the Texas Constitution, the Governor has until June 16, 2019 (the 20th day following final adjournment of the 86th Regular Legislative Session), to sign or veto bills passed during the regular session. If the Governor takes no action by June 16, 2019, the bills passed during the regular sessions will automatically become law regardless of the Governor's signature.

At this time, the District cannot predict whether SB 2 will be signed into law by the Governor or whether the Governor will call a special session to address other property tax reforms not included in SB 2.

THE DISTRICT

General

The District, a political subdivision of the State of Texas, was created by a special act of the 81st Texas Legislature, effective May 27, 2009, now codified as Chapter 8350. The District operates pursuant to Chapter 8350, Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes applicable to municipal utility districts, and Article XVI, Section 59 and Article III, Section 52 of the Texas Constitution.

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; the control and diversion of storm water and the provision of parks and recreational facilities. The District is also empowered to construct, acquire, improve, maintain, or operate roads and improvements in aid thereof. The District may issue bonds and other forms of indebtedness to purchase or construct all of 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, after approval by the TCEQ and the voters of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent of the City of Houston for creation of the District, within whose extraterritorial jurisdiction the District lies, the District has agreed to observe certain City requirements. These requirements, among others, limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities, recreational facilities and roads, and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of District construction plans.

Description

The District contains approximately 978.56 acres of land, including two tracts of land aggregating approximately 200.29 acres that were annexed into the District on May 1, 2019. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The District is located north of Interstate Highway I-10, west of the Grand Parkway, and north of the City of Katy. The southern tract of the District is bounded by Clay Road to the south and Porter Road to the east. The northern portion of the District is bounded by Beckendorff Road to the north, Porter Road to the East and is bisected by Katy Hockley Cut Off Road. The District lies within the Katy Independent School District. See "APPENDIX A - LOCATION MAP."

Management of the District

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. All of the Directors own property in the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below.

Name	Position	Term Expires in May
Steve Sams	President	2020
Kenneth Whitmore	Vice President	2022
Tim Duffy	Assistant Vice President	2022
Jackie Taylor	Secretary	2020
Tony Bonaventure	Assistant Secretary	2022

The District does not have a general manager or any other employee, but has contracted for services, as follows.

Tax Assessor/Collector - The District has engaged Assessments of the Southwest, as the District's Tax Assessor/Collector. According to Assessments of the Southwest, it presently serves approximately 200 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris County Appraisal District and bills and collects such levy.

Consulting Engineers - The District has engaged the firm of LJA Engineering, Inc., Houston, Texas, as consulting engineer to the District.

Bookkeeper - The District has engaged Myrtle Cruz, Inc. as the District's Bookkeeper. According to Myrtle Cruz, Inc., it currently serves approximately 350 districts as bookkeeper.

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 auditor for the 2019 fiscal year is McGrath & Co., PLLC, Certified Public Accountants, Houston, Texas. A copy of the District's audit for the fiscal year ended February 28, 2018, is included as "APPENDIX B" to this Official Statement.

Bond Counsel and General Counsel - Allen Boone Humphries Robinson LLP, Houston, Texas ("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 based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

Disclosure Counsel - McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor - The District has engaged Rathmann & Associates, L.P. as financial advisor (the "Financial Advisor") to the District. The fee paid the Financial Advisor for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fee is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/companysearch.html.

DEVELOPMENT AND HOME CONSTRUCTION

As of March 1, 2019, the District contained 1,333 homes, including 143 homes under construction. See "BUILDERS." According to the District's Engineer, underground water distribution, wastewater collection, and storm drainage facilities, detention facilities and street paving have been completed to serve 1,828 single-family residential lots located in King Crossing, Sections 1 through 11, Katy Manor, Sections 1 through 5, 7 and 8, Katy Pointe, Sections 1 and 2, and Katy Crossing, Sections 1 through 3 (approximately 563.60 total acres) in the District as is delineated in the chart that appears below. In addition, as is also delineated in the chart that appears below, 66 additional single-family residential lots (approximately 15.40 acres) are currently under development as Katy Crossing, Section 5.

The developers of King Crossing located within the District, Beazer Homes Texas, L.P. ("Beazer Homes") and Pulte Homes of Texas, L.P. ("Pulte") (described below under the caption "DEVELOPERS"), have completed the development of 898 single-family residential lots that have been subdivided as King Crossing, Sections 1 through 11. Beazer Homes and Pulte paid equal amounts for undivided interests in the land that has been developed as King Crossing, Sections 1 through 11. As the development of such single-family residential lots has been undertaken, Beazer Homes and Pulte have each paid one-half of the costs of the development thereof. As the development of each section of single-family lots has been completed, each of Beazer Homes and Pulte has taken title to one-half of such fully-developed single-family residential lots for home building purposes. Beazer Homes has contracted to buy approximately 58.48 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development.

The developer of Katy Manor located within the District, KB Home Lone Star, Inc. ("KB") (described below under the caption "DEVELOPERS"), has completed the development of 436 single-family residential lots that have been subdivided as Katy Manor, Sections 1 through 5, 7 and 8. KB owns approximately 154.21 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development.

The developer of Katy Pointe located within the District, Telephone Investments, Inc., a Texas Corporation ("Telephone") (described below under the caption "DEVELOPERS"), has completed the development of 206 single-family residential lots that have been subdivided as Katy Pointe, Sections 1 and 2. Telephone owns approximately 84.05 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential, multi-family residential and commercial development.

The developers of Katy Crossing located within the District, Pulte and Lennar Homes of Texas Land and Construction, Ltd. ("Lennar") dba Friendswood Development Company (described below under the caption "DEVELOPERS"), have completed the development of 288 single-family residential lots that have been subdivided as Katy Crossing, Sections 1 through 3. Pulte and Lennar own approximately 15.40 acres of land located within the District on which they have undertaken the development of 66 single-family residential lots that have been subdivided as Katy Crossing, Section 5, the development of which, including street paving, is anticipated to be completed by approximately December 2019. Pulte and Lennar paid equal amounts for undivided interests in the land that is being developed as Katy Crossing. As the development of such single-family residential lots has been undertaken, Pulte and Lennar have each paid one-half of the costs of the development thereof. As the development of each section of single-family lots has been completed, each of Pulte and Lennar has taken title to one-half of such fully-developed single-family residential lots for home building purposes. Pulte and Lennar own approximately 87.2 acres of currently undeveloped land located within the District that are available for future development, all of which they expect to be utilized for future single-family residential development.

There are approximately 388.94 acres of currently undeveloped land located within the District which are available for future development. Approximately 154.21 of such acres are owned by KB, approximately 84.05 of such acres are owned by Telephone, approximately 87.2 of such acres are owned by Pulte and Lennar, approximately 58.48 of such acres are under contract to be bought by Beazer, and approximately 5 acres of undeveloped land located within the District are owned by a party that has not reported any definitive development plan to the District, and thus the District cannot represent when, or whether the development thereof might be undertaken.

The District cannot represent that the development of Katy Crossing, Section 5 will be completed, nor whether, or when, the development of any the aforementioned currently undeveloped acres might occur. The balance of the land located in the District is contained within easements, rights-of-way, detention ponds, or is otherwise not available for future development. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments," "DEVELOPERS," "FUTURE DEVELOPMENT" and "TAX DATA - Principal 2018 Taxpayers."

In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

As of March 1, 2019, the status of lot development and home construction in the District was as follows:

	Lots				Homes				
					Under Construction		Completed		
Subdivision	Developed	Acres	Under Development	Acres	Sold*	Unsold	Sold*	Unsold	Totals
King Crossing									
Section 1	42	14.58			0	0	42	0	42
Section 2	79	29.34			3	0	70	0	73
Section 3	67	17.30			0	0	67	0	67
Section 4	49	11.59			0	0	49	0	49
Section 5	59	18.38			9	0	50	0	59
Section 6	87	25.02			0	0	87	0	87
Section 7	85	31.26			0	0	85	0	85
Section 8	112	80.85			2	0	110	0	112
Section 9	97	26.54			3	0	94	0	97
Section 10	118	40.93			1	0	117	0	118
Section 11	103	24.13			17	0	84	0	101
Katy Manor									
Section 1	8	2.80			0	0	0	6	6
Section 2	69	13.56			0	0	65	0	65
Section 3	28	7.69			0	0	26	0	26
Section 4	29	7.69			1	0	28	0	29
Section 5	85	19.44			1	0	70	0	71
Section 7	79	24.73			12	0	43	0	55
Section 8	138	27.40			13	0	16	0	29
Katy Pointe									
Section 1	110	39.50			4	14	57	14	89
Section 2	96	32.62			0	0	0	0	0
Katy Crossing									
Section 1	142	41.19			63	0	6	4	73
Section 2	53	11.61			0	0	0	0	0
Section 3	93	15.45			0	0	0	0	0
Section 5			66	15.40	0	0	0	0	0
TOTALS	1,828	563.60	66	15.40	129	14	1,166	24	1,333

* Includes homes sold and contracted for sale. Homes under contract for sale are, in some instances, subject to conditions of appraisal, loan application, approval and inspection. See "BUILDERS."

DEVELOPERS

General

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be emplaced in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, sewer, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent (30%) of the cost of emplacing certain of the water, wastewater and drainage facilities in the municipal utility district pursuant to the rules of the TCEQ. The District requested an exemption from such developer participation requirement with respect to the Prior Bonds and the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Orders authorizing the District to issue the Prior Bonds and the Bonds. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on the developer's right to sell any or all of the land which the developer owns within a district. See "FUTURE DEVELOPMENT" below.

Description of the Developers

The developers of King Crossing located within the District, Beazer Homes Texas, L.P. ("Beazer Homes") and Pulte Homes of Texas, L.P. ("Pulte"), have completed the development of 898 single-family residential lots that have been subdivided as King Crossing, Sections 1 through 11. Beazer Homes and Pulte paid equal amounts for undivided interests in the land that has been developed as King Crossing, Sections 1 through 11. As the development of such single-family residential lots has been undertaken, Beazer Homes and Pulte have each paid one-half of the costs of the development thereof. As the development of each section of single-family lots has been completed, each of Beazer Homes and Pulte as taken title to one-half of such fully-developed single-family residential lots for home building purposes. Beazer Homes owns no additional land located within the District that is available for future development. Beazer Homes has contracted to buy approximately 58.48 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development.

The developer of Katy Manor located within the District, KB Home Lone Star, Inc. ("KB") has completed the development of 436 single-family residential lots that have been subdivided as Katy Manor, Sections 1 through 5, 7 and 8. KB owns approximately 154.21 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development.

The developer of Katy Pointe located within the District, Telephone Investments, Inc., a Texas Corporation ("Telephone"), has completed the development of 206 single-family residential lots that have been subdivided as Katy Pointe, Sections 1 and 2. Telephone owns approximately 84.05 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential, multi-family residential and commercial development.

The developers of Katy Crossing located within the District, Pulte and Lennar Homes of Texas Land and Construction, Ltd. ("Lennar") dba Friendswood Development Company have completed the development of 288 single-family residential lots that have been subdivided as Katy Crossing, Sections 1 through 3. Pulte and Lennar own approximately 15.40 acres of land located within the District on which they have undertaken the development of 66 single-family residential lots that have been subdivided as Katy Crossing, Section 5, the development of which, including street paving, is anticipated to be completed by approximately December 2019. Pulte and Lennar paid equal amounts for undivided interests in the land that is being developed as Katy Crossing. As the development of such single-family residential lots has been undertaken, Pulte and Lennar have each paid one-half of the costs of the development thereof. As the development of each section of single-family lots has been completed, each of Pulte and Lennar has taken title to one-half of such fully-developed single-family residential lots for home building purposes. Pulte and Lennar own approximately 87.2 acres of currently undeveloped land located within the District that are available for future development, all of which they expect to be utilized for future single-family residential development.

BUILDERS

According to Beazer Homes and Pulte, they are currently constructing homes in King Crossing which range in size from approximately 1,512 to 3,847 square feet of living area and in sales price from approximately $196,990 to $354,990.

According to KB, it is currently constructing homes in Katy Manor which range in size from approximately 1,585 to 3,353 square feet of living area and in sales price from approximately $170,995 to $256,995.

According to Telephone, Meritage Homes and K. Hovnanian Homes are currently constructing homes in Katy Pointe which range in size from approximately 1,496 to 3,135 square feet of living area and in sales price from approximately $208,995 to $315,000.

According to Pulte and Lennar, they are currently constructing homes in Katy Crossing which range in size from approximately 1,230 to 2,694 square feet of living area and in sales price from approximately $175,990 to $280,990.

Beazer Homes, Pulte, KB, Meritage Homes, K. Hovnanian Homes and Lennar (collectively, the "Builders") may change the types, sizes and sales prices of the homes which they choose to construct within the District entirely within their discretion, or may suspend home construction activity entirely.

FUTURE DEVELOPMENT

As is described above under the caption "DEVELOPMENT AND HOME CONSTRUCTION," approximately 563.60 acres of the total of approximately 978.56 acres of land located within the District have been developed into 1,828 single-family residential lots, the development of which is complete and approximately 15.40 acres located within the District are currently being developed into 66 single-family residential lots. KB owns approximately 154.21 acres of currently undeveloped land located within the District that available for future development, all of which it expects to be utilized for future single-family residential development. Telephone owns approximately 84.05 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential, multi-family residential and commercial development. Pulte and Lennar own approximately 87.2 acres of currently undeveloped land located within the District that available for future development, all of which it expects to be utilized for future single-family residential development. Beazer Homes has contracted to buy approximately 58.48 acres of currently undeveloped land located within the District that are available for future development, all of which it expects to be utilized for future single-family residential development. Approximately 5 acres of undeveloped land located within the District are owned by a party that has not reported any definitive development plan to the District, and thus the District cannot represent when, or whether the development thereof might be undertaken. The balance of the land located in the District is contained within easements, rights-of-way, detention ponds, or are otherwise not available for future development. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments," "DEVELOPERS" and "TAX DATA - Principal 2018 Taxpayers." Since no party, including Pulte, Lennar, KB or Telephone is under any obligation to the District to undertake the development of any currently undeveloped portion of the District, the District can make no representation as to when, or whether, the undeveloped portions of the District might be developed. If any undeveloped portion of the District is eventually developed, additions to the water, wastewater and drainage systems required to service such undeveloped acreage may be financed by future issues of the District's bonds. The District's Engineer currently estimates that the $150,595,000 authorized bonds which are currently unissued are adequate to finance the construction of such facilities to provide service to all of the undeveloped portions of the District as described below under the caption "THE SYSTEM." See "INVESTMENT CONSIDERATIONS - Future Debt." In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken April 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken April 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken April 2019)

DISTRICT DEBT

Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements on the Outstanding Bonds, plus the principal and interest requirements of the Bonds.

Year Ending 12-31	Current Total Debt Service	The Bonds Principal	The Bonds Interest	Total Debt Service
2019	$1,091,565			$1,091,565
2020	1,256,456		$ 615,205	1,871,661
2021	1,255,856	$ 270,000	527,319	2,053,175
2022	1,254,206	280,000	512,469	2,046,675
2023	1,251,481	295,000	497,069	2,043,550
2024	1,247,681	305,000	480,844	2,033,525
2025	1,242,831	320,000	464,069	2,026,900
2026	1,241,906	335,000	446,469	2,023,375
2027	1,239,656	345,000	429,300	2,013,956
2028	1,236,056	360,000	415,500	2,011,556
2029	1,239,969	375,000	404,700	2,019,669
2030	1,246,969	390,000	393,450	2,030,419
2031	1,253,194	410,000	381,750	2,044,944
2032	1,262,556	420,000	369,450	2,052,006
2033	1,265,419	440,000	356,850	2,062,269
2034	1,272,444	460,000	343,650	2,076,094
2035	1,282,244	475,000	329,850	2,087,094
2036	1,285,519	500,000	315,600	2,101,119
2037	1,292,063	520,000	300,600	2,112,663
2038	1,297,338	540,000	285,000	2,122,338
2039	1,306,000	560,000	268,800	2,134,800
2040	1,312,438	585,000	252,000	2,149,438
2041	1,317,375	610,000	234,450	2,161,825
2042	1,325,813	630,000	216,150	2,171,963
2043	1,332,563	655,000	197,250	2,184,813
2044	1,337,625	685,000	177,600	2,200,225
2045	1,346,000	710,000	157,050	2,213,050
2046	1,352,500	740,000	135,750	2,228,250
2047	1,362,125	770,000	113,550	2,245,675
2048	1,374,688	800,000	90,450	2,265,138
2049		2,215,000	66,450	2,281,450
	$38,382,536	$16,000,000	$9,778,644	$64,161,180

Average Annual Requirements (2020-2049) $2,102,321
Maximum Annual Requirement (2049) $2,281,450

Bonded Indebtedness

2018 Assessed Valuation (As of January 1, 2018) See "TAX DATA" and "TAXING PROCEDURES"		$205,147,204(a)
Estimated Valuation at March 1, 2019 (As of March 1, 2019) See "TAX DATA" and "TAXING PROCEDURES"		$321,547,362(b)
Direct Debt: Outstanding Bonds		$ 22,405,000
The Bonds		16,000,000
Total		$ 38,405,000(c)
Estimated Overlapping Debt		$ 9,940,060
Direct and Estimated Overlapping Debt		$ 48,345,060(c)
Direct Debt Ratios		
: as a percentage of 2018 Assessed Valuation		18.72%
: as a percentage of Estimated Valuation at March 1, 2019		11.94%
Direct and Estimated Overlapping Debt Ratios		
: as a percentage of 2018 Assessed Valuation		23.57%
: as a percentage of Estimated Valuation at March 1, 2019		15.04%
Debt Service Fund Balance at April 3, 2019		$ 2,482,721(d)
General Fund Balance at April 3, 2019		$ 1,984,333
2018 Tax Rate Per $100 of Assessed Valuation		
Debt Service Tax	$1.00	
Maintenance Tax	0.50	
Total		$1.50(e)

(a) As of January 1, 2018, and comprises the District's 2018 tax roll. All property located in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The 2018 Assessed Valuation does not include taxable value of property annexed into the District after January 1, 2018, including (i) the 174.99 acres being developed as Katy Crossing, which was annexed on August 1, 2018 (the "Pulte Lennar Annexation Tract"), and (ii) the 141.81 acre tract owned by KB that will be developed as Katy Manor South and the 58.48 acre annexation tract (collectively, the "2019 Annexation Tracts"), which were annexed on May 1, 2019. The Pulte Lennar Annexation Tract will be reflected on the District's 2019 tax roll and the 2019 Annexation Tracts will be reflected on the District's 2020 tax roll. Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $41,399, which total is included in the amount of $205,147,204. The Appraisal District has proposed the valuation of such protested properties to be $48,705. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $2,925,409, which total is also included in the amount of $205,147,204. The District is unable to predict the amount of the District's final 2018 Assessed Valuation. Such final 2018 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2018. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) Provided by the Appraisal District for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of March 1, 2019, including the Pulte Lennar Annexation Tract, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2018, through February 28, 2019. Such amount includes the estimated value of the Pulte Lennar Annexation Tract annexed into the District after January 1, 2018, but does not include the 2019 Annexation Tracts. No taxes were levied for 2018 against any values added since January 1, 2018. Moreover, the ultimate Assessed Valuation of any land and improvements added from January 1, 2018, through December 31, 2018, which will be placed on the District's 2019 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2019. The ultimate Assessed Valuation of any land and improvements added from January 1, 2019, through February 28, 2019, which will be placed on the District's 2020 tax roll, may vary significantly from such estimate once the Appraisal Review Board certifies the value thereof in 2020.

(c) In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

(d) Neither Texas law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service payments that were due on March 1, 2019, on the Outstanding Bonds. The District's remaining debt service payments for 2019, which are due on September 1, 2019, total $548,478. The District's initial debt service payment on the Bonds, consisting of an eight-month interest payment thereon, is due on March 1, 2020.

(e) The District levied a total tax rate of $1.50 per $100 of Assessed Valuation for 2018, consisting of a debt service tax of $1.00 per $100 of Assessed Valuation and a maintenance tax of $0.50 per $100 of Assessed Valuation. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2018 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2018 tax rate, is $3.75127 per $100 of Assessed Valuation. Such aggregate levies are higher than the aggregate tax levies of many municipal utility districts in the Houston metropolitan area, including the area of the District, but are within the range of the aggregate levies of many municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

Estimated Direct and Overlapping Debt Statement

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 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. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot presently be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

	Debt as of	Estimated Overlapping	
Taxing Jurisdiction	**March 1, 2019**	**Percent**	**Amount**
Harris County (i)	$2,050,758,022	0.04522%	$ 933,590
Harris County Department of Education	6,320,000	0.04522	2,877
Harris County Flood Control District	83,075,000	0.04522	37,819
Harris County Hospital District	57,300,000	0.04522	26,085
Port of Houston Authority	593,754,397	0.04522	270,301
Katy Independent School District	1,665,950,000	0.52039	8,669,388
Total Estimated Overlapping Debt			$ 9,940,060
The District (the Bonds and the Outstanding Bonds)			38,405,000
Total Direct & Estimated Overlapping Debt			$48,345,060

(i) The Harris County Toll Road Authority bonds are considered to be self-supporting, and are not included in this schedule.

Debt Ratios

	% of 2018 Assessed Valuation	% of Estimated Valuation at March 1, 2019
Direct Debt	18.72%	11.94%
Direct and Estimated Overlapping Debt	23.57%	15.04%

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds, the Outstanding Bonds and any future tax-supported bonds that may be issued by the District from time to time. The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The actual rate of such tax is determined annually as a function of the District's tax base, its debt service requirements, and available funds. The District levied a debt service tax in 2018 of $1.00 per $100 of Assessed Valuation.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On May 10, 2014, the District voters authorized the levy of such a maintenance tax in an amount not to exceed $1.50 per $100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of $0.50 per $100 of Assessed Valuation for 2018.

On May 10, 2014, the District voters authorized the levy of a maintenance tax in an amount not to exceed $0.25 per $100 of Assessed Valuation for the purpose of maintaining roads in the District. As of the date hereof, the District has not levied a road maintenance tax. Such tax would be levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future and the maintenance tax described above.

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

				% Collections	
Tax Year	Assessed Valuation	Tax Rate(a)	Adjusted Levy	Current & Prior Years (b)	Year Ending 9/30
2014	$ 77,656	$1.50	$107,482	100.00%	2015
2015	9,389,543	1.50	167,094	100.00	2016
2016	51,247,549	1.50	768,713	99.99	2017
2017	107,919,025	1.50	1,618,785	99.43	2018
2018	205,147,204(c)	1.50	3,077,208	92.77(d)	2019

(a) Per $100 of Assessed Valuation.

(b) Such percentage reflects cumulative total collections for said year from the time the annual tax was levied through March 31, 2019. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.

(c) Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $41,399, which total is included in the amount of $205,147,204. The Appraisal District has proposed the valuation of such protested properties to be $48,705. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $2,925,409, which total is also included in the amount of $205,147,204. The District is unable to predict the amount of the District's final 2018 Assessed Valuation. Such final 2018 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2018.

(d) As of March 31, 2019. In process of collection.

Analysis of Tax Base

The following table illustrates the composition of property located within the District for the last five years.

Type of Property	2018 Assessed Valuation	%	2017 Assessed Valuation	%	2016 Assessed Valuation	%
Land	$67,334,157	32.82%	$40,498,768	37.53%	$28,570,558	55.75%
Improvements	136,760,118	66.66	69,763,385	64.64	24,118,437	47.06
Personal Property	1,083,143	0.53	124,175	0.12	165,654	0.32
Uncertified	2,966,808	1.45	0	0.00	0	0.00
Exemptions	(2,997,022)	(1.46)	(2,467,303)	(2.29)	(1,607,100)	(3.14)
Total	$205,147,204*	100.00%	$107,919,025	100.00%	$51,247,549	100.00%

Type of Property	2015 Assessed Valuation	%	2014 Assessed Valuation	%
Land	$10,998,277	140.11%	$7,016,288	9035.09%
Improvements	0	0.00	0	0.00
Personal Property	0	0.00	0	0.00
Exemptions	(1,608,734)	(40.11)	(6,938,632)	(8935.09)
Total	$9,389,543	100.00%	$ 77,656	100.00%

* Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $41,399, which total is included in the amount of $205,147,204. The Appraisal District has proposed the valuation of such protested properties to be $48,705. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $2,925,409, which total is also included in the amount of $205,147,204. The District is unable to predict the amount of the District's final 2018 Assessed Valuation. Such final 2018 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2018.

Principal 2018 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2018. The information reflects the composition of property ownership reflected on the District's 2018 tax roll. See “DEVELOPERS.”

Taxpayer	Type of Property	Assessed Valuation 2018 Tax Roll	% of 2018 Tax Roll
KB Home Lone Star, Inc.	Land, Lots, Homes and Personal Property	$8,478,923	4.13%
Telephone Investments Inc.	Land	5,977,185	2.91
Pulte Homes Texas, L.P.	Lots and Homes	2,544,009	1.24
Beazer Homes Texas, L.P.	Lots and Homes	2,419,651	1.18
Meritage Homes of Texas LLC	Lots and Homes	1,488,062	0.73
K. Hovnanian Houston Katy Pointe LLC	Lots and Homes	1,459,582	0.71
Centerpoint Energy Houston Electric	Utilities	516,820	0.25
Homeowner	Home	486,366	0.24
Homeowner	Home	442,774	0.22
Homeowner	Home	382,421	0.18
		$24,195,793	11.79%

Tax Exemption

Certain property in the District may be exempt from taxation. See “TAXING PROCEDURES.” The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

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

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2018 Assessed Valuation or the Estimated Valuation at March 1, 2019. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District.

Average Annual Debt Service Requirements (2020-2049)	$2,102,321
Tax Rate of $1.08 on the 2018 Assessed Valuation ($205,147,204) produces	$2,104,810
Tax Rate of $0.69 on the Estimated Valuation at March 1, 2019 ($321,547,362) produces	$2,107,743
Maximum Annual Debt Service Requirement (2049)	$2,281,450
Tax Rate of $1.18 on the 2018 Assessed Valuation ($205,147,204) produces	$2,299,700
Tax Rate of $0.75 on the Estimated Valuation at March 1, 2019 ($321,547,362) produces	$2,291,025

The District levied a total tax rate of $1.50 per $100 of Assessed Valuation for 2018, consisting of a debt service tax of $1.00 per $100 of Assessed Valuation, plus a maintenance tax rate of $0.50 per $100 of Assessed Valuation. As the above table indicates, the 2018 debt service rate is sufficient to pay the Average Annual Debt Service Requirements and the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds given taxable values in the District at the level of the Estimated Valuation at March 1, 2019, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. As is illustrated above under the caption - "Historical Values and Tax Collection History," the District has collected an average of 99.86% of its 2014 through 2017 tax levies, and its 2018 levy, which is in the process of collection, is 92.77% collected as of March 31, 2019. Moreover, the District's Debt Service Fund balance is $2,482,721 as of April 3, 2019. Neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds. See "APPENDIX B - FINANCIAL REPORT." The District anticipates that, given these factors, and future increases in taxable values which are expected to occur as a consequence of the construction of homes on the lots developed by the Developers, the District will be able to meet the debt service requirements on the Bonds and the Outstanding Bonds without increasing the debt service tax rate above the debt service tax rate which the District levied for 2018 - $1.00 per $100 of Assessed Valuation. In addition to the components of the System that the District financed with the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2018 taxes levied upon property located within the District, including the District's 2018 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Taxing Jurisdiction	2018 Tax Rate/$100
Harris County	$0.41858
Harris County Department of Education	0.005190
Harris County Flood Control District	0.028770
Port of Houston Authority	0.011550
Harris County Hospital District	0.171080
Katy Independent School District	1.516600
Waller-Harris Emergency Services District 200	0.099500
The District*	1.500000
	$3.75127

* The District levied a total tax rate of $1.50 per $100 of Assessed Valuation for 2018, consisting of a debt service tax of $1.00 per $100 of Assessed Valuation, plus a maintenance tax rate of $0.50 per $100 of Assessed Valuation.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with responsibility for reviewing and equalizing values established by the appraisal district. The Harris County Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Harris County, including the District. Such appraisal values will be subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal rolls, as approved by the Appraisal Review Board, will be used by the District in establishing its tax rolls and tax rate.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. 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, (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 the armed forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder as defined under Texas law, who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

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

Tax Abatement

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 the City of Houston (if it were to annex the District) may thereafter enter into tax abatement agreements with the owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing the abatement, which each entity will follow in granting tax abatements to owners of property. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, including the District, for a period of up to ten 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. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent (10%) annually regardless of market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its 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 of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. If a landowner of qualified open space land is a member of the U.S. Armed Forces, subject to certain conditions, the qualification of the land as qualified open space land does not change while the landowner is deployed or stationed outside Texas. A claimant may waive the special valuation as to taxation by one political subdivision while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

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

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 timely petition for review in State district court. 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 compel compliance with the Property Tax Code. The Property Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

The qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service tax rate plus 1.08 times the previous year's operation and maintenance tax rate. Thus, a debt service tax rate cannot be changed by a rollback election.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year in which the tax is imposed. 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 the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts.

Reappraisal of Property After Disaster

The Property Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are prorated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

Tax Payment Installments After Disaster

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

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District, and, in some instances, the TCEQ and the U.S. Army Corps of Engineers. Harris County and the City also exercise regulatory jurisdiction over the District's System. The regulations and requirements of the entities exercising regulatory jurisdiction over the System are subject to further development and revisions, which, in turn, could require additional expenditures by the District in order to achieve compliance. The total number of equivalent single-family connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 978.56 acres is 3,245 with a total estimated population of 6,831 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

As is described below, the System presently serves the single-family residential lots located in the District that are enumerated in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION." The District financed certain of its costs of construction or acquisition of Water Plant No. 1; waterline interconnect; wastewater treatment plant site work, phase 1; access road and drainage improvements for wastewater treatment plant, phase 1; wastewater treatment plant discharge permit; and a portion of the construction costs associated with wastewater treatment plant, phase 2, wastewater treatment plant phase 1, King Crossing Ponds A through G and outfall channel; King Crossing Ponds A through G erosion rehabilitation; King Crossing lift station No. 1; a portion of the costs associated with Katy Manor Detention Ponds; and water, wastewater and drainage facilities serving King Crossing Sections 1 through 6 and other items to serve the land within the District with the sale of the Prior Bonds and is financing additional components of the System with portions of the proceeds of the sale of the Bonds as is enumerated in this Official Statement under the caption "THE BONDS - Use and Distribution of Bond Proceeds." The District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. The District anticipates issuing a bond anticipation note (the "2019 BAN") in the approximate amount of $6,500,000 in approximately the third quarter of 2019. Additionally, the District anticipates issuing up to approximately $11,000,000 of unlimited tax bonds in approximately the third quarter of 2020, a portion of the proceeds of which will retire the 2019 BAN. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "FUTURE DEVELOPMENT."

Water Supply

Water supply facilities for the District and Harris County Municipal Utility District No. 538 ("MUD 538") are provided by the District's water plant. The water plant facilities presently include water wells aggregating 2,300 gallons per minute ("gpm"), 70,000 gallons of pressure tank capacity, 820,000 gallons of ground storage tank capacity and 6,500 gpm of booster pump capacity. According to the District's engineer, the water plant is presently capable of serving 3,500 equivalent single family connections (ESFCs).

The District and MUD 538 have entered into a cost sharing agreement (the "Water Plant Cost Sharing Agreement") regarding joint use and cost-sharing of the water plant facilities that are owned by the District. It is anticipated that future expansions and improvements to the joint water plant facilities will be necessary to serve both districts. The capacity and the costs of the joint water plant are shared by both districts on a pro-rata basis, as more fully set forth in the Water Plant Cost Sharing Agreement.

Pursuant to the Water Plant Cost Sharing Agreement, the current capacity of the water plant is allocated 69.77% to the District, which is sufficient to serve 2,442 ESFCs, and 30.23% to MUD 538, which is sufficient to serve 1,058 ESFCs.

The District has water supply interconnect agreements with Harris County Municipal Utility District No. 536 ("MUD 536") and Harris County Municipal Utility District No. 449 ("MUD 449"), which agreements allow water supply service between the parties on an emergency basis.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the West Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County and a small portion of Fort Bend 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, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee 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 $9.00 per 1,000 gallons disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand within the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

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

Wastewater Treatment

Wastewater treatment facilities to serve the District and MUD 538 include a 600,000 gallon per day ("gpd") interim wastewater treatment plant, which has been constructed in phases. The District and MUD 538 have entered into a wastewater capacity cost sharing agreement (the "WWTP Cost Sharing Agreement") regarding joint use and cost-sharing of the wastewater treatment plant. The capacity and the costs of the wastewater treatment plant are shared by both districts on a pro-rata basis, as more fully set forth in the WWTP Cost Sharing Agreement.

According to the District's engineer, the 600,000 gpd wastewater treatment plant is designed to provide service to approximately 2,000 ESFCs based upon design criteria of 300 gpd per ESFC. Pursuant to the WWTP Cost Sharing Agreement, the capacity of the existing 600,000 gpd wastewater treatment plant is allocated 84.40% to the District, which is sufficient to serve 1,688 ESFCs and 15.60% to MUD 538, which is sufficient to serve 312 ESFCs.

The District currently leases the interim wastewater treatment plant from AUC Group, L.P. ("AUC"). The plant became operational in May 2016, and was expanded in August 2017, and December 2018. Pursuant to the lease agreements between the District and AUC, the District is obligated to make lease payments to AUC during the term of the leases. These lease payments, and capacity in the interim wastewater treatment plant, will be shared between the District and MUD 538 in accordance with the WWTP Cost Sharing Agreement. The current lease payment is $28,800 per month. The District has the option to purchase the leased facilities in accordance with the purchase schedule provided in the lease agreements. If the purchase option is not exercised, title to the applicable leased facilities will be conveyed to the District when such leased facility is fully amortized.

It is anticipated that expansions to the joint wastewater treatment plant will be required to serve the District and MUD 538 at full build out. The costs of such expansions will be shared between the District and MUD 538 as provided in the WWTP Cost Sharing Agreement.

In addition, the District is constructing a second leased wastewater treatment plant ("WWTP No. 2"), which is not subject to the current WWTP Cost Sharing Agreement. WWTP No. 2, which is scheduled to be completed in approximately May 2019, that will ultimately provide 210,000 gpd of wastewater treatment capacity to serve additional land that has been annexed into the District, including the Pulte Lennar Annexation Tract and the 2019 Annexation Tracts.

Pursuant to the lease agreement between the District and AUC Group, L.P. ("AUC"), the District will be obligated to make lease payments to AUC during the term of the lease in the amount of $18,000 per month. The District has the option to purchase the leased facilities in accordance with the purchase schedule provided in the lease agreement. If the purchase option is not exercised, title to the leased facilities will be conveyed to the District when the leased facilities are fully amortized.

Storm Drainage

Areas that have been developed within the District include storm water collection facilities that eventually outfall into South Mayde Creek.

King Crossing

According to the District's Engineer, underground storm sewer facilities to serve Sections 1 through 11 have been constructed. The system drains to detention ponds which ultimately drain into an offsite drainage channel that outfalls into South Mayde Creek.

Katy Manor

According to the District's Engineer, underground storm sewer facilities to serve Sections 1 through 8 have been constructed. The system drains to detention ponds which ultimately drain into a drainage channel that outfalls into South Mayde Creek.

Katy Pointe

According to the District's Engineer, the drainage and detention facilities to serve Sections 1 and 2 have been constructed. The outfall drainage channel serving Katy Pointe connects to an existing South Mayde Creek Tributary, which will ultimately enable the ponds to drain into South Mayde Creek. See "DEVELOPMENT AND HOME CONSTRUCTION."

Katy Crossing

According to the District's Engineer, underground storm sewer facilities to serve Sections 1, 2, 3 and 5 have been constructed. The system drains to detention ponds which ultimately drain into a drainage channel that outfalls into South Mayde Creek.

100-Year Flood Plain

According to the District's Engineer, the developable land located within the District is shown on the Flood Insurance Rate Maps for Harris County, Texas, Nos. 48201CO580L and 48201CO585L, effective June 18, 2007. According to these maps, approximately 20 acres of the proposed development land is shown to be located within the effective floodplain. This area was removed from the floodplain by placement of fill above the flood plain elevation, which was acknowledged and permitted by the FEMA Letter of Map Revision (LOMR) which became effective on March 3, 2017.

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100 year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100 year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100 year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years.

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified 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 Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel for the District, to a like effect and to the effect that, under existing law, (i) interest on the Bonds is excludable from gross income for federal tax purposes, and (ii) interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for the information under the headings "Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT - General," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by the appropriate officers of the Board, and dated as of the date of delivery of the Bonds, that to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

NO MATERIAL ADVERSE CHANGE

The obligations of the Underwriter to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District from that set forth in the Official Statement, as it may have been finalized, supplemented or amended through the date of sale. The rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

TAX MATTERS

In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, and (ii) interest on the Bonds is not subject to the alternative minimum tax on individuals.

The Internal Revenue Code of 1986, as amended (the "Code") imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of proceeds and the source of repayment, limitations on the investment of proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The District has covenanted in the Bond Resolution that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Bond Resolution pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the District, the District's Financial Advisor and the Underwriter with respect to matters solely within the knowledge of the District, the District's Financial Advisor and the Underwriter, respectively, which Bond Counsel has not independently verified. If the District should fail to comply with the covenants in the Bond Resolution or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of delivery of the Bonds, regardless of the date on which the event causing such taxability occurs.

Under the Code, taxpayers are required to report on their returns the amount of tax exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients. Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, 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, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits, including tax exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date hereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the District as the taxpayer and the owners of the Bonds may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds during the pendency of the audit regardless of the ultimate outcome of the audit.

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Not Qualified Tax-Exempt Obligations

The Bonds are **not** "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Developers, the Tax Assessor/Collector and other sources believed to be reliable; however, no representation is made by the District as to the accuracy or completeness of the information contained herein, except as described below under "Certification as to Official Statement." The summaries of the statutes, resolutions and engineering and other related reports set forth herein are included 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.

The District's financial statements for the fiscal year ended February 28, 2018, were audited by McGrath & Co., PLLC, and have been included herein as "APPENDIX B."

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE BONDS - Use and Distribution of Bond Proceeds," "THE DISTRICT" and "THE SYSTEM" has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" was provided by Assessments of the Southwest, Inc. and the Appraisal District. Such information has been included herein in reliance upon Assessments of the Southwest, Inc.'s authority as an expert in the field of tax collection and the Appraisal Districts' authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriter is no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, 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 upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Resolution, the District has the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB") through its 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 with respect to the District of the general type included in this Official Statement included under the headings "TAX DATA," "DISTRICT DEBT," and in "APPENDIX B" (the Audit). The District will update and provide this information within six months after the end of each of its fiscal years 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 "Rule"). The updated information will include audited financial statements, if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

The District's current fiscal year end is February 28. Accordingly, it must provide updated information by August 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.

Event Notices

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

Availability of Information

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

Since the issuance of its first series of bonds in 2017, the District has complied in all material respects with all continuing disclosure agreements made by the District in accordance with SEC Rule 15c2-12.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 495 as of the date shown on the first page hereof.

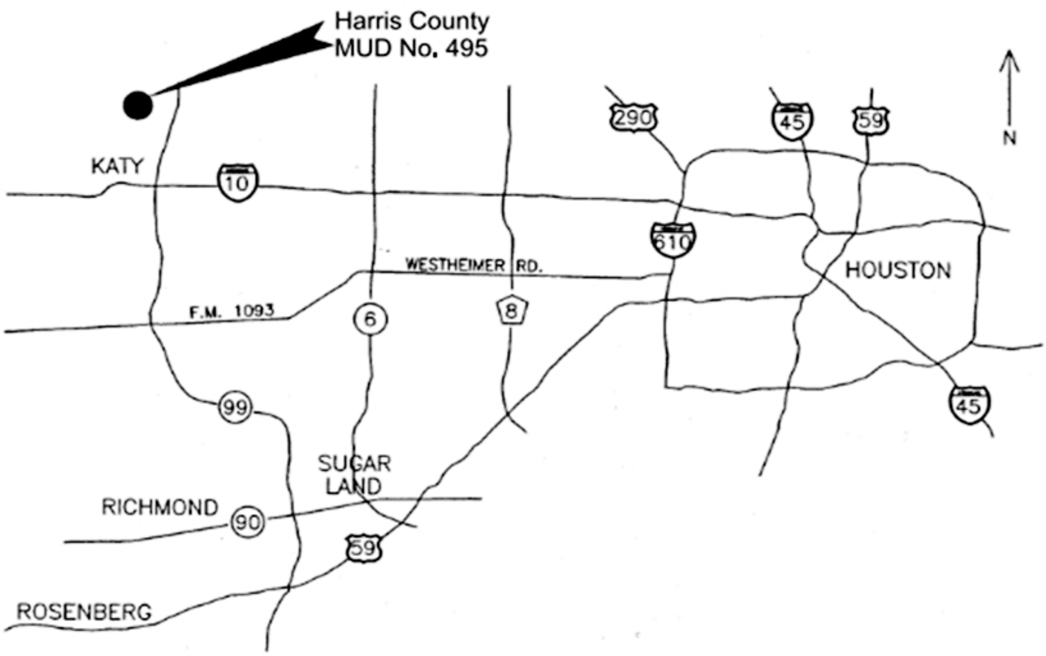
/s/ Steve Sams
President, Board of Directors
Harris County Municipal
Utility District No. 495

ATTEST:

/s/ Tony Bonaventure
Assistant Secretary, Board of Directors
Harris County Municipal
Utility District No. 495

APPENDIX A

LOCATION MAP



APPENDIX B

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 495

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

FEBRUARY 28, 2018

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 495

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

February 28, 2018

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Independent Auditors' Report

Board of Directors
Harris County Municipal Utility District No. 495
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. 495, as of and for the year ended February 28, 2018, and the related notes to the financial statements, which collectively comprise the 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 basic 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 basic financial statements are free of 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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 to provide a basis for our audit opinions.

Opinion

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 Harris County Municipal Utility District No. 495, as of February 28, 2018, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

McGrath & Co, PLLC

Houston, Texas
June 6, 2018

Management’s Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Harris County Municipal Utility District No. 495 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended February 28, 2018. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

In addition to this discussion and analysis, this annual report consists of:

- The District's basic financial statements;
- Notes to the basic financial statements, which provide additional information essential to a full understanding of the data provided in the financial statements;
- Supplementary information required by the Governmental Accounting Standards Board (GASB) concerning the District's budget; and
- Other Texas supplementary information required by the District's state oversight agency, the Texas Commission on Environmental Quality (TCEQ).

Overview of the Financial Statements

The District prepares its basic financial statements using a format that combines fund financial statements and government-wide statements onto one financial statement. The combined statements are the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. Each statement contains an adjustments column which quantifies the differences between the government-wide and fund level statements. Additional details of the adjustments are provided in Note 2 to the basic financial statements.

Government-Wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District, both long-term and short-term. The District's government-wide financial statements consist of the *Statement of Net Position* and the *Statement of Activities*, which are prepared using the accrual basis of accounting. The *Statement of Net Position* includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual reported as net position. Over time, changes in net position may provide a useful indicator of whether the financial position of the District as a whole is improving or deteriorating.

Accounting standards establish three components of net position. The net investment in capital assets component represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets. Resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The restricted component of net position consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties. The unrestricted component of net position represents resources not included in the other components.

The *Statement of Activities* reports how the District's net position has changed during the fiscal year. All revenues and expenses are included on this statement, regardless of whether cash has been received or paid.

Fund Financial Statements

The fund financial statements include the *Governmental Funds Balance Sheet* and the *Governmental Funds Revenues, Expenditures and Changes in Fund Balances*. The focus of fund financial statements is on specific activities of the District rather than the District as a whole, reported using modified accrual accounting. These statements report on the District's use of available financial resources and the balances of available financial resources at the end of the year. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties, governmental statutes or regulations.

For further discussion on the government-wide and fund financial statements, please refer to Note 1 in the financial statements.

Financial Analysis of the District as a Whole

The District's net position at February 28, 2018, was negative $5,063,879. This amount is negative because the District incurs debt to construct public roads which it conveys to Harris County. A comparative summary of the District's overall financial position, as of February 28, 2018 and 2017, is as follows:

	2018	2017
Current and other assets	$ 5,914,336	$ 1,551,718
Capital assets	24,732,320	20,715,125
Total assets	30,646,656	22,266,843
Current liabilities	11,656,824	3,641,276
Long-term liabilities	24,053,711	23,198,109
Total liabilities	35,710,535	26,839,385
Net position		
Net investment in capital assets	1,153,997	(991,831)
Restricted	1,205,334	32,100
Unrestricted	(7,423,210)	(3,612,811)
Total net position	$ (5,063,879)	$ (4,572,542)

The total net position of the District decreased during the current fiscal year by $491,337. A comparative summary of the District's *Statement of Activities* for the past two years is as follows:

	2018	2017
Revenues		
Water and sewer service	$ 504,456	$ 288,520
Property taxes, penalties and interest	1,687,634	657,414
Other	1,354,033	1,048,229
Total revenues	3,546,123	1,994,163
Expenses		
Current service operations	2,148,144	1,764,760
Debt interest and fees	283,840	34,413
Developer interest	354,188	
Debt issuance costs	719,270	95,824
Depreciation	532,018	443,852
Total expenses	4,037,460	2,338,849
Change in net position before other item	(491,337)	(344,686)
Other item		
Transfers to other governments		(3,570,001)
Change in net position	(491,337)	(3,914,687)
Net position, beginning of year	(4,572,542)	(657,855)
Net position, end of period	$ (5,063,879)	$ (4,572,542)

Financial Analysis of the District's Funds

The District's combined fund balances, as of February 28, 2018, were $3,362,928, which consists of $1,842,039 in the General Fund, $1,173,234 in the Debt Service Fund, $315,555 in the Capital Projects Fund, and $32,100 in the Joint Wastewater Treatment Plant Fund.

General Fund

A comparative summary of the General Fund's financial position as of February 28, 2018 and 2017 is as follows:

	2018	2017
Total assets	$ 2,146,184	$ 1,245,853
Total liabilities	$ 281,309	$ 334,387
Total deferred inflows	22,836	45,940
Total fund balance	1,842,039	865,526
Total liabilities, deferred inflows and fund balance	$ 2,146,184	$ 1,245,853

A comparative summary of the General Fund's activities for the current and prior fiscal year is as follows:

	2018	2017
Total revenues	$ 2,051,444	$ 1,383,343
Total expenditures	(1,294,208)	(1,113,887)
Revenues over expenditures	757,236	269,456
Other changes in fund balance	219,277	562,934
Net change in fund balance	$ 976,513	$ 832,390

The District manages its activities with the objectives of ensuring that expenditures will be adequately covered by revenues each year and that an adequate fund balance is maintained. The District's primary financial resources in the General Fund are from a property tax levy, the provision of water and sewer services to customers within the District, tap connection fees charged to homebuilders in the District and developer advances. Financial resources are influenced by a variety of factors each year:

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. While the District decreased its maintenance tax levy, property tax revenues increased because assessed values in the District increased from the prior year.
- Water, sewer and Regional Water Authority fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Tap connection fees fluctuate with homebuilding activity within the District.
- Developers in the District advance funds to the District as needed to pay operating costs.

Debt Service Fund

The District issued bonded debt during the current fiscal year pursuant to a Bond Resolution adopted by the Board. As required by the Bond Resolution, a Debt Service Fund was established to account for the accumulation of financial resources restricted for debt service purposes. A summary of the financial position as of February 28, 2018 is as follows:

Total assets	$ 1,214,058
Total liabilities	$ 4,050
Total deferred inflows	36,774
Total fund balance	1,173,234
Total liabilities, deferred inflows and fund balance	$ 1,214,058

A summary of activities of the Debt Service Fund for the current year is as follows:

Total revenues	$ 901,694
Total expenditures	(227,073)
Revenues over expenditures	674,621
Other changes in fund balance	498,613
Net change in fund balance	$ 1,173,234

The District's financial resources in the Debt Service Fund in the current year are from property tax revenues and capitalized interest from the sale of bonds. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of February 28, 2018 and 2017 is as follows:

	2018	2017
Total assets	$ 2,453,154	$ 188,535
Total liabilities	$ 2,137,599	$ 182,246
Total fund balance	315,555	6,289
Total liabilities and fund balance	$ 2,453,154	$ 188,535

A comparative summary of activities in the Capital Projects Fund for the current and prior fiscal year is as follows:

	2018	2017
Total revenues	$ 11,120	$ 648
Total expenditures	(11,114,880)	(2,852,359)
Revenues under expenditures	(11,103,760)	(2,851,711)
Other changes in fund balance	11,413,026	2,858,000
Net change in fund balance	$ 309,266	$ 6,289

The District has had considerable capital asset activity in the last two years, which was financed with proceeds from the issuance of its Series 2017 Unlimited Tax Bonds and Series 2017 Bond Anticipation Note in the current year and the issuance of its Series 2016 Bond Anticipation Note in the prior year.

Joint Water Plant Fund

The Joint Water Plant Fund is used to account for the operating and maintenance costs of the District's water plant in accordance with the District's Water Plant Cost Sharing Agreement (see Note 7). A comparative summary of the Joint Water Plant Fund's financial position as of February 28, 2018 and 2017 is as follows:

	2018	2017
Total assets	$ 83,160	$ 84,227
Total liabilities	$ 83,160	$ 84,227

A comparative summary of activities for the Joint Water Plant Fund's current and prior fiscal year is as follows:

	2018	2017
Total revenues	$ 271,474	$ 207,389
Total expenditures	(271,474)	(207,389)
Revenues over/(under) expenditures	$ -	$ -

Revenues in the Special Revenue Fund primarily consist of charges to participants. The amount the District charges is based upon the actual cost of providing services. Consequently, revenues will equal expenditures each year.

Joint Wastewater Treatment Plant Fund

The Joint Wastewater Treatment Plant Fund is used to account for the operating and maintenance costs of the District's wastewater treatment plant in accordance with the District's Wastewater Capacity Cost Sharing Agreement (see Note 8). A comparative summary of the Joint Wastewater Treatment Plant Fund's financial position as of February 28, 2018 and 2017 is as follows:

	2018	2017
Total assets	$ 128,120	$ 143,443
Total liabilities	$ 96,020	$ 111,343
Total fund balance	32,100	32,100
Total liabilities and fund balance	$ 128,120	$ 143,443

A comparative summary of activities for the Joint Wastewater Treatment Plant Fund's current and prior fiscal year is as follows:

	2018	2017
Total revenues	$ 296,721	$ 357,188
Total expenditures	(296,721)	(348,488)
Revenues over expenditures	$ -	$ 8,700

Revenues in the Joint Wastewater Treatment Plant Fund primarily consist of charges to participants. The amount the District charges is based upon the actual cost of providing services. However, during the previous fiscal year the District billed participants for expenditures related to the lease of a temporary wastewater treatment plant recognized as prepaid items. See Note 12 for additional information.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board amended the budget during the year to reflect changes in anticipated revenues and expenditures.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $506,201 greater than budgeted. The *Budgetary Comparison Schedule* on page 42 of this report provides variance information per financial statement line item.

Capital Assets

The District has entered into financing agreements with its developers for the financing of the construction of capital assets within the District. Developers will be reimbursed from proceeds of future bond issues or other lawfully available funds. These developer funded capital assets are recorded on the District's financial statements upon completion of construction.

Capital assets held by the District at February 28, 2018 and 2017 are summarized as follows:

	2018	2017
Capital assets not being depreciated		
Land and improvements	$ 4,436,356	$ 3,854,713
Capital assets being depreciated		
Infrastructure	19,471,637	15,504,067
Landscaping improvements	1,986,318	1,986,318
	21,457,955	17,490,385
Less accumulated depreciation		
Infrastructure	(963,359)	(530,657)
Landscaping improvements	(198,632)	(99,316)
	(1,161,991)	(629,973)
Depreciable capital assets, net	20,295,964	16,860,412
Capital assets, net	$ 24,732,320	$ 20,715,125

Capital asset additions during the current year include the following:

- Kings Crossing, Sections 8 and 10 – water, sewer and drainage facilities
- Katy Manor, Sections 4 and 5 – water, sewer and drainage facilities
- Wastewater Treatment Plant, Phase 2
- 12-inch waterline extension to serve Katy Manor

Harris County assumes responsibility for the maintenance of public roads constructed within the boundaries of the District. Additionally, Harris County Flood Control District assumes responsibility for the maintenance of certain drainage facilities constructed within its territory. Consequently, these projects are not recorded as capital assets on the District's financial statements, but are recorded as transfers to other governments upon completion of construction.

Long-Term Debt and Related Liabilities

As of February 28, 2018, the District owes $17,648,711 to developers for completed projects and operating advances. As discussed in Note 9, the District has an additional commitment in the amount of $11,636,291 for projects under construction. As previously mentioned, the District will owe its developers for these projects upon completion of construction, at which time the capital assets and related liability will be recorded on the District's financial statements. The District intends to reimburse the developers from proceeds of future bond issues.

During the year, the District issued $6,405,000 in unlimited tax bonds, all of which were outstanding as of the end of the fiscal year. The District did not have any bonded debt as of February 28, 2017.

At February 28, 2018, the District had $182,595,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and refunding of the same; $24,000,000 for parks and recreational facilities and refunding of the same; and $58,000,000 for road improvements and refunding of the same.

During the year, the District issued a $9,100,000 bond anticipation note (BAN) to provide short term financing for developer reimbursements. The District intends to repay the BAN with proceeds from the issuance of long-term debt. See Note 6 for additional information.

Next Year's Budget

In establishing the budget for the next fiscal year, the Board considered various economic factors that may affect the District, most notably projected revenues from property taxes and water/sewer services and the projected cost of operating the District and providing services to customers. A comparison of next year's budget to current year actual amounts for the General Fund is as follows:

	2018 Actual	2019 Budget
Total revenues	$ 2,051,444	$ 1,611,500
Total expenditures	(1,294,208)	(1,314,581)
Revenues over expenditures	757,236	296,919
Other changes in fund balance	219,277	
Net change in fund balance	976,513	296,919
Beginning fund balance	865,526	1,842,039
Ending fund balance	$ 1,842,039	$ 2,138,958

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Basic Financial Statements

Harris County Municipal Utility District No. 495
Statement of Net Position and Governmental Funds Balance Sheet
February 28, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Water Plant Fund	Joint Wastewater Treatment Plant Fund	Total
Assets						
Cash	$ 323,967	$ 534,321	$ 2,167,485	$ 67,120	$ 77,839	$ 3,170,732
Investments	1,455,284	741,760	341,952			2,538,996
Taxes receivable	22,836	36,774				59,610
Customer service receivables	59,235					59,235
Internal balances	149,582	(100,998)	(56,283)	2,677	5,022	
Due from participants				13,363	13,159	26,522
Other receivables	18,907	2,201				21,108
Prepaid items	6,033				32,100	38,133
Operating reserves						
Joint wastewater treatment plant	59,161					59,161
Joint water plant	51,179					51,179
Capital assets not being depreciated						
Capital assets, net						
Total Assets	$ 2,146,184	$ 1,214,058	$ 2,453,154	$ 83,160	$ 128,120	$ 6,024,676
Liabilities						
Accounts payable	$ 151,311	$ -	$ 81,310	$ 4,160	$ 4,595	$ 241,376
Retainage payable			84,040			84,040
Other payables		4,050				4,050
Construction advances			1,972,249			1,972,249
Customer deposits	90,175					90,175
Unearned revenue	11,855					11,855
Operating reserve				79,000	91,425	170,425
Builder deposits	3,000					3,000
Due to other governments	24,968					24,968
Accrued interest payable						
Bond anticipation note payable						
Due to developers						
Long-term debt						
Due after one year						
Total Liabilities	281,309	4,050	2,137,599	83,160	96,020	2,602,138
Deferred Inflows of Resources						
Deferred property taxes	22,836	36,774				59,610
Fund Balances/Net Position						
Fund Balances						
Nonspendable	116,373				32,100	148,473
Restricted		1,173,234	315,555			1,488,789
Unassigned	1,725,666					1,725,666
Total Fund Balances	1,842,039	1,173,234	315,555		32,100	3,362,928
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 2,146,184	$ 1,214,058	$ 2,453,154	$ 83,160	$ 128,120	$ 6,024,676
Net Position						
Net investment in capital assets						
Restricted for debt service						
Restricted for other purposes						
Unrestricted						
Total Net Position						

See notes to basic financial statements.

Adjustments	Statement of Net Position
$ -	$ 3,170,732
	2,538,996
	59,610
	59,235
	26,522
	21,108
	38,133
(59,161)	
(51,179)	
4,436,356	4,436,356
20,295,964	20,295,964
24,621,980	30,646,656
	241,376
	84,040
	4,050
	1,972,249
	90,175
	11,855
(110,340)	60,085
	3,000
	24,968
65,026	65,026
9,100,000	9,100,000
17,648,711	17,648,711
6,405,000	6,405,000
33,108,397	35,710,535
(59,610)	
(148,473)	
(1,488,789)	
(1,725,666)	
(3,362,928)	
1,153,997	1,153,997
1,173,234	1,173,234
32,100	32,100
(7,423,210)	(7,423,210)
$ (5,063,879)	$ (5,063,879)

Harris County Municipal Utility District No. 495
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended February 28, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Joint Water Plant Fund	Joint Wastewater Treatment Plant Fund	Total
Revenues						
Water service	$ 217,857	$ -	$ -	$ -	$ -	$ 217,857
Sewer service	286,599					286,599
Participant billings				271,392	296,607	567,999
Property taxes	768,029	887,808				1,655,837
Penalties and interest	8,671	9,456				18,127
Regional Water Authority fees	169,819					169,819
Tap connection and inspection	588,185					588,185
Miscellaneous	4,757					4,757
Investment earnings	7,527	4,430	11,120	82	114	23,273
Total Revenues	2,051,444	901,694	11,120	271,474	296,721	3,532,453
Expenditures/Expenses						
Current service operations						
Purchased services	376,027					376,027
Professional fees	209,244	1,565	261,353	2,500	2,500	477,162
Contracted services	435,208	21,376		12,611	18,611	487,806
Repairs and maintenance	223,974			60,770	76,566	361,310
Regional Water Authority fees				166,014		166,014
Utilities	7,132			24,539	23,321	54,992
Lease expense					170,850	170,850
Administrative	28,345	1,099		5,040	3,177	37,661
Other	14,278	68	280		1,696	16,322
Capital outlay			9,729,527			9,729,527
Debt service						
Interest and fees		202,965	50,262			253,227
Developer interest			354,188			354,188
Debt issuance costs			719,270			719,270
Depreciation						
Total Expenditures/Expenses	1,294,208	227,073	11,114,880	271,474	296,721	13,204,356
Revenues Over/(Under) Expenditures	757,236	674,621	(11,103,760)			(9,671,903)
Other Financing Sources/Uses						
Proceeds from sale of bonds		498,613	5,906,387			6,405,000
Proceeds from bond anticipation note			9,100,000			9,100,000
Repayment of bond anticipation note			(3,005,000)			(3,005,000)
Developer advances	144,768					144,768
Repayment of operating advances			(513,852)			(513,852)
Internal transfers	74,509		(74,509)			
Net Change in Fund Balances	976,513	1,173,234	309,266			2,459,013
Change in Net Position						
Fund Balance/Net Position						
Beginning of the year	865,526		6,289		32,100	903,915
End of the period	$ 1,842,039	$ 1,173,234	$ 315,555	$ -	$ 32,100	$ 3,362,928

See notes to basic financial statements.

Adjustments	Statement of Activities
$ -	$ 217,857
	286,599
	567,999
17,837	1,673,674
(4,167)	13,960
	169,819
	588,185
	4,757
	23,273
13,670	3,546,123
	376,027
	477,162
	487,806
	361,310
	166,014
	54,992
	170,850
	37,661
	16,322
(9,729,527)	
30,613	283,840
	354,188
	719,270
532,018	532,018
(9,166,896)	4,037,460
9,671,903	
(6,405,000)	
(9,100,000)	
3,005,000	
(144,768)	
513,852	
(2,459,013)	
(491,337)	(491,337)
(5,476,457)	(4,572,542)
$ (8,426,807)	$ (5,063,879)

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris County Municipal Utility District No. 495 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

Creation

The District was organized and created by a special act of the Texas Legislature pursuant to Senate Bill 2455, 2009 Regular Session later codified as Chapter 8350, Special District Local Laws Code and operates in accordance with Section 59, Article XVI and Section 52, Article III, Texas Constitution and the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on February 13, 2014 and the first bonds were sold on May 9, 2017.

The District's primary activities include construction, maintenance and operation of water, sewer, drainage, recreational and road facilities. The District has contracted with various consultants to provide services to operate and administer the affairs of the District. The District has no employees, related payroll or pension costs.

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The Governmental Accounting Standards Board 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 statements as component units.

Government-Wide and Fund Financial Statements

Government-wide financial statements display information about the District as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Interfund activity, if any, has been removed from these statements. These aggregated statements consist of the *Statement of Net Position* and the *Statement of Activities*.

Fund financial statements display information at the individual fund level. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for a specific purpose. Each fund is considered to be a separate accounting entity. Most governments typically have many funds; however, governmental financial statements focus on the most important or "major" funds with non-major funds aggregated in a single column. The District has five governmental funds, which are all considered major funds.

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

The following is a description of the various funds used by the District:

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes and water and sewer service fees. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer and drainage facilities.
- The Joint Water Plant Fund is used to account for costs associated with the operation and maintenance of the District's water plant in accordance with the Water Plant Cost Sharing Agreement. See Note 7 for additional information.
- The Joint Wastewater Treatment Plant Fund is used to account for costs associated with the operation and maintenance of the District's wastewater treatment plant in accordance with the Wastewater Capacity Cost Sharing Agreement. See Note 8 for additional information.

As a special-purpose government engaged in a single governmental program, the District has opted to combine its government-wide and fund financial statements in a columnar format showing an adjustments column for reconciling items between the two.

Measurement Focus and Basis of Accounting

The government-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized in the accounting period in which it becomes both available and measurable to finance expenditures of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, interest earned on investments and income from District operations. Property taxes receivable at the end of the fiscal year are treated as deferred inflows because they are not considered available to pay liabilities of the current period. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for unmatured interest on long-term debt, which is recognized when due.

Note 1 – Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

Note 2 further details the adjustments from the governmental fund presentation to the government-wide presentation.

Use of Restricted Resources

When both restricted and unrestricted resources are available for use, the District uses restricted resources first, then unrestricted resources as they are needed.

Prepaid Items

Certain payments made by the District reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At February 28, 2018, allowances for uncollectible accounts were not considered necessary.

Interfund Activity

During the course of operations, transactions occur between individual funds. This can include internal transfers, payables and receivables. This activity is combined as internal balances and is eliminated in both the government-wide and fund financial statement presentation.

Capital Assets

Capital assets do not provide financial resources at the fund level, and, therefore, are reported only in the government-wide statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair market value at the date of donation. The District has not capitalized interest incurred during the construction of its capital assets. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1 – Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciable capital assets, which primarily consist of water, wastewater and drainage facilities, are depreciated using the straight-line method as follows:

Assets	Useful Life
Infrastructure	30-45 years
Landscaping Improvements	20 years

The District's detention facilities and drainage channels are considered improvements to land and are non-depreciable.

Deferred Inflows and Outflows of Financial Resources

A deferred inflow of financial resources is the acquisition of resources in one period that is applicable to a future period, while a deferred outflow of financial resources is the consumption of financial resources in one period that is applicable to a future period. A deferred inflow results from the acquisition of an asset without a corresponding revenue or assumption of a liability. A deferred outflow results from the use of an asset without a corresponding expenditure or reduction of a liability.

At the fund level, property taxes receivable not collected within 60 days of fiscal year end do not meet the availability criteria required for revenue recognition and are recorded as deferred inflows of financial resources.

Net Position – Governmental Activities

Governmental accounting standards establish the following three components of net position:

Net investment in capital assets – represents the District's investments in capital assets, less any outstanding debt or other borrowings used to acquire those assets.

Restricted – consists of financial resources that are restricted for a specific purpose by enabling legislation or external parties.

Unrestricted – resources not included in the other components.

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

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. The District's nonspendable fund balance consists of prepaid items and operating reserves paid by the District's General Fund to the Joint Water Plant Fund (Note 7) and Joint Wastewater Treatment Plant Fund (Note 8).

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. The District's restricted fund balances consist of unspent bond proceeds in the Capital Projects Fund and capitalized interest and property taxes levied for debt service in the Debt Service Fund.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. 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 an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses/expenditures during the period reported. These estimates include, among others, the collectibility of receivables; the useful lives and impairment of capital assets; the value of amounts due to developers; the value of capital assets transferred to Harris County and the value of capital assets for which the developers have not been fully reimbursed. Estimates and assumptions are reviewed periodically and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

Note 2 – Adjustment from Governmental to Government-wide Basis

Reconciliation of the *Governmental Fund Balance Sheet* to the *Statement of Net Position*

Total fund balance, governmental funds		$ 3,362,928
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 25,894,311	
Less accumulated depreciation	(1,161,991)	
Change due to capital assets		24,732,320
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bond anticipation notes payable, net	(9,100,000)	
Interest payable on bonds	(65,026)	
Bonds payable, net	(6,405,000)	
Change due to long-term debt		(15,570,026)
Amounts due to the District's developers for prefunded construction and operating advances are recorded as a liability in the *Statement of Net Position.*		(17,648,711)
Property taxes receivable and related penalties and interest have been levied and are due, but are not available soon enough to pay current period expenditures and, therefore, are deferred in the funds.		59,610
Total net position - governmental activities		$ (5,063,879)

Note 2 – Adjustment from Governmental to Government-wide Basis (continued)

Reconciliation of the *Governmental Fund Statement of Revenues, Expenditures and* Changes *in Fund Balance* to the *Statement of Activities*

Net change in fund balances - total governmental funds		$ 2,459,013
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for property taxes and related penalties and interest.		13,670
Governmental funds report capital outlays for developer reimbursements and construction costs as expenditures in the funds; however, in the *Statement of Activities,* the cost of capital assets is charged to expense over the estimated useful life of the asset.		
Capital outlays	$ 9,729,527	
Depreciation expense	(532,018)	
		9,197,509
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Issuance of long term debt	(6,405,000)	
Repayment of bond anticipation note	3,005,000	
Proceeds of bond anticipation note	(9,100,000)	
Interest expense accrual	(30,613)	
		(12,530,613)
Amounts received from the District's developers for operating advances provide financial resources at the fund level, but are recorded as a liability in the *Statement of Net Position* while the repayment of those advances are recognized as expenditures in the funds and reduce the liability in the *Statement of Net Position* .		
Developer advances	(144,768)	
Repayment of operating advances	513,852	
		369,084
Change in net position of governmental activities		$ (491,337)

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

Custodial credit risk as it applies to deposits (i.e. cash and certificates of deposit) is the risk that, in the event of the failure of the depository institution, a government will not be able to recover its deposits or will not be able to recover collateral securities. The *Public Funds Collateral Act* (Chapter 2257, Texas Government Code) requires that all of the District's deposits with financial institutions be covered by federal depository insurance and, if necessary, pledged collateral held by a third party custodian. The act further specifies the types of securities that can be used as collateral. The District's written investment policy establishes additional requirements for collateralization of deposits.

Investments

The District is authorized by the *Public Funds Investment Act* (Chapter 2256, Texas Government Code) to invest in the following: (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, including Federal Home Loan Banks, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) certain collateralized mortgage obligations, (4) other obligations, which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, (5) certain A rated or higher obligations of states and political subdivisions of any state, (6) bonds issued, assumed or guaranteed by the State of Israel, (7) certain insured or collateralized certificates of deposit and share certificates, (8) certain fully collateralized repurchase agreements, (9) bankers' acceptances with limitations, (10) commercial paper rated A-1 or P-1 or higher and a maturity of 270 days or less, (11) no-load money market mutual funds and no-load mutual funds, with limitations, (12) certain guaranteed investment contracts, (13) certain qualified governmental investment pools and (14) a qualified securities lending program.

The District has adopted a written investment policy to establish the principles by which the District's investment program should be managed. This policy further restricts the types of investments in which the District may invest.

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of February 28, 2018, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	General	$ 240,000			
	Debt Service	490,000			
		730,000	29%	N/A	N/A
TexSTAR	General	1,215,284			
	Debt Service	251,760			
	Capital Projects	341,952			
		1,808,996	71%	AAAm	27 days
Total		$ 2,538,996	100%		

The District's investments in certificates of deposit are reported at cost.

TexSTAR

The District participates in Texas Short Term Asset Reserve fund (TexSTAR) which is managed by First Southwest, a division of Hilltop Securities, Inc., and J.P. Morgan Investment Management, Inc. First Southwest provides participant and marketing services while J.P. Morgan provides investment management services. Custodial and depository services are provided by J.P. Morgan Chase Bank N.A. or its subsidiary.

The District's investment in TexSTAR is reported at fair value because TexSTAR uses fair value to report investments. Governmental accounting standards establish the following hierarchy of inputs used to measure fair value: Level 1 inputs are based on quoted prices in active markets, Level 2 inputs are based on significant other observable inputs, and Level 3 inputs are based on significant unobservable inputs. The District's investment in TexSTAR is measured using published fair value per share (level 1 inputs).

Investments in TexSTAR may be withdrawn via wire transfer on a same day basis, as long as the transaction is executed by 4 p.m. ACH withdrawals made by 4 p.m. will settle on the next business day.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at February 28, 2018, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 100,998	Maintenance tax collections not remitted as of year end
General Fund	Capital Projects Fund	56,283	Bond application fees paid by the General Fund
Joint Water Plant Fund	General Fund	2,677	Participant billings for the month of February
Joint Wastewater Treatment Plant Fund	General Fund	5,022	Participant billings for the month of February

Amounts reported as internal balances between funds are considered temporary balances and will be paid during the following fiscal year.

A summary of internal transfers for the current fiscal year is as follows:

Transfers Out	Transfers In	Amounts	Purpose
Capital Projects Fund	General Fund	$ 74,509	Reimbursement of bond application fees paid by General Fund in prior year.

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended February 28, 2018, is as follows:

	Beginning Balances	Additions/ Adjustments	Ending Balances
Capital assets not being depreciated			
Land and improvements	$ 3,854,713	$ 581,643	$ 4,436,356
Capital assets being depreciated			
Infrastructure	15,504,067	3,967,570	19,471,637
Landscaping improvements	1,986,318		1,986,318
	17,490,385	3,967,570	21,457,955
Less accumulated depreciation			
Infrastructure	(530,657)	(432,702)	(963,359)
Landscaping improvements	(99,316)	(99,316)	(198,632)
	(629,973)	(532,018)	(1,161,991)
Subtotal depreciable capital assets, net	16,860,412	3,435,552	20,295,964
Capital assets, net	$ 20,715,125	$ 4,017,195	$ 24,732,320

Depreciation expense for the current year was $532,018.

Note 6 – Bond Anticipation Note

The District uses a bond anticipation note (BAN) to provide short term financing for reimbursements to its developers. Despite its short term nature, a BAN is not recorded as a fund liability, since it will not be repaid from current financial resources and will be repaid through the issuance of long term debt or another BAN. It is, however, recorded as a liability at the government-wide level.

At the beginning of the fiscal year, the District had a BAN outstanding in the amount of $3,005,000. This BAN was repaid on May 9, 2017 with proceeds from the issuance of the District's Series 2017 Unlimited Tax Bonds. On September 19, 2017, the District issued a $9,100,000 BAN with an interest rate of 1.61% which is due on September 18, 2018.

The effect of these transactions on the District's short term obligations are as follows:

Beginning balance	$ 3,005,000
Amounts borrowed	9,100,000
Amounts repaid	(3,005,000)
Ending balance	$ 9,100,000

Note 7 – Joint Water Plant

The District entered into that Amended and Restated Water Plant Cost Sharing Agreement dated March 2, 2016 by and between the District, Beazer Homes Texas, L.P. ("Beazer"), Pulte Homes of Texas, L.P. ("Pulte"), Telephone Investments, Inc. ("Telephone"), KB Home Lonestar, Inc. ("KB"), Mini B, Inc., and Harris County Municipal Utility District No. 538 ("HC MUD 538"), as assigned and assumed, (the "Water Plant Agreement") relating to the financing, construction and operation of certain water supply facilities that serve, or will serve, land within the District and HC MUD 538. Beazer, Pulte, Telephone and KB are collectively referred to as the "Developers." Pursuant to the Water Plant Agreement, the Developers have advanced funds to or on behalf of the District for the design and construction of the water plant facilities as needed to serve development within the District. Mini B, Inc. ("Mini B") has advanced funds on behalf of HC MUD 538 for the design and construction of the water plant facilities as needed to serve development within HC MUD 538. The District is not obligated to reimburse Mini B for funds advanced by Mini B. Each developer's proportionate share of the construction costs is calculated based upon the number of connections allocated to serve the respective developer's tract divided by the total number of connections served by such phase of the water plant. Pursuant to the Water Plant Agreement, the Water Plant will be constructed in two phases to ultimately serve a projected 3,500 equivalent single family connections (ESFCs).

In fiscal year 2016, the District completed construction of Water Plant Phase I, including an emergency waterline interconnect with Harris County Municipal Utility District No. 536, to provide capacity to serve a projected 1,000 ESFCs and established a Joint Water Plant Fund (the "JWP Fund") to account for the operating and maintenance costs of the water plant facilities. Each district has provided funds to establish an initial deposit in the JWP Fund for the payment of operation and maintenance costs. Operating and maintenance costs are allocated between the districts based on each district's pro-rata share of the connections reserved in the Water Plant. The districts are billed monthly for operation and maintenance costs. The following table summarizes the deposits and amounts billed to each district during the year:

	Harris County MUD 495	Harris County MUD 538	Total
Billings	$ 175,618	$ 95,774	$ 271,392
Operating Reserve	51,179	27,821	79,000

Note 8 – Joint Wastewater Treatment Plant

The District entered into that Amended and Restated Wastewater Capacity Cost Sharing Agreement dated March 2, 2016 by and between the District, Beazer, Pulte, Telephone, KB, Mini B and HC MUD 538, as assigned and assumed, (the WWTP Agreement") relating to the financing, construction and operation of wastewater treatment facilities that serve, or will serve, land within the District and HC MUD 538. Pursuant to the WWTP Agreement, the Developers have and will continue to advance funds to or on behalf of the District for the design and construction of the Interim Plant as needed to serve development within the District. Mini B has and will continue to advance funds on behalf of HC MUD 538 for the design and construction of the Interim Plant as needed to serve development within HC MUD 538. The District is not obligated to reimburse Mini B for funds advanced by Mini B. Each developer's proportionate share of the construction costs for each phase of the Interim Plant is calculated based on capacity to serve the respective developer's tract divided by the total capacity of such phase of the Interim Plant. Pursuant to the WWTP Agreement, the Interim Plant will be constructed in four phases to ultimately serve a projected 3,000 ESFCs and provide 900,000 gallons per day of wastewater capacity.

In fiscal year 2016, the District established a Joint Wastewater Treatment Plant Facilities Fund (the "JWWTP Fund") to account for the operating and maintenance costs of the Interim Plant. Each district has provided funds to establish an initial deposit in the JWWTP Fund for the payment of operation and maintenance costs. Operating and maintenance costs are allocated between the districts based on each district's pro-rata share of the capacity in the Interim Plant. The districts are billed monthly for operation and maintenance costs. The following table summarizes the deposits and amounts billed to each district during the year:

	Harris County MUD 495	Harris County MUD 538	Total
Billings	$ 191,934	$ 104,673	$ 296,607
Operating Reserve	59,161	32,264	91,425

Note 9 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and park and recreational facilities and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete.

The District's developers have also advanced funds to the District for operating expenses.

Note 9 – Due to Developers (continued)

Changes in amounts due to developers during the year are as follows:

Due to developers, beginning of period	$ 23,198,109
Developer reimbursements	(9,518,795)
Developer funded construction and adjustments	4,338,481
Developer operating advances	144,768
Repayment of operating advances	(513,852)
Due to developers, end of period	$ 17,648,711

In addition, the District will owe the developers approximately $11,636,291 which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Katy Manor lift station	$ 526,896	$ 462,516	$ 64,380
Katy-Hockley cut-off and Stockdick School Road left turn lanes and signals	731,727	655,944	75,783
Kings Crossing, Phase 2 - landscaping	755,001	566,571	188,430
Kings Crossing, Section 11 - water, sewer, and drainage	596,412	584,484	11,928
Kings Manor, Section 7 - water, sewer, and drainage	815,739	527,860	287,878
Katy Pointe detention ponds and offsite drainage channel	1,036,792	745,249	291,543
Katy Pointe, Section 1 - water, sewer, and drainage	1,132,425	992,228	140,197
Katy Pointe sanitary sewer lift station	574,939	452,303	122,636
Offsite drainage channel, Phase 1 to serve Katy Manor	1,121,179	252,381	868,798
Katy Manor, Section. 8 - water, sewer, and drainage	783,139		783,139
Katy Pointe, Section 1 - landscaping	751,961	10,915	741,046
Katy Crossing Phase 1 - detention facilities	1,089,607		1,089,607
Katy Crossing Section 1 - water, sewer, and drainage	1,720,476		1,720,476
	$ 11,636,291	$ 5,250,452	$ 6,385,840

Note 10 – Long–Term Debt

Long-term debt is comprised of the following:

Bonds payable	$ 6,405,000
Due within one year	$ -

Note 10 – Long–Term Debt (continued)

The District's bonds payable at February 28, 2018, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2017	$ 6,405,000	$ 6,405,000	3.75% - 5.00%	September 1, 2019/2046	September 1, March 1	September 1, 2024

Payments of principal and interest on all series of bonds are to be provided from taxes levied on all properties within the District. Investment income realized by the Debt Service Fund from investment of idle funds will be used to pay outstanding bond principal and interest. The District is in compliance with the terms of its bond resolution.

At February 28, 2018, the District had authorized but unissued bonds in the amount of $182,595,000 for water, sewer and drainage facilities and refunding of the same; $24,000,000 for parks and recreational facilities and refunding of the same; and $58,000,000 for road improvements and refunding of the same.

On May 9, 2017, the District issued its $6,405,000 Series 2017 Unlimited Tax Bonds at a net effective interest rate of 3.90622%. Proceeds of the bonds were used (1) to reimburse developers for the construction of capital assets within the District; engineering and other costs associated with the construction of capital assets; the acquisition of land for certain District facilities; operating advances; and creation costs, (2) to pay developer interest at the net effective interest rate of the bonds; (3) to repay a $3,005,000 BAN issued in the previous fiscal year; and (4) to pay capitalized interest into the Debt Service Fund.

The change in the District's long term debt during the year is as follows:

Bonds payable, beginning of year	$ -
Bonds issued	6,405,000
Bonds payable, end of year	$ 6,405,000

Note 10 – Long–Term Debt (continued)

The debt service payment due March 1 was made during the current fiscal year. The following schedule was prepared presuming this practice will continue. As of February 28, 2018, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2019	$ -	$ 249,306	$ 249,306
2020	110,000	246,556	356,556
2021	115,000	240,931	355,931
2022	125,000	234,931	359,931
2023	130,000	228,556	358,556
2024	135,000	221,931	356,931
2025	145,000	214,931	359,931
2026	150,000	207,556	357,556
2027	160,000	199,806	359,806
2028	165,000	191,681	356,681
2029	175,000	184,713	359,713
2030	180,000	178,944	358,944
2031	190,000	172,931	362,931
2032	200,000	166,594	366,594
2033	210,000	159,669	369,669
2034	220,000	152,144	372,144
2035	230,000	144,269	374,269
2036	240,000	135,894	375,894
2037	250,000	127,013	377,013
2038	265,000	117,678	382,678
2039	275,000	107,719	382,719
2040	290,000	97,125	387,125
2041	305,000	85,969	390,969
2042	315,000	74,344	389,344
2043	330,000	62,250	392,250
2044	350,000	49,500	399,500
2045	365,000	36,094	401,094
2046	380,000	22,125	402,125
2047	400,000	7,500	407,500
	$ 6,405,000	$ 4,318,660	$ 10,723,660

Note 11 – Property Taxes

On May 10, 2014, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. The District's bond resolution requires that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

Note 11 – Property Taxes (continued)

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2018 fiscal year was financed through the 2017 tax levy, pursuant to which the District levied property taxes of $1.50 per $100 of assessed value, of which $0.61 was allocated to maintenance and operations and $0.89 was allocated to debt service. The resulting tax levy was $1,551,653 on the adjusted taxable value of $103,443,513.

Total property taxes receivable, at February 28, 2018, consisted of the following:

Current year taxes receivable	$ 55,344
Prior years taxes receivable	329
	55,673
Penalty and interest receivable	3,937
Property taxes receivable	$ 59,610

Note 12 – Lease Agreements

On October 31, 2014, the District entered into an operating lease agreement for a temporary wastewater treatment plant. This lease is for a 60-month term, commencing on May 1, 2016. The District has the option to extend the lease on a month to month basis following expiration of the term. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment.

The monthly payments for the lease are $11,700. If renewed after the initial term, the monthly payments are reduced to $9,400. Pursuant to the agreement, the District paid its last month's rent upon commencement of the lease. Additionally, the District paid its March 2018 lease payment during the current fiscal year. As a result, $23,400 related to the lease is included in prepaid items on the *Statement of Net Position*. For the current year the lease expense was $140,400.

On February 1, 2017, the District entered into a second operating lease agreement for a temporary wastewater treatment plant. This lease is for a 60-month term, commencing on August 1, 2017. The District has the option to extend the lease on a month to month basis following expiration of the term. The District is responsible for all ordinary expenses related to repairing and maintaining the equipment.

Note 12 – Lease Agreements (continued)

The monthly payments for the second lease are $4,350. If renewed after the initial term, the monthly payments are reduced to $3,800. Pursuant to the agreement, the District paid its last month's rent upon commencement of the lease. Additionally, the District paid its March 2018 lease payment during the current fiscal year. As a result, $8,700 related to the lease is included in prepaid items on the *Statement of Net Position*. For the current year the lease expense was $30,450.

Future minimum lease payments as of February 28, 2018 for term leases are as follows:

Year	Amount
2019	$ 192,600
2020	192,600
2021	192,600
2022	52,200
2023	17,400
	$ 647,400

Note 13 – Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the "Authority"), which was created by the Texas Legislature. The Authority is a political subdivision of the State of Texas, governed by an elected five-member Board of Directors. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal.

As of January 1, 2018, the Authority's rates are $2.70 per 1,000 gallons for groundwater pumped from the District's wells and $3.10 per 1,000 gallons for surface water received from the Authority, if any. These rates are subject to future increases. The District charges its customers by multiplying these costs times 110%. During the current year, the District recognized $169,819 in revenues and $166,014 in expenditures related to surface water conversion.

Note 14 – 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 personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 15 – Subsequent Event

On June 6, 2018, the District approved the sale of its $16,000,000 Series 2018 Unlimited Tax Bonds at a net effective rate of 3.907083%. Proceeds from the bonds will be used to repay the BAN issued during the current year and to reimburse the District's developers for infrastructure improvements in the District. This issue is expected to close on or about July 12, 2018.

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Required Supplementary Information

Harris County Municipal Utility District No. 495
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended February 28, 2018

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Water service	$ 225,000	$ 225,000	$ 217,857	$ (7,143)
Sewer service	130,000	130,000	286,599	156,599
Property taxes	175,000	690,000	768,029	78,029
Penalties and interest	5,000	5,000	8,671	3,671
Regional Water Authority fees	150,000	150,000	169,819	19,819
Tap connection and inspection	175,000	320,000	588,185	268,185
Miscellaneous			4,757	4,757
Investment earnings	500	500	7,527	7,027
Total Revenues	860,500	1,520,500	2,051,444	530,944
Expenditures				
Current service operations				
Purchased services	364,263	364,263	376,027	(11,764)
Professional fees	316,500	316,500	209,244	107,256
Contracted services	208,000	268,000	435,208	(167,208)
Repairs and maintenance	190,000	190,000	223,974	(33,974)
Utilities	5,000	5,000	7,132	(2,132)
Administrative	29,750	29,750	28,345	1,405
Other	21,675	21,675	14,278	7,397
Total Expenditures	1,135,188	1,195,188	1,294,208	(99,020)
Revenues Over/(Under) Expenditures	(274,688)	325,312	757,236	431,924
Other Financing Sources				
Developer advances	364,263	145,000	144,768	(232)
Internal transfers			74,509	74,509
Net Change in Fund Balance	89,575	470,312	976,513	506,201
Fund Balance				
Beginning of the year	865,526	865,526	865,526	
End of the Year	$ 955,101	$ 1,335,838	$ 1,842,039	$ 506,201

Harris County Municipal Utility District No. 495
Required Supplementary Information - Budgetary Comparison Schedule - Joint Water Plant Fund
For the Year Ended February 28, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Participant billings	$ 262,300	$ 271,392	$ 9,092
Investment earnings		82	82
Total Revenues	262,300	271,474	9,174
Expenditures			
Current service operations			
Professional fees	2,500	2,500	
Contracted services	14,300	12,611	1,689
Repairs and maintenance	58,500	60,770	(2,270)
Regional water authority fees	150,000	166,014	(16,014)
Utilities	30,000	24,539	5,461
Administrative	7,000	5,040	1,960
Total Expenditures	262,300	271,474	(9,174)
Revenues Over/(Under) Expenditures			
Fund Balance			
End of the Year	$ -	$ -	$ -

Harris County Municipal Utility District No. 495
Required Supplementary Information - Budgetary Comparison Schedule -
Joint Wastewater Treatment Plant Fund
For the Year Ended February 28, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Participant billings	$ 300,200	$ 296,607	$ (3,593)
Investment earnings		114	114
Total Revenues	300,200	296,721	(3,479)
Expenditures			
Current service operations			
Professional fees	2,500	2,500	
Contracted services	19,800	18,611	1,189
Repairs and maintenance	112,500	76,566	35,934
Utilities	15,000	23,321	(8,321)
Lease expense	140,400	170,850	(30,450)
Administrative	7,000	3,177	3,823
Other	3,000	1,696	1,304
Total Expenditures	300,200	296,721	3,479
Revenues Over/(Under) Expenditures			
Fund Balance			
Beginning of the year	32,100	32,100	
End of the period	$ 32,100	$ 32,100	$ -

Budgets and Budgetary Accounting

Annual unappropriated budgets are adopted for the General Fund, Joint Water Plant Fund and Joint Wastewater Treatment Plant Fund by the District's Board of Directors. The budgets are prepared using the same method of accounting as for financial reporting. During the current year, there were no amendments to the Joint Water Plant Fund and Joint Wastewater Treatment Plant Fund budgets. The General Fund budget was amended during the year to reflect changes in anticipated revenues and expenditures.

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Texas Supplementary Information

Harris County Municipal Utility District No. 495
TSI-1. Services and Rates
February 28, 2018

1. Services provided by the District During the Fiscal Year:

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

[X] Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)
[ ] Other (Specify): ______

2. Retail Service Providers
(You may omit this information if your district does not provide retail services)

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 20.00	6,000	N	$ 1.75	6,001	to	15,000
				$ 2.50	15,001	to	30,000
				$ 3.50	30,001	to	no limit
Wastewater:	$ 35.00		Y			to	
Regional water fee:	$ 2.97	1,000	N	$ 2.97	1,001	to	no limit

District employs winter averaging for wastewater usage? [ ] Yes [X] No

Total charges per 10,000 gallons usage: Water $ 56.70 Wastewater $ 35.00

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	865	860	x 1.0	860
1"	2	2	x 2.5	5
1.5"			x 5.0	
2"	7	7	x 8.0	56
3"	1	1	x 15.0	15
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water	875	870		936
Total Wastewater	863	858	x 1.0	858

See accompanying auditor's report.

3. Total Water Consumption during the fiscal year (rounded to the nearest thousand):
   (You may omit this information if your district does not provide water)

Gallons pumped into system:	67,651,000	Water Accountability Ratio: (Gallons billed / Gallons pumped)
Gallons billed to customers:	62,660,000	92.62%

4. Standby Fees (authorized only under TWC Section 49.231):
   (You may omit this information if your district does not levy standby fees)

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

   If yes, Date of the most recent commission Order: ____________

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

   If yes, Date of the most recent commission Order: ____________

5. Location of District (required for first audit year or when information changes, otherwise this information may be omitted):

   Is the District located entirely within one county? Yes [X] No [ ]

   County(ies) in which the District is located: Harris County

   Is the District located within a city? Entirely [ ] Partly [ ] Not at all [X]

   City(ies) in which the District is located: ____________

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

   Entirely [X] Partly [ ] Not at all [ ]

   ETJs in which the District is located: City of Houston

   Are Board members appointed by an office outside the district? Yes [ ] No [X]

   If Yes, by whom? ____________

See accompanying auditors' report.

Harris County Municipal Utility District No. 495
TSI-2 General Fund Expenditures
For the Year Ended February 28, 2018

Purchased services	$ 376,027
Professional fees	
Legal	102,833
Audit	20,500
Engineering	85,911
	209,244
Contracted services	
Bookkeeping	20,938
Operator	30,994
Tap connection and inspection	294,144
Garbage collection	89,132
	435,208
Repairs and maintenance	223,974
Utilities	7,132
Administrative	
Directors fees	7,500
Printing and office supplies	10,935
Insurance	8,577
Other	1,333
	28,345
Other	14,278
Total expenditures	$ 1,294,208

Reporting of Utility Services in Accordance with HB 3693:

	Usage	Cost
Electrical	39,167 kWh	$ 6,316
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Harris County Municipal Utility District No. 495
TSI-3. Investments
February 28, 2018

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General					
TexSTAR	2569122220	Variable	N/A	$ 1,215,284	$ -
Certificates of deposit	66000570	1.35%		240,000	1,545
				1,455,284	1,545
Debt Service					
TexSTAR	2569133330	Variable	N/A	251,760	
Certificates of deposit	6750666882	1.27%		250,000	2,001
Certificates of deposit	5012371	1.60%		240,000	200
				741,760	2,201
Capital Projects					
TexSTAR	2569144440	Variable	N/A	341,952	
Total - All Funds				$ 2,538,996	$ 3,745

See accompanying auditors' report.

Harris County Municipal Utility District No. 495
TSI-4. Taxes Levied and Receivable
February 28, 2018

	Maintenance Taxes	Debt Service Taxes	Totals
Taxes Receivable, Beginning of Year	$ 182,818	$ -	$ 182,818
Adjustments to Prior Year Tax Levy	122,023		122,023
Adjusted Receivable	304,841	-	304,841
2017 Original Tax Levy	477,464	696,627	1,174,091
Adjustments	153,542	224,020	377,562
Adjusted Tax Levy	631,005	920,647	1,551,653
Total to be accounted for	935,846	920,647	1,856,494
Tax collections:			
Current year	608,499	887,810	1,496,308
Prior years	304,512		304,512
Total Collections	913,011	887,810	1,800,820
Taxes Receivable, End of Year	$ 22,836	$ 32,838	$ 55,673
Taxes Receivable, By Year			
2017	$ 22,507	$ 32,838	$ 55,344
2016	329		329
Taxes Receivable, End of Year	$ 22,836	$ 32,838	$ 55,673

	2017	2016	2015	2014
Property Valuations:				
Land	$ 36,129,668	$ 28,423,869	$ 13,163,151	$ 7,016,288
Improvements	69,567,473	24,118,437		
Personal Property	138,236	122,642		
Exemptions	(2,391,864)	(1,550,721)	(3,768,060)	(6,938,632)
Total Property Valuations	$ 103,443,513	$ 51,114,227	$ 9,395,091	$ 77,656
Tax Rate per $100 Valuation:				
Maintenance tax rates	$ 0.61	$ 1.50	$ 1.50	$ 1.50
Debt service tax rates	0.89			
Total Tax Rates per $100 Valuation	$ 1.50	$ 1.50	$ 1.50	$ 1.50
Adjusted Tax Levy:	$ 1,551,653	$ 766,713	$ 140,926	$ 1,165
Percentage of Taxes Collected to Taxes Levied **	96.43%	99.96%	100.00%	100.00%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on May 10, 2014
*** Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on May 10, 2014

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

See accompanying auditors' report.

Harris County Municipal Utility District No. 495
TSI-5. Long-Term Debt Service Requirements
Series 2017--by Years
February 28, 2018

Due During Fiscal Years Ending	Principal Due September 1	Interest Due March 1, September 1	Total
2019	$ -	$ 249,306	$ 249,306
2020	110,000	246,556	356,556
2021	115,000	240,931	355,931
2022	125,000	234,931	359,931
2023	130,000	228,556	358,556
2024	135,000	221,931	356,931
2025	145,000	214,931	359,931
2026	150,000	207,556	357,556
2027	160,000	199,806	359,806
2028	165,000	191,681	356,681
2029	175,000	184,713	359,713
2030	180,000	178,944	358,944
2031	190,000	172,931	362,931
2032	200,000	166,594	366,594
2033	210,000	159,669	369,669
2034	220,000	152,144	372,144
2035	230,000	144,269	374,269
2036	240,000	135,894	375,894
2037	250,000	127,013	377,013
2038	265,000	117,678	382,678
2039	275,000	107,719	382,719
2040	290,000	97,125	387,125
2041	305,000	85,969	390,969
2042	315,000	74,344	389,344
2043	330,000	62,250	392,250
2044	350,000	49,500	399,500
2045	365,000	36,094	401,094
2046	380,000	22,125	402,125
2047	400,000	7,500	407,500
	$ 6,405,000	$ 4,318,660	$ 10,723,660

See accompanying auditors' report.

Harris County Municipal Utility District No. 495
TSI-6. Change in Long-Term Bonded Debt
February 28, 2018

	Bond Issue Series 2017
Interest rate	3.75% - 5.00%
Dates interest payable	9/1; 3/1
Maturity dates	9/1/19 - 9/1/46
Beginning bonds outstanding	$ -
Bonds issued	6,405,000
Ending bonds outstanding	$ 6,405,000
Interest paid during fiscal year	$ 207,755

Paying agent's name and city
Series 2017 — The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond Authority:	Water, Sewer and Drainage Bonds	Recreational Bonds	Road Bonds
Amount Authorized by Voters	$ 189,000,000	$ 24,000,000	$ 58,000,000
Amount Issued	(6,405,000)		
Remaining To Be Issued	$ 182,595,000	$ 24,000,000	$ 58,000,000

All bonds are secured with tax revenues. Bonds may also be secured with other revenues in combination with taxes.

Debt Service Fund cash and investments balances as of February 28, 2018:	$ 1,276,081
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 369,781

See accompanying auditors' report.

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Harris County Municipal Utility District No. 495
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Four Fiscal Years

	Amounts			
	2018	2017	2016	2015
Revenues				
Water service	$ 217,857	$ 139,464	$ 34,756	$ -
Sewer service	286,599	149,056	39,466	
Property taxes	768,029	607,571	246,529	1165
Penalties and interest	8,671	4,248	883	
Regional Water Authority fees	169,819	129,228	26,148	
Tap connection and inspection	588,185	351,100	284,030	
Miscellaneous	4,757	2,506	2,454	70
Investment earnings	7,527	170	798	549
Total Revenues	2,051,444	1,383,343	635,064	1,784
Expenditures				
Current service operations				
Purchased services	376,027	366,238	81,325	
Professional fees	209,244	319,014	321,604	297,848
Contracted services	435,208	233,194	177,074	11,950
Repairs and maintenance	223,974	159,302	113,173	
Utilities	7,132	2,726		
Administrative	28,345	26,539	17,570	16,752
Other	14,278	6,874	6,221	3,603
Total Expenditures	1,294,208	1,113,887	716,967	330,153
Revenues Over/(Under) Expenditures	$ 757,236	$ 269,456	$ (81,903)	$ (328,369)
Total Active Retail Water Connections	870	498	226	N/A
Total Active Retail Wastewater Connections	858	488	221	N/A

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues			
2018	2017	2016	2015
11%	10%	5%	
14%	11%	6%	
38%	45%	40%	65%
*	*	*	
8%	9%	4%	
29%	25%	45%	
*	*	*	4%
*	*	*	31%
100%	100%	100%	100%
18%	26%	13%	
10%	23%	51%	16696%
21%	17%	28%	670%
11%	12%	18%	
*	*		
1%	2%	3%	939%
1%	*	1%	202%
62%	80%	114%	18507%
38%	20%	(14%)	(18,407%)

Harris County Municipal Utility District No. 495
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Current Fiscal Year

	Amounts 2018	Percent of Fund Total Revenues 2018
Revenues		
Property taxes	$ 887,808	99%
Penalties and interest	9,456	1%
Investment earnings	4,430	*
Total Revenues	901,694	100%
Expenditures		
Tax collection services	24,040	3%
Other	68	*
Debt service		
Interest and fees	202,965	23%
Total Expenditures	227,073	26%
Revenues Over Expenditures	$ 674,621	74%

*Percentage is negligible

See accompanying auditors' report.

Harris County Municipal Utility District No. 495
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended February 28, 2018

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600, Houston, Texas 77027
District Business Telephone Number:	(713) 860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 1, 2016
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Office (Elected or Appointed) or Date	Fees of Office Paid *	Expense Reimburse-ments	Title at Year End
Board Members				
Steve Sams	2/16 - 5/20	$ 1,200	$ 215	President
Kenneth C. Whitmore	2/14 - 5/18	1,950	206	Vice President
Jackie Taylor	2/16 - 5/20	1,200	43	Secretary
Ashlea Perkins	2/14 - 5/18	1,350	250	Assistant Secretary
Tim P. Duffy	2/14 - 5/18	1,800		Assistant Vice President

Consultants		Amounts Paid	
Allen Boone Humphries Robinson LLP	2014		Attorney
General legal fees		$ 266,757	
Bond counsel		259,983	
Municipal District Services L.L.C.	2014	780,499	Operator
Myrtle Cruz, Inc.	2014	46,959	Bookkeeper
Assessments of the Southwest, Inc.	2014	9,777	Tax Collector
Harris County Appraisal District	Legislation	11,599	Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	2017	1,565	Delinquent Tax Attorney
LJA Engineering, Inc.	2014	303,848	Engineer
McGrath & Co., PLLC	Annual	46,750	Auditor
Rathmann & Associates, L.P.	2014	220,600	Financial Advisor

* *Fees of Office* are the amounts actually paid to a director during the District's fiscal year.
See accompanying auditors' report.

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY® MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

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

Form 500NY (5/90)