OFFICIAL STATEMENT DATED JULY 23, 2019

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL.

THE BONDS HAVE BEEN DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "TAX MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE-Book-Entry Only

Insured Rating (BAM): S&P "AA" (stable outlook)
Underlying Rating: Moody's "A2"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

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

$1,945,000
UNLIMITED TAX PARK REFUNDING BONDS
SERIES 2019

$7,555,000
UNLIMITED TAX ROAD REFUNDING BONDS
SERIES 2019

Dated Date: August 1, 2019 **Due: September 1, as shown on the inside cover**

The $1,945,000 Unlimited Tax Park Refunding Bonds, Series 2019 (the "Series 2019 Park Refunding Bonds") and the $7,555,000 Unlimited Tax Road Refunding Bonds, Series 2019 (the "Series 2019 Road Refunding Bonds") are being issued by Harris County Municipal Utility District No. 419 (the "District"). The Series 2019 Park Refunding Bonds and the Series 2019 Road Refunding Bonds are collectively referred to herein as the "Bonds." Principal of the Bonds is payable at maturity or prior redemption. Interest on the Bonds initially accrues from August 1, 2019, and is payable on March 1, 2020 (seven months interest). Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the inside cover hereof.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas (the "Paying Agent/Registrar"), directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. See "BOOK-ENTRY-ONLY SYSTEM."

BAM
BUILD AMERICA MUTUAL

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 BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "MUNICIPAL BOND INSURANCE" herein.

See "MATURITY SCHEDULES" on the inside cover

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. **INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."**

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed on for the Underwriter by McCall, Parkhurst &Horton L.L.P., Houston, Texas, as Underwriter's Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about August 22, 2019.

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SAMCO CAPITAL

MATURITY SCHEDULES

$1,945,000 SERIES 2019 PARK REFUDING BONDS

Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2020	$ 15,000		3.000%	1.62%	41421D D78	2026	$ 120,000	(a)	2.000%	2.10%	41421D E51
2021	15,000		3.000	1.63	41421D D86	2027	120,000	(a)	2.000	2.18	41421D E69
2022	125,000		3.000	1.63	41421D D94	2028	115,000	(a)	2.000	2.27	41421D E77
2023	125,000		3.000	1.68	41421D E28	2029	115,000	(a)	2.000	2.38	41421D E85
2024	125,000		3.000	1.80	41421D E36	2030	110,000	(a)	2.375	2.67	41421D E93
2025	120,000		3.000	1.90	41421D E44						

$220,000 Term Bonds due September 1, 2032 (a), 41421D F35 (c), 3.000% Interest Rate, 2.78% Yield (b)
$210,000 Term Bonds due September 1, 2034 (a), 41421D F50 (c), 3.000% Interest Rate, 2.90% Yield (b)
$210,000 Term Bonds due September 1, 2036 (a), 41421D F76 (c), 3.000% Interest Rate, 3.00% Yield (b)
$200,000 Term Bonds due September 1, 2038 (a), 41421D F92 (c), 3.000% Interest Rate, 3.02% Yield (b)

$7,555,000 SERIES 2019 ROAD REFUNDING BONDS

Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2020	$ 215,000		3.000%	1.54%	41421D G26	2030	$ 405,000	(a)	2.375%	2.63%	41421D H41
2021	220,000		3.000	1.56	41421D G34	2031	400,000	(a)	3.000	2.72	41421D H58
2022	630,000		3.000	1.61	41421D G42	2032	400,000	(a)	3.000	2.78	41421D H66
2023	430,000		3.000	1.67	41421D G59	2033	395,000	(a)	3.000	2.83	41421D H74
2024	430,000		3.000	1.77	41421D G67	2034	395,000	(a)	3.000	2.90	41421D H82
2025	430,000		3.000	1.88	41421D G75	2035	390,000	(a)	3.000	2.95	41421D H90
2026	425,000	(a)	2.000	2.10	41421D G83	2036	385,000	(a)	3.000	3.00	41421D J23
2027	420,000	(a)	2.000	2.18	41421D G91	2037	380,000	(a)	3.000	3.01	41421D J31
2028	415,000	(a)	2.000	2.27	41421D H25	2038	380,000	(a)	3.000	3.02	41421D J49
2029	410,000	(a)	2.000	2.38	41421D H33						

(a) Bonds maturing on or after September 1, 2026, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time in part, on September 1, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent Interest Payment Date (as herein defined) to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

(b) Initial yield represents the initial offering yield to the public, which has been established by the Underwriter (as herein defined) for offers to the public and which subsequently may be changed. Accrued interest from August 1, 2019 is to be added to the price.

(c) CUSIP Numbers have been assigned to the Bonds by CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this OFFICIAL STATEMENT are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 1400, Houston, Texas, 77056, for further information.

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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B—Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

The Series 2019 Park Refunding Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Series 2019 Park Refunding Bond Purchase Agreement") at a price of $1,943,211.58 (representing the par amount of the Series 2019 Park Refunding Bonds of $1,945,000.00, plus a net premium on the Series 2019 Park Refunding Bonds of $18,093.55, less an Underwriter's discount of $19,881.97) plus accrued interest. The Underwriter's obligation is to purchase all of the Series 2019 Park Refunding Bonds, if any are purchased. See "PLAN OF FINANCING—Sources and Uses of Funds".

The Series 2019 Road Refunding Bonds are also being purchased by the Underwriter pursuant to a bond purchase agreement with the District (the "Series 2019 Road Refunding Bond Purchase Agreement") at a price of $7,584,727.01 (representing the par amount of the Series 2019 Road Refunding Bonds of $7,555,000.00, plus a net premium on the Series 2019 Road Refunding Bonds of $85,272.15, less an Underwriter's discount of $55,545.14) plus accrued interest. The Underwriter's obligation is to purchase all of the Series 2019 Road Refunding Bonds, if any are purchased. See "PLAN OF FINANCING—Sources and Uses of Funds."

Prices and Marketability

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

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

Securities Laws

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein and the Bonds have not been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdiction.

OFFICIAL STATEMENT SUMMARY

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

HURRICANE HARVEY

General... The Houston area, including Harris County, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017 and historic levels of rainfall during the succeeding four days. The District is located approximately 70 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances.

Impact on District... According to Inframark, LLC (the "Operator") and BGE, Inc. (the "Engineer"), the system serving the District did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. A CVS Pharmacy and a restaurant within the District experienced approximately one inch of flooding but were open for business within approximately three days. No homes or other commercial improvements within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

THE DISTRICT

Description... The District is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the "TCEQ") on February 21, 2005, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently includes approximately 1,761 acres of land within its boundaries. See "THE DISTRICT."

Location... The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston, Texas and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. The District is bordered on the north and east by North Bridgeland Lake Parkway, on the west by U.S. Highway 99 (the Grand Parkway) and on the south by Fry Road. Access to the District is provided by U.S. Highway 290 to Fry Road south or by the Grand Parkway to House Hahl Road east. The District is located approximately 2.7 miles southeast of the intersection of U.S. Highway 290 and the Grand Parkway. See "THE DISTRICT."

Bridgeland... The District is part of the master-planned community of Bridgeland, currently consisting of the District, three water control and improvement districts, six other municipal utility districts, and additional land to be annexed into certain of such utility districts. The District, Harris County Municipal Utility District No. 418 ("MUD 418"), and a portion of Harris County Municipal Utility District No. 489 ("MUD 489") are within the boundaries of Harris County Water Control and Improvement District No. 157 ("WCID 157"). All of the residential, commercial and multi-family development occurring in Bridgeland is occurring either within the District or within MUD 489. The development of Bridgeland is planned by the Developer (defined below) to ultimately encompass approximately 11,400 acres. See "BRIDGELAND," "THE DISTRICT," and "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

The Developer...	Bridgeland Development, LP, a Maryland limited partnership (the "Developer") is the developer of Bridgeland. The Developer is wholly owned by The Howard Hughes Corporation, a Delaware corporation ("HHC"). HHC is a public company whose stock is traded on the New York Stock Exchange under the symbol HHC. See "THE DEVELOPER."
Status of Development...	Underground utilities and paving are complete for 3,362 single-family residential lots (approximately 1,001 acres) within the District. As of June 5, 2019, 3,238 homes were complete (3,230 occupied), 74 homes were under construction or in the name of the builder, and 50 lots were available for home construction or in the name of a builder. Newer homes in the District are being offered for sale at prices ranging from approximately $250,000 to over $1,000,000. Additionally, Parklane Cypress Apartments, a 288-unit apartment community, has been constructed on approximately 22 acres and is currently approximately 95% occupied according to the apartment community's management. In addition to residential development, a 6,000 square foot clubhouse/recreational facility that includes a pool, a spray park, a lap pool, water slides, two tennis courts and a playground has been completed on approximately 11 acres. A jogging path and greenbelt system also run throughout the community. An information center, elementary school, church and CVS Pharmacy have been constructed on approximately 43 acres within the District. The school and the church are not subject to taxation by the District. Five retail strip centers totaling approximately 46,812 square feet and five one-story professional office buildings totaling approximately 21,600 square feet have been developed on approximately 9 acres where various retail, service and professional businesses are located. A Great Clips, pizza and taco restaurants, a Marble Slab Creamery, a nail spa, a wine retailer, a Pinot's Palette art and wine studio, a dentist office, an optometrist, a 9Round fitness studio, an F45 fitness training center, a performing arts studio, and a salon and spa have been opened in the retail strip centers and a Best Brains learning center, a Re/Max real estate, physical therapy center and endodontics dentist office, psychiatric office and a mortgage lender have opened in the professional office buildings. Additionally, approximately 37 acres are served by underground water, sewer and drainage trunk facilities and paving facilities for future development. The remainder of the District is comprised of approximately 638 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites). See "THE DISTRICT—Land Use," "—Status of Development," and "—Future Development."
The Builders…	Homebuilders actively marketing or building homes in the District include Highland Homes, David Weekley Homes, Darling Homes, Perry Homes, Village Builders, Ravenna Homes, Coventry Homes, Taylor Morrison, and J. Kyle Homes. See "THE DISTRICT—Homebuilding."
Water and Wastewater…	The District has constructed internal water, sewer and drainage facilities within its boundaries. Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by facilities owned and operated by MUD 418, in its capacity as the regional provider of such services (the "Master District"). See "WATER, WASTEWATER AND DRAINAGE."
Park and Recreational Facilities…	Park and recreational facilities constructed within District include an approximate 10-mile system of interconnecting trails, community parks with amenities to include pavilions, restrooms, playgrounds, splash pads, a private 18-hole disc golf course, picnic areas, floating docks for catch-and-release fishing and various nature observation areas. See "THE BONDS—Financing Recreational Facilities" and "PARK AND RECREATIONAL FACILITIES."
The Roads...	The District has constructed a road system (the "Roads") to serve the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. See "ROADS."
Storm Drainage…	WCID 157 provides amenity/detention facilities and major drainage and channel improvements to serve the land within its boundaries, including the District. See "MAJOR CHANNEL AND DETENTION IMPROVEMENTS."

Overlapping Debt Obligations…

The land within the District is subject to taxation by WCID 157. WCID 157 has adopted a 2018 tax rate in the amount of $0.4475 per $100 of taxable assessed valuation, comprised of $0.3165 for debt service and $0.1310 for maintenance. WCID 157 has previously issued a total of $61,545,000 in aggregate principal amount of bonds payable from ad valorem taxes that remain outstanding as of the date hereof. The District's 2018 tax rate, in combination with the 2018 tax rate of WCID 157, is $1.3875 per $100 of taxable assessed valuation. See "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

Payment Record...

The District has previously issued (a) eleven series of unlimited tax bonds in the aggregate initial principal amount of $99,775,000 for the purpose of acquiring or constructing water, sewer and drainage facilities, (b) four series of unlimited tax park bonds in the aggregate initial principal amount of $12,710,000 for the purpose of acquiring or constructing parks and recreational facilities, (c) six series of unlimited tax road bonds in the aggregate initial principal amount $33,245,000 for the purpose of acquiring or constructing road facilities, (d) three series of unlimited tax refunding bonds in the aggregate initial principal amount $37,375,000, and (e) one series of unlimited tax road refunding bonds in the aggregate initial principal amount $4,230,000 (collectively, the "Previously Issued Bonds"), of which a total of $128,070,000 in aggregate principal amount will be outstanding as of July 1, 2019 (the "Outstanding Bonds"). The District has not defaulted on any debt service payments related to its previously issued debt. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

THE BONDS

Description...

$1,945,000 Unlimited Tax Park Refunding Bonds, Series 2019 (the "Series 2019 Park Refunding Bonds") and $7,555,000 Unlimited Tax Road Bonds, Series 2019 (the "Series 2019 Road Refunding Bonds") are being issued pursuant to separate orders authorizing the issuance of each such series of Bonds adopted by the District's Board of Directors (the "Board") as fully registered bonds (the "Bond Orders"). The Series 2019 Park Refunding Bonds and the Series 2019 Road Refunding Bonds are collectively referred to herein as the "Bonds." The Series 2019 Park Refunding Bonds are scheduled to mature as serial bonds on September 1 in each of the years 2020 through 2030, both inclusive, and as term bonds on September 1 in each of the years 2032, 2034, 2036, and 2038 (the "Term Bonds"). The Series 2019 Road Refunding Bonds are scheduled to mature as serial bonds on September 1 in each of the years 2020 through 2038, both inclusive. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from August 1, 2019, and is payable March 1, 2020, and each March 1 and September 1 thereafter, until the earlier of maturity or redemption. See "THE BONDS."

Book-Entry-Only System…

The Depository Trust Company (defined as "DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of each series of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."

Redemption...

Bonds maturing on or after September 1, 2026, are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2025, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds also are subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

Use of Proceeds...

Proceeds from the sale of the Bonds, together with lawfully available debt service funds, will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund $9,240,000 of the District's Outstanding Bonds in order to achieve net savings in the District's annual debt service expense. The bonds to be refunded and discharged with Bond proceeds are referred to herein as the "Refunded Bonds." See "PLAN OF FINANCING—Refunded Bonds." After the issuance of the Bonds, $118,830,000 principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

Authority for Issuance... The Bonds are the fifth and sixth series of bonds issued out of an aggregate of $269,180,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of refunding outstanding bonds of the District. The Bonds are issued by the District pursuant to: the terms and conditions of the respective Bond Orders; bond elections held in the District, Article XVI, Section 59 of the Texas Constitution in the case of the Series 2019 Park Refunding Bonds; Article III, Section 52 of the Texas Constitution in the case of the Series 2019 Road Refunding Bonds; Chapter 1207 of the Government Code, as amended; Chapters 49 and 54 of the Texas Water Code, as amended; City of Houston Ordinance 97-416; and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance" and "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

Source of Payment... Principal of and interest on the Bonds and the Remaining Outstanding 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. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. See "THE BONDS—Source and Security for Payment" and "—Funds."

Municipal Bond Rating and Municipal Bond Insurance... It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), will assign its municipal bond rating of "AA" (stable outlook) to each issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company ("BAM" or the "Insurer") for each issue. Moody's Investors Service ("Moody's") has assigned an underlying rating of "A2" to the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE," "MUNICIPAL BOND RATING" and "APPENDIX B."

Qualified Tax-Exempt Obligations... The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Qualified Tax-Exempt Obligations."

Bond Counsel... Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."

Special Tax Counsel... McCall, Parkhurst & Horton L.L.P., Dallas, Texas. See "TAX MATTERS."

Financial Advisor... Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT."

Underwriter's Counsel... McCall, Parkhurst & Horton L.L.P., Houston, Texas.

Paying Agent/Registrar... The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

Escrow Agent... The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "PLAN OF FINANCING—Escrow Agreements" and "—Defeasance of Refunded Bonds."

Verification Agent... Public Finance Partners LLC, Rockford, Minnesota. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2018 Certified Taxable Assessed Valuation	$1,157,144,174	(a)
2019 Preliminary Taxable Assessed Valuation	$1,257,768,957	(b)
Gross Direct Debt Outstanding (the Bonds and the Remaining Outstanding Bonds)	$128,330,000	(c)
Estimated Overlapping Debt	126,813,595	(d)
Gross Direct Debt and Estimated Overlapping Debt	$255,143,595	(d)
Ratios of Gross Direct Debt to:		
2018 Certified Taxable Assessed Valuation	11.09%	
2019 Preliminary Taxable Assessed Valuation	10.20%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2018 Certified Taxable Assessed Valuation	22.05%	
2019 Preliminary Taxable Assessed Valuation	20.29%	
Funds Available for Debt Service as of July 8, 2019	$10,940,246	(e)
Operating Funds Available as of July 8, 2019	$3,235,400	
Capital Projects Park Funds Available as of July 8, 2019	$1,228,382	
2018 Debt Service Tax Rate	$0.80	
2018 Maintenance and Operations Tax Rate	0.14	
2018 Total Tax Rate	$0.94	
Average Annual Debt Service Requirement (2020-2042)	$7,282,156	(f)
Maximum Annual Debt Service Requirement (2020)	$9,692,936	(f)
Tax Rates Required to Pay Average Annual Debt Service (2020-2042) at a 95% Collection Rate		
Based upon 2018 Certified Taxable Assessed Valuation	$0.67	(g)
Based upon 2019 Preliminary Taxable Assessed Valuation	$0.61	(g)
Tax Rates Required to Pay Maximum Annual Debt Service (2020) at a 95% Collection Rate		
Based upon 2018 Certified Taxable Assessed Valuation	$0.89	(g)
Based upon 2019 Preliminary Taxable Assessed Valuation	$0.82	(g)
Status of Development as of June 5, 2019 (h):		
Completed homes (3,230 occupied)	3,238	
Homes under construction or in the name of the builder	74	
Lots available for construction	50	
Multi-Family Apartment Units	288	
Estimated population	11,909	(i)

(a) As certified by the Harris County Appraisal District (the "Appraisal District") See "TAXING PROCEDURES."
(b) Provided by the Appraisal District as a preliminary indication of the 2019 taxable value (as of January 1, 2019). Such amount is subject to review and downward adjustment prior to certification. Such amount includes the 2019 preliminary real property value in the amount of $1,250,172,166 and the 2018 certified personal property value in the District in the amount of $7,596,791. No tax will be levied on such amount until it is certified in the fall of 2019. See "TAXING PROCEDURES."
(c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."
(d) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."
(e) The District will contribute $168,000 of available debt service funds towards the purpose for which the Bonds are being issued. See "PLAN OF FINANCING—Sources and Uses of Funds." Neither Texas law nor the Bond Orders requires the District to maintain any particular balance in the Debt Service Fund.
(f) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."
(g) See "TAX DATA—Tax Adequacy for Debt Service."
(h) See "THE DISTRICT—Land Use" and "—Status of Development"
(i) Based upon 3.5 persons per completed home and 2 persons per multi-family unit.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

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

$1,945,000 UNLIMITED TAX PARK REFUNDING BONDS SERIES 2019	$7,555,000 UNLIMITED TAX ROAD REFUNDING BONDS SERIES 2019

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 419 (the "District") of its $1,945,000 Unlimited Tax Refunding Bonds, Series 2019 (the "Series 2019 Park Refunding Bonds") and its $7,555,000 Unlimited Tax Road Refunding Bonds Series 2019 (the "Series 2019 Road Refunding Bonds"). The Series 2019 Park Refunding Bonds and the Series 2019 Road Refunding Bonds are collectively referred herein to as the "Bonds."

The Bonds are issued by the District pursuant to separate orders authorizing the issuance of the Series 2019 Park Refunding Bonds (the "Series 2019 Park Refunding Bond Order") and the Series 2019 Road Refunding Bonds (the "Series 2019 Road Refunding Bond Order") (collectively, the "Bond Orders") adopted by the Board of Directors of the District (the "Board"); Article XVI, Section 59 of the Texas Constitution in the case of the Series 2019 Park Refunding Bonds; Article III, Section 52 of the Texas Constitution in the case of the Series 2019 Road Refunding Bonds; Chapter 1207 of the Government Code, as amended; Chapters 49 and 54 of the Texas Water Code, as amended; an election held within the District; City of Houston Ordinance 97-416; and general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Orders, and certain other information about the District, Bridgeland Development, LP, a Maryland Limited Partnership (the "Developer"), homebuilders building homes in the District (the "Builders") and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, upon payment of duplication costs therefor.

PLAN OF FINANCING

Purpose

At elections held within the District on May 7, 2005, November 7, 2006 and May 10, 2008, voters of the District authorized the issuance of a total of $269,180,000 in principal amount of unlimited tax bonds for the purpose of refunding outstanding bonds of the District. The District has issued $99,775,000 principal amount of unlimited tax bonds, $33,245,000 principal amount of unlimited tax road bonds, $12,710,000 principal amount of unlimited tax park bonds and $37,375,000 principal amount of unlimited tax refunding bonds. The District currently has $128,070,000 principal amount of bonds outstanding (the "Outstanding Bonds").

The proceeds of the Bonds, together with lawfully available debt service funds, will be used to currently refund portions of the District's Unlimited Tax Road Bonds, Series 2010; Unlimited Tax Road Bonds, Series, 2012; and Unlimited Tax Park Bonds, Series 2012A totaling $9,240,000 in principal amount (the "Refunded Bonds") in order to achieve a net savings in the District's debt service expense. See "Refunded Bonds" herein. The proceeds will also be used to pay the costs of issuing the Bonds. See "Sources and Uses of Funds" in this section. A total of $118,830,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the "Remaining Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

Refunded Bonds

Proceeds of the Bonds, together with lawfully available debt service funds, will be applied to currently refund the Refunded Bonds in the principal amounts and with maturity dates set forth below and to pay certain costs of issuing the Bonds.

Maturity Date	Series 2010 Road	Series 2012 Road	Series 2012A
2020	$ 180,000	$ -	$ -
2021	190,000	-	-
2022	200,000	400,000	110,000
2023	-	400,000	110,000
2024	-	400,000	110,000
2025	-	400,000	110,000
2026	-	400,000	110,000
2027	-	400,000	110,000
2028	-	400,000	110,000
2029	-	400,000	110,000
2030	-	400,000	110,000
2031	-	400,000	110,000
2032	-	400,000	110,000
2033	-	400,000	110,000
2034	-	400,000	110,000
2035	-	400,000	110,000
2036	-	400,000	110,000
2037	-	400,000	110,000
2038	-	400,000	110,000
	$ 570,000	$ 6,800,000	$ 1,870,000
Redemption Date	August 27, 2019	September 1, 2019	September 1, 2019

The Refunded Bonds will be redeemed on the date shown above, the earliest redemption date allowable under the orders authorizing issuance of the Refunded Bonds.

Sources and Uses of Funds

The proceeds derived from the sale of the Series 2019 Park Refunding Bonds, exclusive of accrued interest, together with lawfully available debt service funds, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$1,945,000.00
Plus: Net Premium on the Bonds	18,093.55
Plus: Transfer from Debt Service Fund	38,000.00
Total Sources of Funds	$2,001,093.55
Uses of Funds:	
Deposit to Escrow Fund	$1,908,830.10
Issuance Expenses and Underwriters' Discount (a)	92,263.45
Total Uses of Funds	$2,001,093.55

The proceeds derived from the sale of the Series 2019 Road Refunding Bonds, exclusive of accrued interest, together with lawfully available debt service funds, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$7,555,000.00
Plus: Net Premium on the Bonds	85,272.15
Plus: Transfer from Debt Service Fund	130,000.00
Total Sources of Funds	$7,772,272.15
Uses of Funds:	
Deposit to Escrow Fund	$7,501,453.99
Issuance Expenses and Underwriters' Discount (a)	270,818.16
Total Uses of Funds	$7,772,272.15

(a) Includes municipal bond insurance premium.

Escrow Agreements

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

The Bond Orders provide that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreements") to be dated as of the date of the sale of the Bonds but effective on the date of delivery of the Bonds (expected to be August 22, 2019). The Bond Orders further provide that from the proceeds of the sale of the Bonds, along with certain other lawfully available debt service funds of the District, if any, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS." Such funds will be held by the Escrow Agent in segregated escrow accounts (the "Escrow Funds"). Under the Escrow Agreements, the Escrow Funds are irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Orders, copies of which are available from Bond Counsel upon payment of the costs of duplication therefor. Each of the Bond Orders authorize the issuance and sale of the related series of Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on such series of Bonds by the District.

Description

The Bonds will be dated August 1, 2019, with interest payable on March 1, 2020 (seven months interest), and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from August 1, 2019, and thereafter, from the most recent Interest Payment Date. Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months. The Bonds mature, and principal in respect of the Bonds is payable, on September 1 of the years and in the amounts, and accrue interest at the rates, shown under "MATURITY SCHEDULES" on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At elections held within the District on May 7, 2005, November 7, 2006 and May 10, 2008, voters of the District authorized a total of $269,180,000 in principal amount of unlimited tax bonds for the purpose of refunding outstanding bonds of the District. The Bonds are being issued pursuant to such authorizations. See "Issuance of Additional Debt" herein and 'INVESTMENT CONSIDERATIONS—Future Debt."

The Bonds are issued by the District pursuant to: elections held within the District; the terms and conditions of the Bond Orders; Article XVI, Section 59 of the Texas Constitution in the case of the Series 2019 Park Refunding Bonds; Article III, Section 52 of the Texas Constitution in the case of the Series 2019 Road Refunding Bonds; Chapter 1207 of the Government Code, as amended; Chapters 49 and 54 of the Texas Water Code, as amended; City of Houston Ordinance 97-416 and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

Source and Security for Payment

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

Funds

The Bond Orders confirm the prior creation of the District's Debt Service Fund, including the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, sewer and drainage facilities, and recreational facilities or to refund such bonds ("WSD&R Bonds") from funds received to pay debt service on bonds issued to finance road facilities or to refund such bonds ("Road Bonds"). Accrued interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the sub-accounts of the Debt Service Fund created in respect of WSD&R Bonds and Road Bonds.

The proceeds from all taxes levied, assessed and collected for and on account of the Series 2019 Park Refunding Bonds authorized by the Series 2019 Park Refunding Bond Order shall be deposited, as collected, into the sub-account of the Debt Service Fund created in respect of WSD&R Bonds. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Remaining Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the sub-account created in respect of WSD&R Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub-account of the Debt Service Fund created in respect of WSD&R Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due or to become due on WSD&R Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Debt Service Fund, including funds in the sub-account created in respect of Road Bonds, will not be allocated to the payment of the Series 2019 Park Refunding Bonds.

The proceeds from all taxes levied, assessed and collected for and on account of the Series 2019 Road Refunding Bonds authorized by the Series 2019 Road Refunding Bond Order shall be deposited, as collected, into the sub-account of the Debt Service Fund created in respect of Road Bonds. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Remaining Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the sub-account created in respect of Road Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized Road Bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub-account of the Debt Service Fund created in respect of Road Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized Road Bonds, whether heretofore, hereunder, or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due or to become due on Road Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Debt Service Fund, including funds in the sub-account created in respect of WSD&R Bonds, will not be allocated to the payment of the Series 2019 Road Refunding Bonds.

Record Date

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

Redemption Provisions

Mandatory Redemption of the Term Bonds: The Series 2019 Park Refunding Bonds maturing on September 1 in each of the years 2032, 2034, 2036, and 2038 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$220,000 Term Bonds
Due September 1, 2032

Mandatory Redemption Date	Principal Amount
2031	$ 110,000
2032 (maturity)	110,000

$210,000 Term Bonds
Due September 1, 2034

Mandatory Redemption Date	Principal Amount
2033	$ 105,000
2034 (maturity)	105,000

$210,000 Term Bonds
Due September 1, 2036

Mandatory Redemption Date	Principal Amount
2035	$ 105,000
2036 (maturity)	105,000

$200,000 Term Bonds
Due September 1, 2038

Mandatory Redemption Date	Principal Amount
2037	$ 100,000
2038 (maturity)	100,000

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

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

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

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, N.A., having its principal corporate trust office and its principal payment office in Dallas, Texas, as the initial Paying Agent/Registrar for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "BOOK-ENTRY-ONLY SYSTEM."

Registration

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

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $269,180,000 in principal amount of unlimited tax bonds for refunding outstanding bonds of the District. After issuance of the Bonds, $264,915,000 in principal amount of unlimited tax refunding bonds will remain authorized but unissued. The District's voters have also authorized the issuance of a total of $37,500,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities, a total of $211,320,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, and a total of $20,360,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities, of which $4,255,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities, $111,545,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, and $7,650,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities remains authorized but unissued. The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and parks and recreational facilities, and for refunding outstanding bonds of the District. See "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," and "—Financing Road Facilities" herein, "THE DISTRICT—General," and "INVESTMENT CONSIDERATIONS—Future Debt."

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

Financing Water, Sewer and Drainage Facilities

Pursuant to provisions of the Texas Constitution and Chapter 49 and Chapter 54, Texas Water Code, as amended, the District is authorized to acquire or construct certain water, sewer and drainage facilities subject to the approval of the TCEQ and a successful District election to approve the issuance of bonds payable from taxes. See "THE DISTRICT—General." At elections held within the District on May 7, 2005, November 7, 2006, and May 10, 2008, voters of the District authorized a total of $211,320,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities, of which $111,545,000 in principal amount of unlimited tax bonds for said improvements and facilities will remain authorized but unissued.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities. Pursuant to the provisions of related statutory amendments, such maintenance tax may not exceed 10 cents per $100 of taxable assessed valuation of taxable property.

At elections held within the District on May 7, 2005, November 7, 2006, and May 10, 2008, voters of the District authorized a total of $20,360,000 unlimited tax bonds for acquiring or constructing parks and recreational facilities and authorized a maintenance tax not to exceed $0.10 per $100 of taxable assessed valuation for maintenance of recreational facilities. The District has issued $12,710,000 principal amount of unlimited tax park bonds in four series and a total of $7,650,000 in principal amount of unlimited tax park bonds remains authorized but unissued from said authorization. The District is authorized to issue such bonds if (i) at the time of issuance, the bonds do not exceed 1% of the value of the taxable property in the District, or the estimated cost of the facilities as set forth in the recreational facilities plan adopted by the District, whichever amount is smaller; (ii) the District obtains any necessary governmental consents allowing the issuance of such bonds; (iii) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. Such maintenance tax is in addition to any other maintenance tax authorized by the District.

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

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution and Chapter 54, Texas Water Code, as amended, conservation and reclamation districts operating pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District and at elections held within the District on November 7, 2006 and May 10, 2008, voters of the District authorized a total of $37,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. The District has issued $33,245,000 principal amount of unlimited tax road bonds in six series, and could issue additional amounts. A total of $4,255,000 in principal amount of unlimited tax road bonds remains authorized but unissued from said authorization. See "—Issuance of Additional Debt" herein and "INVESTMENT CONSIDERATIONS—Future Debt."

Financing Fire-Fighting Activities

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

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"), the District may be annexed for full purposes by the City of Houston without the District's consent, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Effective December 1, 2017, such requirements may include the requirement that the City of Houston hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds and the Remaining Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and, therefore, the District makes no representation that the City of Houston will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Consolidation

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

Remedies in Event of Default

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

Defeasance

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

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

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Bond Orders do not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as currently permitted under Texas law.

BOOK-ENTRY-ONLY SYSTEM

The information in this section concerning Depository Trust Company ("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 or completeness thereof.

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

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

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

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

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

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

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

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

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

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

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

BRIDGELAND

The District is part of the master-planned community of Bridgeland, currently consisting of the District, three water control and improvement districts, six other municipal utility districts, and additional land to be annexed into certain of such districts. Harris County Municipal Utility District No. 418 ("MUD 418" or the "Master District"), Harris County Municipal Utility District No. 489 ("MUD 489"), the District, and certain land not within any other municipal utility district are within the boundaries of Harris County Water Control and Improvement District No. 157 ("WCID 157"). All of the residential development occurring in Bridgeland is occurring either within the District or MUD 489, and within WCID 157. The development of Bridgeland is planned by the Developer to ultimately encompass approximately 11,400 acres. See "THE DISTRICT" and "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

The Bridgeland Management District (the "Management District") was created by an act of the Texas Legislature in 2011 as a special district under Section 59, Article XVI of the Texas Constitution to provide economic development projects and services to the area of Bridgeland planned primarily, among other purposes, for commercial development. The Management District encompasses approximately 8,784 acres, of which approximately 26 acres are within the boundaries of the District. On November 6, 2012, voters authorized the Management District to levy a sales and use tax and a hotel occupancy tax and to issue bonds payable from such taxes and/or property assessments to finance its projects and services. The Management District has not yet considered if or when it will issue debt for such purposes. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated February 21, 2005, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

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

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit water and sewer connections only to lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Harris County, Texas. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing certain water, sewer and drainage facilities, parks and recreational facilities, and fire-fighting facilities as well as voter approval of the issuance of bonds for said purpose.

Construction and operation of the District's water, sewer and drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "WATER, WASTEWATER AND DRAINAGE—Regulation."

Description and Location

The District currently consists of approximately 1,761 acres of land in northwest Harris County. The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. The District is bordered on the north and east by North Bridgeland Lake Parkway, on the west by U.S. Highway 99 (the Grand Parkway) and on the south by Fry Road. Access to the District is provided by U.S. Highway 290 to Fry Road south or by the Grand Parkway to House Hahl Road east. The District is located approximately 2.7 miles southeast of the intersection of U.S. Highway 290 and the Grand Parkway.

Land Use

The following table represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots/Units
The Shores	184	571
First Bend	120	397
The Cove	140	487
Lakeland Heights	108	448
Water Haven	150	500
Hidden Creek	299	959
Residential Subtotal	1,001	3,362
Information Center	5	--
Recreation Center	11	--
Elementary School	17	--
Church	20	--
Multi-Family Residential	22	288
Commercial	47	--
Non-Developable (a)	638	--
Subtotal	760	288
Totals	1,761	3,650

(a) Includes amenity/detention facilities, pipeline easements, street rights-of-way, drill sites and utility sites.

Status of Development

As of June 5, 2019, 3,238 homes were complete (3,230 occupied), 74 homes were under construction or in the name of the builder, and 50 lots were available for home construction or in the name of a builder. Newer homes in the District are being offered for sale at prices ranging from approximately $250,000 to over $1,000,000.

Additionally, Parklane Cypress Apartments, a 288-unit apartment community has been constructed on approximately 22 acres and is currently approximately 95% occupied according to the apartment community's management.

The estimated population in the District is 11,909, based upon 3.5 persons per completed home and 2 persons per multi-family apartment unit.

In addition to residential development, a 6,000 square foot clubhouse/recreational facility that includes a pool, a spray park, a lap pool, water slides, two tennis courts and a playground has been completed on approximately 11 acres. A jogging path and greenbelt system also run throughout the community. An information center, elementary school, church and CVS Pharmacy have been constructed on approximately 43 acres within the District. The school and the church are not subject to taxation by the District. Five retail strip centers totaling approximately 46,812 square feet and five one-story professional office buildings totaling approximately 21,600 square feet have been developed on approximately 9 acres where various retail, service and professional businesses are located. A Great Clips, pizza and taco restaurants, a Marble Slab Creamery, a nail spa, a wine retailer, a Pinot's Palette art and wine studio, a dentist office, an optometrist, a 9Round fitness studio, an F45 fitness training center, a performing arts studio, and a salon and spa have been opened in the retail strip centers and a Best Brains learning center, a Re/Max real estate, physical therapy center and endodontics dentist office, psychiatric office and a mortgage lender have opened in the professional office buildings.

Homebuilding

Homebuilders actively marketing or building homes in the District include Highland Homes, David Weekley Homes, Darling Homes, Perry Homes, Village Builders, Ravenna Homes, Coventry Homes, Taylor Morrison, and J. Kyle Homes.

Future Development

There are approximately 37 acres of land in the District served with underground trunk line water, sewer and drainage facilities and paving facilities for future development. While the District anticipates future development of this acreage, there can be no assurances when or if any of such acreage will ultimately be developed. The District anticipates issuing additional bonds to fund water, sewer, drainage, road and recreational facilities within the District necessary to serve the land at full development. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($111,545,000 principal amount for water, sewer, and drainage facilities, $4,255,000 principal amount for roads, and $7,650,000 principal amount for recreational facilities,) should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, road and recreational system for full development of the District. See "WATER, WASTEWATER AND DRAINAGE," "ROADS," "PARK AND RECREATIONAL FACILITIES," and "INVESTMENT CONSIDERATIONS—Future Debt."

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. A developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Investors in the Bonds should note that the prior real estate experience of the Developer and its affiliates should not be construed as an indication that further development within the District will occur, or that construction of additional taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. The District cautions that the development experience of the Developer or its affiliates was gained in different markets and under different circumstances than those that exist in the District, and the prior success of the Developer or its affiliates, if any, is no indication or guarantee that the Developer will be successful in the future development of land within the District.

Bridgeland Development, LP

Bridgeland Development, LP, a Maryland limited partnership (the "Developer"), is the developer of Bridgeland. The Developer is wholly owned by The Howard Hughes Corporation, a Delaware corporation ("HHC"). HHC is a public company whose stock is traded on the New York Stock Exchange under the symbol HHC.

All funds required for development activities are provided by the Developer, HHC, or from lot sales. Neither the Developer nor HHC is legally obligated to continue providing funds for the development of the District. HHC is not legally obligated to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer.

HHC files annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document that HHC has filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, HHC makes available on its web site http://www.howardhughes.com its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on HHC's web site, available by hyperlink from HHC's web site or on the SEC's web site, is not incorporated into this Preliminary Official Statement.**

None of the Developer, HHC, any affiliates of the Developer nor HHC are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. None of the Developer, HHC, any affiliates of the Developer nor HHC have any legal commitment to the District or the holders of the Bonds to continue development of the land within the District, and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	Title	Term Expires
Robert G. Thomas	President	May 2020
Radney Poole	Vice President	May 2020
Ed Conger	Secretary	May 2020
Shea Thielen	Assistant Secretary	May 2022
Sandra Kalb	Director	May 2022

District Consultants

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

Bond Counsel and General Counsel: Schwartz, Page & Harding, L.L.P. ("Bond Counsel") serves as bond counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Schwartz, Page & Harding, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

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

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

Auditor: The financial statements of the District as of May 31, 2018, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. The District has engaged BKD, LLP to audit its financial statements for the fiscal year ended May 31, 2019. See "APPENDIX A" for a copy of the District's May 31, 2018, financial statements.

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

Utility System Operator: Inframark, LLC operates the water and wastewater systems and plants of MUD 418 and the internal water distribution and wastewater collection facilities of the District.

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

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

WATER, WASTEWATER AND DRAINAGE

Regulation

According to the Engineer, the District's improvements that have been financed with proceeds from the Outstanding Bonds have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and, as and if required for the particular improvements, the approval and permitting requirements of the TCEQ, Harris County, the City of Houston and Harris County Flood Control District, as applicable.

Master Facilities

Master Water and Sanitary Sewer Facilities Contract: The District is served by a regional water supply and wastewater treatment system that is owned and operated by MUD 418, in its capacity as the "Master District," pursuant to that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, by and between MUD 418 and the District, as amended and supplemented from time to time (the "Master Contract"). MUD 489 was made a participant in the Master Contract on August 14, 2013. The Master Contract provides that the Master District will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities (the "Master Facilities"), to serve the land within the Service Area defined therein and any other area subsequently added to the Bridgeland development or otherwise served by the Master District pursuant to the Master Contract. Each party to the Master Contract, including the Master District in its capacity as a district receiving Master District services, is referred to hereinafter at times as a "Participant." Each Participant is responsible for the acquisition, construction, ownership, operation, and/or maintenance of all internal water, sewer and drainage facilities, not otherwise constructed by the Master District as part of the Master Facilities. As required by the Master Contract, a plan of proposed Master Facilities has been adopted by the Master District and approved by the Participants.

The Master Contract provides that capacity in the Master Facilities will be allocated to a Participant contingent upon the payment to the Master District of a "Connection Charge" (as more specifically detailed in the Master Contract) calculated to approximate, on a uniform per-connection basis, the incurred and projected capital expenditures, interest, and other attendant costs associated with the provision of the Master Facilities by the Master District ("Capital Costs"). The Master Contract requires that the Master District use the Connection Charges solely for payment of the Capital Costs of the Master Facilities, and further requires that the Connection Charge be recalculated from time to time but not less often than annually. Once a Connection Charge has been paid by a Participant, additional Capital Costs may not be recovered for the associated capacity in the Master Facilities acquired by payment of same. The current Connection Charge imposed by the Master District under the Master Contract is $4,199 per equivalent single-family connection for water supply capacity, and $3,234.02 for wastewater treatment capacity. Connection charges relative to wastewater collection service vary by geographic location within the service area, and range from $242 per equivalent single-family connection to $1,295 per equivalent single-family connection. The Master Contract additionally provides that Master Facilities may be constructed and conveyed to the Master District as an alternative to the payment of a Connection Charge, such Master Facilities being credited at their Capital Cost value towards Connection Charge payments.

The Master Contract requires that operations and maintenance expenses be paid to the Master District by the Participants on a monthly basis. Additionally, each Participant is required to advance funds to the Master District to create a reserve ("Reserve") for the benefit of such Participant in an amount equal to the Participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the Master District's fiscal year (currently June 1). The amount of the required Reserve for any Participant is determined annually, and any shortfall is required to be funded by the Participant. The Master District's operations and maintenance expenses, as billed to Participants, may include a fee to fund a Participant's Reserve, subject to certain restrictions.

The Master Contract further requires that each Participant hold an election to authorize the levy and collection of ad valorem taxes to meet its obligations under the Master Contract. Such taxes are to be pledged to support debt service on contract revenue bonds, if issued, by the Master District. The Master Contract authorizes the issuance of such bonds by the Master District solely for the purpose or purposes of (1) providing surface water as an alternative to groundwater, if required by law; (2) the acquisition, construction, improvement, enlargement, extension, or repair of the Master Facilities, if required by law; (3) the payment of unbudgeted, extraordinary expenses of maintaining or repairing the Master Facilities for which sufficient funds have not been placed in the Reserve; or (4) meeting a request by a Participant that such bonds be issued by the Master District. The voters of MUD 418, in its capacity as a Participant, MUD 489 and the District have approved such a contract revenue tax proposition.

Water Supply: Water supply to serve the development within the District is provided by Water Plant No. 1 owned and operated by the Master District. The Master District's current facilities at Water Pant No. 1 include two water wells with a total of 1,500 gallons per minute ("gpm") of capacity, two 15,000 gallon pressure tanks, two 250,000 gallon ground storage tanks, a 750,000 gallon elevated storage tank, and 10,150 gpm of booster pump capacity, which can serve 5,075 equivalent single-family connections. The Master District receives treated surface water at Water Plant No. 1. See "Surface Water" below for a discussion of the additional source of water supply capacity as a result of surface water supplied by the West Harris County Regional Water Authority (the "Authority"). Phase I of Water Plant No. 2 includes one 1,200 gpm water well, one 20,000 gallon pressure tank, one 500,000 gallon ground storage tank and 5,900 gpm booster pump capacity, which can serve 2,000 equivalent single-family connections. Combined, the two water plants are able to serve a total of 7,075 equivalent single-family connections. Future expansions of Water Plant No. 2 will include additional water wells, ground storage tanks, elevated storage tanks, booster pumps, and facilities to receive surface water, which will expand the service capacity of this water plant. Water Plant No. 1 is fully built out.

Surface Water: The Master District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 2001, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District). The Authority 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). In connection with its GRP, the Authority entered into a water supply contract with the City to obtain treated surface water from the City. The District is included within the Authority's GRP.

The Authority has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, rates, and charges as necessary to accomplish its purposes. Effective January 1, 2018, the Authority currently charges the Master District, as owner of the water wells, and other major groundwater users, a fee of $2.70 per 1,000 gallons of groundwater pumped and $3.10 per 1,000 gallons of surface water received. The Authority has issued $366,305,000 principal amount of revenue bonds to fund, among other things, certain Authority surface water project costs. It is expected that the Authority will issue substantially more bonds by the year 2035 to finance the Authority's project costs.

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 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 within the Authority's GRP; and (iii) beginning in the year 2035, to limit groundwater withdrawals to no more than 20% of the total annual water demand within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty ("Disincentive Fees"), imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand within the Authority's GRP. The Disincentive Fee is currently $8.25 per 1,000 gallons of water, but is subject to increase at the discretion of the Subsidence District. In the event of such Authority's failure to comply and imposition of a disincentive fee penalty by the Subsidence District, the Authority may also seek to collect Disincentive Fees from the Master District. If the Master District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the Master District.

The Master 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 the Participants under the Master Contract who will in turn pass said fees through to customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. In addition, further conversion to surface water could necessitate improvements to the system of the Master District, which could require the issuance of additional bonds by the Participants. No representation is made, however, that the Authority: (i) will build said lines or any of 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.

Pursuant to a contract dated August 13, 2008, among the Developer, the Master District and the Authority, the Authority has constructed a water line to provide treated surface water to the Master District's Water Plant No. 1. Capacity in certain portions of said water line also serves municipal utility districts which are not a part of Bridgeland and said districts entered into similar contracts with the Authority. Construction of the water line is complete and the Authority began delivering metered surface water to the Master District's Water Plant No. 1 as of June 5, 2013. Such water line provides the Master District with 2,100,000 million gallons per day ("gpd") of additional water supply. This water supply constitutes part of the Master Facilities that serve the Bridgeland development, and provides capacity for up to 2,500 water supply system connections. This source of supply supplements groundwater supplied by wells installed or to be installed by the Master District to meet participant water demands.

Wastewater Treatment: Wastewater treatment for the development within the District is provided by a 600,000 gpd interim wastewater treatment plant and a permanent 1,500,000 gpd wastewater treatment plant owned and operated by the Master District. The Master District's existing wastewater treatment facilities will adequately serve 9,130 equivalent single-family connections based on 230 gpd per connection. Future expansions of the Master District's wastewater treatment facilities will be planned as required by the needs of the District.

Major Trunk Lines: Major water distribution and wastewater collection lines have been constructed by the Developer on behalf of the Master District. There is no charge for water distribution system capacity in the Master District's trunk lines; however, there are charges applicable to wastewater collection system capacity in the Master District's trunk lines, as described hereinabove.

Allocation and Purchases of Capacity: The District has purchased water supply, wastewater treatment, and wastewater collection capacity from the Master District for 3,790 equivalent single-family connections pursuant to the Master Contract, as amended. MUD 489 has contracted for water supply, wastewater treatment, and wastewater collection capacity from the Master District for 538 equivalent single-family connections pursuant to the Master Contract, as amended.

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection, storm drainage facilities and related paving have been constructed in the District to serve 3,362 single-family residential lots, an information center and a clubhouse/recreational facility, an elementary school, a church, a 288-unit apartment community, a CVS Pharmacy, five retail strip centers, and five one-story office buildings. See "THE DISTRICT—Land Use," "—Status of Development," and "—Future Development."

Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes and other improvements 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 or other improvements 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.

According to the Engineer, none of the developable acreage in the District is currently located in the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Hurricane Harvey."

Water and Wastewater Operations

The Bonds and the Remaining Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenue from operations of the District's system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds and the Remaining Outstanding Bonds. It is anticipated that no significant operation revenues will be used for debt service on the Bonds or the Remaining Outstanding Bonds in the foreseeable future.

The following statement sets forth in condensed form the General Operating Fund for the District as shown in the District's audited financial statements for the years ended May 31, 2015 through May 31, 2018 and an unaudited summary for the year ended May 31, 2019 provided by the Bookkeeper. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended May 31				
	2019(a) (unaudited)	2018	2017	2016	2015
Revenues					
Property Taxes	$ 1,610,506	$ 1,460,836	$ 1,291,552	$ 1,373,218	$ 887,331
Water Service	1,251,071	1,273,384	1,089,939	949,902	852,123
Sewer Service	1,504,818	1,418,986	1,177,566	1,034,886	938,339
Regional Water Authority Fee	1,668,171	1,422,007	1,364,439	1,032,145	789,633
Penalty and Interest	58,388	70,634	59,125	58,471	65,077
Tap Connection and Inspection Fees	174,221	276,113	483,985	575,764	245,410
Interest Income	47,080	33,628	16,642	12,146	10,963
Total Revenues	$ 6,314,255	$ 5,955,588	$ 5,483,248	$ 5,036,532	$ 3,788,876
Expenditures					
Service Operations					
Purchased Services	$ 1,922,626	$ 2,353,528	$ 1,402,394	$ 1,183,797	$ 865,967
Regional Water Authority Fee	1,732,780	732,438	1,138,992	1,017,750	843,022
Professional Fees	181,046	223,982	186,661	199,650	157,752
Contracted Services	1,160,478	1,075,499	973,740	844,204	772,711
Utilities	223,841	211,237	210,985	192,594	164,748
Repairs and Maintenance	909,968	1,080,043	765,929	467,256	456,799
Other Expenditures	12,701	201,006	185,269	192,404	170,047
Tap Connections	64,786	95,075	175,980	213,205	85,432
Capital Outlay	-	82,400	-	214,169	44,135
Total Expenditures	$ 6,208,226	$ 6,055,208	$ 5,039,950	$ 4,525,029	$ 3,560,613
Revenues Over (Under) Expenditures	$ 106,029	$ (99,620)	$ 443,298	$ 511,503	$ 228,263
Interfund Transfer Out	$ -	$ -	$ (4,188)	$ -	$ -
Fund Balance (Beginning of Year)	$ 3,634,837	$ 3,734,457	$ 3,295,347	$ 2,783,844	$ 2,555,581
Fund Balance (End of Year)	$ 3,740,866	$ 3,634,837	$ 3,734,457	$ 3,295,347	$ 2,783,844

(a) Unaudited. Provided by the Bookkeeper.

THE ROADS

Certain series of the Previously Issued Bonds were issued to finance the road system (the "Roads"), which serves the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. The Roads consist of Shorelands Road, Shorebridge Road, First Bend Drive, Lakeside Haven Drive, Parkside Haven Drive, Bridge Cove Drive, Bridgeland Landing Drive, Water Haven, North Bridgeland Lake Parkway, East Creekside Bend Drive, Creekside Crossing Drive, Central Creek Drive, Bridge Cove/Hidden Pass Drive, Bayou Junction Road, Bridgeland Creek Parkway, Section One, North Bridgeland Lake Parkway, Section Five, Parkside Haven Drive, Phase Two-A, Seminole Ridge Drive, East Creekside Bend Drive from Hidden Pass Drive to Larrison Circle, Hidden Pass Drive from Parkside Haven to Bridge Cove Drive, Bridgeland Creek Parkway, Section Two, Hidden Creek, Section Thirteen, Josey Ranch Road and B-8 Crossing, Bridgeland Creek Parkway, Section Three, West Creekside Bend, Sections One and Two, and Hidden Creek, Section Twenty-Four (West Creekside Bend portion). The roads and improvements in aid thereof to be financed by the Bonds consist of portions of Josey Ranch Road, Hidden Pass Drive, Hidden Creek, Creekside Bend Boulevard, Hidden Pass Drive, North Bridgeland Lake Parkway, and Bridgeland Creek Parkway. North Bridgeland Lake Parkway Bridgeland and Creek Parkway are major thoroughfares. The District does not operate or maintain the Roads; the Roads are conveyed to Harris County, Texas for ownership, operations and maintenance in accordance with standard acceptance procedures. See "THE BONDS—Financing Road Facilities."

PARK AND RECREATIONAL FACILITIES

Certain series of the Previously Issued Bonds were issued to finance park and recreational facilities to serve residents of the District. Park and recreational facilities constructed within the District include an approximately 10-mile system of interconnecting trails, community parks with amenities to include pavilions, restrooms, playgrounds, splash pads, a private 18-hole disc golf course, picnic areas, floating docks for catch-and-release fishing, various nature observation areas and a system of dual function amenity/detention lakes spanning approximately 540 acres. See "THE BONDS—Financing Recreational Facilities."

MAJOR CHANNEL AND DETENTION IMPROVEMENTS

WCID 157 was created to construct and operate all amenity/detention facilities and major drainage and channel improvements necessary to serve the land within the boundaries of WCID 157, including the District. The drainage facilities constructed by WCID 157 are a series of interconnected detention basins that serve both as amenity lakes as well as detention and mitigation facilities. The detention facilities were designed and constructed in accordance with Harris County Flood Control District criteria and comply with the master drainage study prepared for the project. The purpose of these facilities is to provide outfall drainage and mitigate any negative flood plain effects caused by the development of Bridgeland. Construction of additional detention facilities has been phased to accommodate development as it occurs. The detention basins constructed to date encompass approximately 500 acres of land and detain enough storm water to develop approximately 1,450 acres of single-family residential, commercial and recreational land use.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2018 Certified Taxable Assessed Valuation	$1,157,144,174	(a)
2019 Preliminary Taxable Assessed Valuation	$1,257,768,957	(b)
Gross Direct Debt Outstanding (the Bonds and the Remaining Outstanding Bonds)	$128,330,000	(c)
Estimated Overlapping Debt	126,813,595	(d)
Gross Direct Debt and Estimated Overlapping Debt	$255,143,595	(d)
Ratios of Gross Direct Debt to:		
2018 Certified Taxable Assessed Valuation	11.09%	
2019 Preliminary Taxable Assessed Valuation	10.20%	
Ratios of Gross Direct Debt and Estimated Overlapping Debt to:		
2018 Certified Taxable Assessed Valuation	22.05%	
2019 Preliminary Taxable Assessed Valuation	20.29%	
Funds Available for Debt Service as of July 8, 2019	$10,940,246	(e)
Operating Funds Available as of July 8, 2019	$3,235,400	
Capital Projects Park Funds Available as of July 8, 2019	$1,228,382	

(a) As certified by the Harris County Appraisal District (the "Appraisal District") See "TAXING PROCEDURES."
(b) Provided by the Appraisal District as a preliminary indication of the 2019 taxable value (as of January 1, 2019). Such amount is subject to review and downward adjustment prior to certification. Such amount includes the 2019 preliminary real property value in the amount of $1,250,172,166 and the 2018 certified personal property value in the District in the amount of $7,596,791. No tax will be levied on such amount until it is certified in the fall of 2019. See "TAXING PROCEDURES."
(c) See "Outstanding Bonds" herein.
(d) See "Estimated Overlapping Debt" herein.
(e) The District will contribute $168,000 of available debt service funds towards the purpose for which the Bonds are being issued. See "PLAN OF FINANCING—Sources and Uses of Funds." Neither Texas law nor the Bond Orders requires the District to maintain any particular balance in the Debt Service Fund.

Investments of the District

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

Outstanding Bonds

The following table lists the original principal amount of Outstanding Bonds, and the current principal balance of the Outstanding Bonds, the Refunded Bonds and the Remaining Outstanding Bonds.

Series		Original Principal Amount	Outstanding Bonds	Less: Refunded Bonds	Remaining Outstanding Bonds
2007		$ 6,880,000	$ -	$ -	$ -
2008		8,955,000	-	-	-
2009		4,090,000	265,000	-	265,000
2010	(a)	5,765,000	740,000	570,000	170,000
2010		11,200,000	1,035,000	-	1,035,000
2011		13,000,000	2,080,000	-	2,080,000
2012		3,570,000	500,000	-	500,000
2012A	(b)	2,860,000	2,200,000	1,870,000	330,000
2012	(a)	10,300,000	8,000,000	6,800,000	1,200,000
2014	(b)	3,225,000	2,600,000	-	2,600,000
2014A		8,500,000	7,140,000	-	7,140,000
2014	(a)	5,370,000	4,515,000	-	4,515,000
2015	(c)	5,175,000	5,025,000	-	5,025,000
2015A		9,000,000	8,315,000	-	8,315,000
2015	(a)	4,160,000	3,650,000	-	3,650,000
2016	(c)	20,585,000	19,855,000	-	19,855,000
2016A		18,000,000	16,600,000	-	16,600,000
2016	(a)	2,650,000	2,450,000	-	2,450,000
2017	(d)	4,230,000	4,125,000	-	4,125,000
2017		12,400,000	11,950,000	-	11,950,000
2017A	(b)	5,400,000	5,200,000	-	5,200,000
2017B	(c)	11,615,000	11,420,000	-	11,420,000
2018		4,180,000	4,180,000	-	4,180,000
2018A	(b)	1,225,000	1,225,000	-	1,225,000
2018	(a)	5,000,000	5,000,000	-	5,000,000
Total		$ 187,335,000	$ 128,070,000	$ 9,240,000	$ 118,830,000
The Series 2019 Park Refunding Bonds					1,945,000
The Series 2019 Road Refunding Bonds					7,555,000
The Bonds and the Remaining Outstanding Bonds					$ 128,330,000

(a) Unlimited Tax Road Bonds.
(b) Unlimited Tax Park Bonds.
(c) Unlimited Tax Refunding Bonds.
(d) Unlimited Tax Road Refunding Bonds.

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds ($9,240,000 principal amount), plus the debt service on the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Less: Debt Service on Refunded Bonds	Plus: The Series 2019 Park Bonds		Plus: The Series 2019 Road Bonds		Total Debt Service Requirements
			Principal	Interest	Principal	Interest	
2019	$ 7,489,974.38 (a)	$ 170,561.25					$ 7,319,413.13
2020	9,701,978.75	521,122.50	$ 15,000	$ 57,376.04	$ 215,000	$ 224,703.65	9,692,935.94
2021	9,595,331.25	523,472.50	15,000	52,512.50	220,000	200,968.75	9,560,340.00
2022	9,480,973.75	1,035,160.00	125,000	52,062.50	630,000	194,368.75	9,447,245.00
2023	9,378,033.75	810,035.00	125,000	48,312.50	430,000	175,468.75	9,346,780.00
2024	9,313,448.75	793,635.00	125,000	44,562.50	430,000	162,568.75	9,281,945.00
2025	9,192,798.75	776,735.00	120,000	40,812.50	430,000	149,668.75	9,156,545.00
2026	9,061,961.25	759,335.00	120,000	37,212.50	425,000	136,768.75	9,021,607.50
2027	8,947,636.25	741,935.00	120,000	34,812.50	420,000	128,268.75	8,908,782.50
2028	8,828,711.25	723,535.00	115,000	32,412.50	415,000	119,868.75	8,787,457.50
2029	8,720,827.50	704,970.00	115,000	30,112.50	410,000	111,568.75	8,682,538.75
2030	8,583,075.00	686,405.00	110,000	27,812.50	405,000	103,368.75	8,542,851.25
2031	8,465,728.75	667,340.00	110,000	25,200.00	400,000	93,750.00	8,427,338.75
2032	8,328,401.25	648,275.00	110,000	21,900.00	400,000	81,750.00	8,293,776.25
2033	7,975,361.25	628,710.00	105,000	18,600.00	395,000	69,750.00	7,935,001.25
2034	7,851,297.50	608,925.00	105,000	15,450.00	395,000	57,900.00	7,815,722.50
2035	6,970,846.25	589,140.00	105,000	12,300.00	390,000	46,050.00	6,935,056.25
2036	5,634,936.25	569,355.00	105,000	9,150.00	385,000	34,350.00	5,599,081.25
2037	5,514,151.25	549,570.00	100,000	6,000.00	380,000	22,800.00	5,473,381.25
2038	4,830,535.00	529,785.00	100,000	3,000.00	380,000	11,400.00	4,795,150.00
2039	3,878,837.50	-	-	-	-	-	3,878,837.50
2040	3,233,787.50	-	-	-	-	-	3,233,787.50
2041	3,203,687.50	-	-	-	-	-	3,203,687.50
2042	1,469,750.00	-	-	-	-	-	1,469,750.00
Total	$ 175,652,070.63	$ 13,038,001.25	$ 1,945,000	$ 569,601.04	$ 7,555,000	$ 2,125,341.15	$ 174,809,011.56

Average Annual Debt Service (2020-2042)....................$7,282,156
Maximum Annual Debt Service (2020)....................$9,692,936

(a) Excludes the District's March 1, 2019 debt service payment in the amount of $2,036,354.

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County	$ 2,050,758,022	5/31/2019	0.260%	$ 5,331,971
Harris County Flood Control District	83,075,000	5/31/2019	0.260%	215,995
Harris County Hospital District	57,300,000	5/31/2019	0.260%	148,980
Harris County Department of Education	6,320,000	5/31/2019	0.260%	16,432
Port of Houston Authority	593,754,397	5/31/2019	0.260%	1,543,761
Cypress Fairbanks Independent School District	2,586,595,000	5/31/2019	2.250%	58,198,388
Lone Star College System	609,845,000	5/31/2019	0.590%	3,598,086
Harris County WCID No. 157	61,545,000	5/31/2019	93.850%	57,759,983
Total Estimated Overlapping Debt				$ 126,813,595
The District	128,330,000	(a)	100.00%	128,330,000
Total Direct and Estimated Overlapping Debt				$ 255,143,595

Ratios of Gross Direct Debt and Estimated Overlapping Debt to:

2018 Certified Taxable Assessed Valuation	22.05%
2019 Preliminary Taxable Assessed Valuation	20.29%

(a) The Bonds and the Remaining Outstanding Bonds.

Overlapping Taxes

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

Set forth below are all of the taxes levied for the 2018 tax year by all overlapping taxing jurisdictions and the 2018 tax rates of WCID 157 and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District Harris County Hospital District, Harris County Department of Education and the Port of Houston Authority)……	$ 0.635170
Cypress Fairbanks Independent School District……	1.440000
Harris County Emergency Services District No. 9……	0.052710
Harris County Water Control and Improvement District No. 157 (a)……	0.447500
Lone Star College System……	0.107800
Total Overlapping Tax Rate……	$ 2.683180
The District (a)……	0.940000
Total Tax Rate……	$ 3.623180

(a) See "TAX DATA—Historical Tax Rate Distribution" and "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Orders to levy and assess, for each year that all or any part of the Bonds and the Remaining Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Remaining Outstanding Bonds. See "Tax Rate Distribution" and "Tax Roll Information" below, and "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS—Economic Factors and Interest Rates."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was held on May 7, 2005, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation for general operations and maintenance costs. At the same election, voters authorized the Board to levy a maintenance tax for operations and maintenance costs of recreational facilities at a rate not to exceed $0.10 per $100 of taxable assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Tax Exemptions

For the tax year 2019, the District has adopted an exemption of $10,000 of the appraised value of residential homesteads of individuals who are sixty-five (65) years of age or older, and an exemption of $20,000 of the appraised value of residential homesteads of individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Historical Tax Rate Distribution

	2018 (a)	2017	2016	2015	2014
Debt Service	$ 0.80	$ 0.80	$ 0.80	$ 0.80	$ 0.87
Maintenance and Operations	0.14	0.14	0.14	0.17	0.13
Total	$ 0.94	$ 0.94	$ 0.94	$ 0.97	$ 1.00

(a) Of such $0.80 debt service tax rate for 2018, $0.615 is allocated to pay debt service on WSD&R Bonds and $0.185 is allocated to pay debt service on Road Bonds. See "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

Historical Tax Collections

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

Tax Year	Certified Taxable Assessed Valuation(a)	Tax Rate	Total Tax Levy(b)	Total Collections as of June 30, 2019 (c) Amount	Percent
2014	$ 689,235,366	$ 1.000	$ 6,891,943	$ 6,885,338	99.90%
2015	810,338,793	0.970	7,860,273	7,852,728	99.90%
2016	920,116,745	0.940	8,648,898	8,641,023	99.91%
2017	1,040,764,705	0.940	9,782,798	9,766,954	99.84%
2018	1,157,144,174	0.940	10,877,235	10,821,398	99.49%

(a) Net valuation represents final gross appraised value as certified by the Appraisal District less any exemptions granted. See "Tax Roll Information" below for gross appraised value and exemptions granted by the District.
(b) Represents actual tax levy, including any adjustments by the Appraisal District, as of the date of this OFFICIAL STATEMENT.
(c) Unaudited.

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2014 through 2018 Certified Taxable Assessed Valuation. A breakdown of the 2019 Preliminary Taxable Assessed Valuation of $1,257,768,957, which is subject to review and downward adjust prior to certification, is not available.

Tax Year	Type of Property: Land	Improvements	Personal Property	Gross Assessed Valuations	Deferments and Exemptions	Certified Taxable Assessed Valuations
2014	$ 150,583,513	$ 555,363,139	$ 8,437,507	$ 714,384,159	$ (25,148,793)	$ 689,235,366
2015	180,664,598	645,671,095	9,753,365	836,089,058	(25,750,265)	810,338,793
2016	199,132,517	739,384,665	7,698,007	946,215,189	(26,098,444)	920,116,745
2017	220,534,773	838,673,721	6,049,591	1,065,258,085	(24,493,380)	1,040,764,705
2018	231,204,309	943,426,514	9,326,523	1,183,957,346	(26,813,172)	1,157,144,174

Principal Taxpayers

The following table represents the ten major taxpayers, the taxable assessed valuation of such property, and such property's taxable assessed valuation as a percentage of the 2018 Certified Taxable Assessed Valuation of $1,157,144,174. This represents ownership as of January 1, 2018. A principal taxpayer list related to the 2019 Preliminary Taxable Assessed Valuation of $1,257,768,957, which is subject to review and downward adjust prior to certification, is not available.

Taxpayer	2018 Certified Taxable Assessed Valuation	% of 2018 Certified Taxable Assessed Valuation
LLH 236 LP (a)	$ 33,930,312	2.93%
Lakeland Village Holding	11,816,476	1.02%
Bridgeland Development LP (b)	8,192,810	0.71%
Individual	2,535,104	0.22%
Centerpoint Energy Houston Electric	2,403,130	0.21%
Perry Homes LLC (c)	2,367,978	0.20%
Trendmaker Homes Inc. (c)	2,170,778	0.19%
Darling Homes of Texas LLC	1,971,503	0.17%
Individual	1,613,103	0.14%
Weekley Homes LLC	1,452,313	0.13%
Total	$ 68,453,507	5.92%

(a) Apartment Community.
(b) See "THE DEVELOPER."
(c) See "THE DISTRICT—Homebuilding."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2018 Certified Taxable Assessed Valuation of $1,157,144,174 or the 2019 Preliminary Taxable Assessed Valuation of $1,257,768,957, which is subject to review and downward adjustment prior to certification. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Remaining Outstanding Bonds when due, assuming no further increase or any decrease in taxable values in the District, Collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements.

Average Annual Debt Service Requirement (2020-2042)	$7,282,156
$0.67 Tax Rate on the 2018 Certified Taxable Assessed Valuation	$7,365,223
$0.61 Tax Rate on the 2019 Preliminary Taxable Assessed Valuation	$7,288,771
Maximum Annual Debt Service Requirement (2020)	$9,692,936
$0.89 Tax Rate on the 2018 Certified Taxable Assessed Valuation	$9,783,654
$0.82 Tax Rate on the 2019 Preliminary Taxable Assessed Valuation	$9,798,020

No representation or suggestion is made that the 2019 Preliminary Taxable Assessed Valuation will not be adjusted downward prior to being certified as taxable value by the Appraisal District, and no person should rely upon such amount or its inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

The Texas Tax Code (the "Property Tax Code") requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas a single appraisal district with the responsibility for recording and appraising property for all taxing units within a county and a single appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Harris County Appraisal District (the "Appraisal District") has the responsibility for appraising property for all taxing units wholly within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a petition for review in State district court. In such event, the value of the property in question will be determined by the court or by a jury if requested by any party. Absent any such appeal, the appraisal roll, as prepared by the Appraisal District and approved by the Appraisal Review Board, must be used by each taxing jurisdiction in establishing its tax roll and tax rate. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of the Appraisal District.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately-owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2019 tax year, the District has granted an exemption of $10,000 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, effective January 1, 2018, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, effective January 1, 2018, (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

A "Freeport Exemption" applies to goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining oil or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to certain tangible personal property, as defined by the Property Tax Code acquired in or imported into Texas for storage purposes and which is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. The exemption excludes oil, natural gas, petroleum products, aircraft and certain special inventory including dealer's motor vehicles, dealer's vessel and outboard motor vehicle, dealer's heavy equipment and retail manufactured housing inventory. The exemption applies to covered property if it is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. However, taxing units who took official action as allowed by prior law before October 1, 2011, to tax goods-in-transit property, and who pledged such taxes for the payment of debt, may continue to impose taxes against the goods-in-transit property until the debt is discharged without further action, if cessation of the imposition would impair the obligations of the contract by which the debt was created. The District has taken official action to allow taxation of all such goods-in-transit personal property, but may choose to exempt same in the future by further official action.

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For the 2019 tax year, the District has granted a 10% general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

District and Taxpayer Remedies

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

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

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based upon the new use for the three (3) years to five (5) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2018, no land within the District was the subject of a special exemption.

Rollback of Operation and Maintenance Tax Rate

Under current law, 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 and contract tax rates plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the District in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the District in that year, subject to certain homestead exemptions. Thus, debt service and contract tax rates cannot be changed by a rollback election.

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

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

The District: A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis, beginning with the 2020 tax rate. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

Tax Abatement

The City of Houston and Harris County may designate all or part of the District as a reinvestment zone, and the District, Harris County, and (if it were to annex the area) the City of Houston may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and by the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

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

Except with respect to (i) owners of residential homestead property who are sixty-five years of age or older or under a disability as described above and who have filed an affidavit as required by law and (ii) owners of residential homesteads who have entered into installment agreements for payment of delinquent taxes as described above and who are not in default under said agreements, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act (12 U.S.C. 1825, as amended). Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See "INVESTMENT CONSIDERATIONS—Tax Collection Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

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

Hurricane Harvey

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

According to the Operator and the Engineer, the system serving the District did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. A CVS Pharmacy and a restaurant within the District experienced approximately one inch of flooding but were open for business within approximately three days. No homes or other commercial improvements within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

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

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

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots which are currently being marketed by the Developer to the Builders for the construction of primary residences or commercial/retail improvements. The market value of such homes, lots and undeveloped land is related to general economic conditions affecting the demand for residences. Demand for lots and undeveloped land of this type and the construction of residential and commercial improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DISTRICT—Homebuilding."

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 25 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the northwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Builders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Development and Home Construction in the District

As of June 5, 2019, approximately 50 lots were available for home construction or in the name of a builder. Future increases in value will result primarily from the construction of homes by Builders and construction of commercial and multi-family improvements. The District makes no representation with regard to whether or not building programs will be successful. Additionally, approximately 37 acres are served by underground water, sewer and drainage trunk facilities and paving facilities for future development. See "THE DISTRICT—Land Use" and "THE DEVELOPER."

Overlapping Debt and Taxes

The land within the District is included within the boundaries of WCID 157 and is also subject to taxation by WCID 157. WCID 157 levied a 2018 tax rate of $0.4475 per $100 of taxable assessed valuation, comprised of $0.3165 per $100 of taxable assessed valuation for debt service and $0.1310 per $100 of taxable assessed valuation for maintenance. Currently, the development within the District and approximately 373 acres developed as approximately 450 single-family residential lots in the northern portion of MUD 489 that overlaps WCID 157 make up substantially all of the taxable value in WCID 157. WCID 157 consists of 3,271 acres of land and encompasses the District, MUD 418, and approximately 373 of the 885 total acres currently within the boundaries of MUD 489. WCID 157 is authorized to issue unlimited tax bonds in a maximum principal amount of $256,600,000 for drainage purposes and $204,300,000 for recreation purposes without additional voter approval. WCID 157 currently has $61,545,000 principal amount of outstanding bonds. The District cannot represent whether any of the development planned or occurring in WCID 157 will be successful or whether the appraised valuation of the land located within WCID 157 will justify continued payment of the WCID 157 taxes by property owners. Increases in WCID 157's tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied by WCID 157 and the District.

The tax rate that may be required to service debt on any bonds issued by the District or WCID 157 is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Harris County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined 2018 tax rate of $1.3875 per $100 of taxable assessed valuation for the District and WCID 157 is higher than the tax rate of many utility districts in the Houston metropolitan area, although such a combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Harris County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to $1.50 per $100 of taxable assessed valuation. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District in combination with WCID 157. The current combined tax rate of the District and WCID 157 is consistent with the rules of the TCEQ. If the total combined tax rate of the District and WCID 157 should ever exceed $1.50 per $100 of taxable assessed valuation, the District and WCID 157 could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See "Possible Impact on District Tax Rates" above and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes."

Voters within the Bridgeland Management District ("Management District"), which includes 26 acres within the boundaries of the District, have approved the levy of a sales and use tax and a hotel occupancy tax and issuance of bonds payable from said taxes and/or property assessments. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes. See "BRIDGELAND."

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies

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

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

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District's voters have authorized the issuance of a total of $269,180,000 in principal amount of unlimited tax bonds for refunding outstanding bonds of the District. After issuance of the Bonds, $264,915,000 in principal amount of unlimited refunding tax bonds will remain authorized but unissued. The District's voters have also authorized the issuance of a total of $211,320,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing water, sewer and drainage facilities, a total of $20,360,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities, and total of $37,500,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing road facilities, of which $111,545,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities, $7,650,000 in principal amount of unlimited tax bonds for recreational facilities, and $4,255,000 in principal amount of unlimited tax road bonds will remain authorized but unissued. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "—Financing Road Facilities." The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. The issuance of additional bonds for water, sewer, drainage and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The issuance of additional bonds for road facilities is currently not subject to approval by the TCEQ. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds.

The District will continue to owe funds to the Developer in the amount of approximately $860,000 plus interest for advances made for the engineering and construction of water, sewer, drainage facilities, and roads, and approximately $32,000,000 plus interest for advances made for the engineering and construction of recreational facilities; however, the principal amount of bonds (outstanding bonds must be taken into account) issued to finance recreational facilities may not exceed 1% of the District's taxable value at the time the bonds are issued. The District currently has $11,225,000 principal amount of recreation bonds outstanding (see "FINANCIAL INFORMATION CONCERNING THE DISTRICT—Outstanding Bonds"). The District intends to issue additional recreation bonds in order to reimburse the Developer for parks and recreational facilities subject to the 1% limitation on the District's taxable value. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in value of the taxable property in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. See "Overlapping Debt and Taxes" in this section and "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," "—Financing Road Facilities," and "—Financing Fire-Fighting Facilities."

Environmental Regulation

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston Galveston area ("HGB area")—Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty counties—has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 ("the 1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 ("the 2008 Ozone Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 ("the 2015 Ozone Standard). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB area, the HGB area remains subject to CAA nonattainment requirements.

The HGB area is currently designated as a severe ozone nonattainment area under the the 1997 Ozone Standards. While the EPA has revoked the 1997 Ozone Standards, EPA historically has not formally redesignated nonattainment areas for a revoked standard. As a result, the HGB area remained subject to continuing severe nonattainment area "anti-backsliding" requirements, despite the fact that HGB area air quality has been attaining the 1997 Ozone Standards since 2014. In late 2015, EPA approved the TCEQ's "redesignation substitute" for the HGB area under the revoked 1997 Ozone Standards, leaving the HGB area subject only to the nonattainment area requirements under the 2008 Ozone Standard (and later, the 2015 Ozone Standard).

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

The HGB area is currently designated as a "moderate" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. If the EPA ultimately determines that the HGB area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more-stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

The HGB area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard. For purposes of the 2015 Ozone Standard, the HGB area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

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

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

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

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 nation-wide 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. Subsequently, on May 28, 2019, the U.S. District Court for the Southern District of Texas found that the CWR violated the notice-and-comment requirements of the Administrative Procedures Act, remanded the CWR to the EPA and USACE, and ordered that the preliminary injunction issued September 12, 2018, remain in place pending the proceedings on remand.

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

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

Marketability of the Bonds

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

Future and Proposed Legislation

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

Continuing Compliance with Certain Covenants

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has entered into agreements with Build America Mutual Assurance Company ("BAM" or the "Insurer") for the purchase of municipal bond insurance policies (collectively, the "Policy"). At the time of entering into this agreement, the Insurer was rated "AA" (stable outlook) by S&P. See "MUNICIPAL BOND INSURANCE."

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

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

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

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), will assign its municipal bond rating of "AA" (stable outlook) to each issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM" or the "Insurer") for each issue. Moody's Investors Service ("Moody's"), has assigned an underlying rating of "A2" to the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE" and "APPENDIX B."

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for each series of the Bonds (collectively, the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this OFFICIAL STATEMENT.

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $513.9 million, $105 million and $408.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE."

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

VERIFICATION OF MATHEMATICAL CALCULATIONS

Public Finance Partners LLC, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the escrowed funds, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds and; (b) the mathematical computations of yield used by Special Tax Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes and (c) compliance with the City of Houston Ordinance No. 97-416.

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

LEGAL MATTERS

Legal Opinions

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

In addition to serving as Bond Counsel, Schwartz, Page & Harding, L.L.P., also serves as counsel to the District on matters not related to the issuance of bonds. The legal fees to be paid to Bond Counsel and Special Tax Counsel for services rendered in connection with the issuance of the Bonds are based upon a percentage of bonds actually issued, sold and delivered, and therefore such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon by McCall, Parkhurst & Horton, L.L.P., Houston, Texas, as Underwriter's 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.

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections "PLAN OF FINANCING—Escrow Agreements," and "— Defeasance of Refunded Bonds" (but only insofar as such section relates to the legal opinion of Bond Counsel), "THE BONDS," "THE DISTRICT—General," "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS—Legal Opinions" (but only insofar as such section relates to the legal opinion of Bond Counsel) solely to determine whether such information fairly summarizes the law and documents referred to therein. In its capacity as Special Tax Counsel, McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, has reviewed the information appearing in this OFFICIAL STATEMENT under the caption "LEGAL MATTERS— Legal Opinions" (insofar as such section relates to the legal opinion of Special Tax Counsel) and "TAX MATTERS" solely to determine whether such information fairly summarizes the law referred to therein. Such firms have not independently verified factual information contained in this OFFICIAL STATEMENT, nor have such firms conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon such firms' limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Special Tax Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering their opinion, Special Tax Counsel will rely upon (a) the opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District's federal tax certificate and the verification report prepared by Public Finance Partners LLC, and (c) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the District, as well as the failure to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

State, Local and Foreign Taxes

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

Qualified Tax-Exempt Obligations

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

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

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Consultants

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

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

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," "ROADS," "WATER, WASTEWATER AND DRAINAGE" "PARK AND RECREATIONAL FACILITIES," and "MAJOR CHANNEL AND DETENTION IMPROVEMENTS" has been provided by BGE, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of May 31, 2018, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2018, financial statements.

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

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "WATER, WASTEWATER AND DRAINAGE," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," (except "Estimated Overlapping Debt" and "Overlapping Taxes") and "TAX DATA," (most of which information is contained in the District's annual audited financial statements) and in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2019.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Orders 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 May 31. Accordingly, it must provide updated information by November 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Specified Event Notices

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

Availability of Information from the MSRB

The District has agreed to provide the foregoing updated information only to the MSRB. The MSRB makes the information available to the public without charge through an internet portal at www.emma.msrb.org.

Limitations and Amendments

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

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

Compliance With Prior Undertakings

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

MISCELLANEOUS

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

/s/ Robert G. Thomas
President, Board of Directors

ATTEST:

/s/ Ed Conger
Secretary, Board of Directors

APPENDIX A

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

Harris County Municipal Utility District No. 419

Harris County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2018

BKD LLP

CPAs & Advisors

Harris County Municipal Utility District No. 419
May 31, 2018

Contents

BKD
CPAs & Advisors

2700 Post Oak Boulevard, Suite 1500 | Houston, TX 77056-5829
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Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 419
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. 419 (the District), as of and for the year ended May 31, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
October 2, 2018

Harris County Municipal Utility District No. 419
Management's Discussion and Analysis
May 31, 2018

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2018	2017
Current and other assets	$ 17,580,198	$ 16,875,107
Capital assets	66,200,310	59,862,180
Total assets	83,780,508	76,737,287
Deferred outflows of resources	3,456,085	2,706,592
Total assets and deferred outflows of resources	$ 87,236,593	$ 79,443,879
Long-term liabilities	$ 133,809,028	$ 124,990,955
Other liabilities	2,220,249	1,900,810
Total liabilities	136,029,277	126,891,765
Net position:		
Net investment in capital assets	(62,384,845)	(60,226,169)
Restricted	9,942,151	9,028,373
Unrestricted	3,650,010	3,749,910
Total net position	$ (48,792,684)	$ (47,447,886)

The total net position of the District decreased by $1,344,798, or about 3 percent. The majority of the decrease in net position is related to the conveyance of capital assets to another governmental entity for maintenance. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

At May 31, 2018, the net investment in capital assets was $(62,384,845). This amount was negative because not all expenditures from long-term debt were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

Summary of Changes in Net Position

	2018	2017
Revenues:		
Property taxes	$ 9,807,247	$ 8,679,022
Charges for services	4,114,377	3,631,944
Other revenues	535,604	766,017
Total revenues	14,457,228	13,076,983
Expenses:		
Services	6,118,876	7,308,796
Conveyance of capital assets	1,710,542	3,375,839
Depreciation	2,608,070	2,195,151
Debt service	5,364,538	5,149,581
Total expenses	15,802,026	18,029,367
Change in net position	(1,344,798)	(4,952,384)
Net position, beginning of year	(47,447,886)	(42,495,502)
Net position, end of year	$ (48,792,684)	$ (47,447,886)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2018, were $16,236,099, an increase of $460,400 from the prior year.

The general fund's fund balance decreased by $99,620 primarily due to capital outlay expenditures incurred.

The debt service fund's fund balance increased by $761,647 due to property tax revenues exceeding bond principal and interest requirements, as well as capitalized interest received from bond sales.

The capital projects fund's fund balance decreased by $201,627 due to debt issuance costs and capital outlay expenditures exceeding proceeds received from the sale of bonds.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property taxes, service and regional water fee revenues as well as purchased services and repairs and maintenance expenditures being greater than anticipated and tap connection revenues and related expenditures and regional water fee expenditures being less than anticipated. The fund balance as of May 31, 2018, was expected to be $3,970,192 and the actual end-of-year fund balance was $3,634,837.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2018	2017
Land and improvements	$ 3,905,278	$ 3,820,704
Water facilities	10,702,981	9,880,493
Wastewater facilities	16,599,470	14,641,943
Drainage facilities	280,911	158,091
Road facilities	26,868,750	27,577,592
Recreational facilities	7,842,920	3,783,357
Total capital assets	$ 66,200,310	$ 59,862,180

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

Water and wastewater utilities to serve Westcreek Bend Drive, Sections 1 and 2; Hidden Creek, Sections 13, 16-21, 24, 30, 32 and 33; Lakeland Heights, Section 6; Bridgeland Creek Parkway, Section 3; Bridgeland Lakeland Village Center; and Josey Ranch Road at Central Creek Drive and 30-inch force main extension and Josey Ranch Road, Hidden Pass Drive and B-10 Crossing	$ 2,219,243
Water, wastewater and drainage facilities to serve Lakeland Heights, Section 9	242,497
Landscaping and irrigation improvements to serve Water Haven, Sections 3, 6 and 9 and Oak Meadow Park; Water Haven, Section 5 Reserves A, B and C; Water Haven, Section 7, Reserve A and B; Hidden Creek, Section 2 Reserves A, B and C; Fry Road from North Bridgeland Parkway to Paynes Creek; Lakeland Heights, Section 1 restricted Reserves J, L, P, Q, R, S and A; and Lakeland Heights, Section 1 Phase II Reserves E, F, U, V and partial Reserves A and T	4,296,318
Hidden Creek lift station Nos. 2 and 3	843,358
Lift Station No. 1 and force main manhole rehabilitation and screwsucker pump	185,500

Water Haven Phase II and III detention and spoil disposal; Lakeland Heights mass grading and detention facilities	$	84,574
Fry Road right turn lane and water line extension		662,209
Lakeland Heights Pavilion		412,501
Total additions to capital assets	$	8,946,200

The developer within the District has constructed water, sewer and drainage facilities, recreational facilities and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. As of May 31, 2018, a liability for developer-constructed capital assets of $12,108,146 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2018, are as follows:

Long-term debt payable, beginning of year	$	124,990,955
Increases in long-term debt		29,579,963
Decreases in long-term debt		(20,761,890)
Long-term debt payable, end of year	$	133,809,028

On November 16, 2017, the District sold its Series 2017 unlimited tax bonds in the amount of $12,400,000 at a net effective interest rate of approximately 3.34 percent. The bonds were sold to finance water, sewer and drainage facilities to serve the District.

Also, on November 16, 2017, the District sold its Series 2017A unlimited tax park bonds in the amount of $5,400,000 at a net effective interest rate of approximately 3.34 percent. The bonds were sold to finance recreational facilities to serve the District.

Finally, on November 28, 2017, the District sold $11,615,000 in unlimited tax refunding bonds to advance-refund $7,800,000 of outstanding Series 2011 and $2,620,000 of outstanding Series 2012 bonds. The District refunded the bonds to reduce total debt service payments over future years by $891,360 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $638,848.

At May 31, 2018, the District had $115,725,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving water, sanitary sewer and drainage systems within the District, $8,875,000 for financing and constructing recreational facilities, and $9,255,000 for financing and constructing roads.

The District's bonds carry underlying ratings of "BBB-" from Standard & Poor's and "A2" from Moody's Investors Service. The Series 2008 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Corp. The Series 2014 park bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp. The Series 2014A, Series 2016 road, Series 2017, Series 2017A park and Series 2017B refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2014 road, Series 2015 refunding, Series 2015A, Series 2016 refunding, Series 2016A and Series 2017 road refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. Effective December 1, 2017, prior to annexation, the City would be required to hold an election in the District whereby the qualified voters of the District would approve the annexation. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Contingencies

The developer of the District is constructing water, sewer, drainage and paving facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately $9,900,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Harris County Municipal Utility District No. 419

Statement of Net Position and Governmental Funds Balance Sheet

May 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 592,694	$ 2,348,746	$ 674,881	$ 3,616,321	$ -	$ 3,616,321
Certificates of deposit	2,540,000	1,920,000	-	4,460,000	-	4,460,000
Short-term investments	863,925	6,719,509	1,067,000	8,650,434	-	8,650,434
Receivables:						
Property taxes	15,173	84,671	-	99,844	-	99,844
Service accounts	247,972	-	-	247,972	-	247,972
Accrued interest	13,386	12,368	-	25,754	-	25,754
Accrued penalty and interest	-	-	-	-	23,299	23,299
Interfund receivable	127,754	1,556	-	129,310	(129,310)	-
Due from others	1,741	-	-	1,741	-	1,741
Prepaid expenditures	12,395	-	-	12,395	-	12,395
Operating deposits	442,438	-	-	442,438	-	442,438
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	3,905,278	3,905,278
Infrastructure	-	-	-	-	27,583,362	27,583,362
Roads	-	-	-	-	26,868,750	26,868,750
Recreational facilities	-	-	-	-	7,842,920	7,842,920
Total assets	4,857,478	11,086,850	1,741,881	17,686,209	66,094,299	83,780,508
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	3,456,085	3,456,085
Total assets and deferred outflows of resources	$ 4,857,478	$ 11,086,850	$ 1,741,881	$ 17,686,209	$ 69,550,384	$ 87,236,593

Harris County Municipal Utility District No. 419

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

May 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 855,162	$ 14,905	$ 139	$ 870,206	$ -	$ 870,206
Accrued interest payable	-	-	-	-	999,293	999,293
Customer deposits	332,036	-	-	332,036	-	332,036
Unearned tap connection fee	18,450	-	-	18,450	-	18,450
Due to others	264	-	-	264	-	264
Interfund payable	1,556	27,514	100,240	129,310	(129,310)	-
Long-term liabilities:						
Due within one year	-	-	-	-	5,210,000	5,210,000
Due after one year	-	-	-	-	128,599,028	128,599,028
Total liabilities	1,207,468	42,419	100,379	1,350,266	134,679,011	136,029,277
Deferred Inflows of Resources						
Deferred property tax revenues	15,173	84,671	0	99,844	(99,844)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	12,395	-	-	12,395	(12,395)	-
Restricted:						
Unlimited tax bonds	-	8,996,506	-	8,996,506	(8,996,506)	-
Water, sewer and drainage	-	-	1,169,561	1,169,561	(1,169,561)	-
Parks and recreation	-	-	317,966	317,966	(317,966)	-
Roads	-	1,963,254	153,975	2,117,229	(2,117,229)	-
Assigned, operating deposits	442,438	-	-	442,438	(442,438)	-
Unassigned	3,180,004	-	-	3,180,004	(3,180,004)	-
Total fund balances	3,634,837	10,959,760	1,641,502	16,236,099	(16,236,099)	0
Total liabilities, deferred inflows of resources and fund balances	$ 4,857,478	$ 11,086,850	$ 1,741,881	$ 17,686,209		
Net position:						
Net investment in capital assets					(62,384,845)	(62,384,845)
Restricted for debt service					9,891,261	9,891,261
Restricted for capital projects					50,890	50,890
Unrestricted					3,650,010	3,650,010
Total net position					$ (48,792,684)	$ (48,792,684)

Harris County Municipal Utility District No. 419

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

Year Ended May 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,460,836	$ 8,345,906	$ -	$ 9,806,742	$ 505	$ 9,807,247
Water service	1,273,384	-	-	1,273,384	-	1,273,384
Sewer service	1,418,986	-	-	1,418,986	-	1,418,986
Regional water fee	1,422,007	-	-	1,422,007	-	1,422,007
Penalty and interest	70,634	39,634	-	110,268	2,418	112,686
Tap connection and inspection fees	276,113	-	-	276,113	-	276,113
Investment income	33,628	101,246	11,039	145,913	-	145,913
Other income	-	892	-	892	-	892
Total revenues	5,955,588	8,487,678	11,039	14,454,305	2,923	14,457,228
Expenditures/Expenses						
Service operations:						
Purchased services	2,353,528	-	-	2,353,528	-	2,353,528
Regional water fee	732,438	-	-	732,438	-	732,438
Professional fees	223,982	10,636	-	234,618	19,625	254,243
Contracted services	1,075,499	111,472	-	1,186,971	1,144	1,188,115
Utilities	211,237	-	-	211,237	-	211,237
Repairs and maintenance	1,080,043	-	-	1,080,043	-	1,080,043
Other expenditures	201,006	2,371	820	204,197	-	204,197
Tap connections	95,075	-	-	95,075	-	95,075
Capital outlay	82,400	-	16,336,502	16,418,902	(16,418,902)	-
Conveyance of capital assets	-	-	-	-	1,710,542	1,710,542
Depreciation	-	-	-	-	2,608,070	2,608,070
Debt service:						
Principal retirement	-	4,340,000	-	4,340,000	(4,340,000)	-
Interest and fees	-	3,555,963	-	3,555,963	392,130	3,948,093
Debt issuance costs	-	392,395	1,024,050	1,416,445	-	1,416,445
Total expenditures/expenses	6,055,208	8,412,837	17,361,372	31,829,417	(16,027,391)	15,802,026
Excess (Deficiency) of Revenues Over Expenditures	(99,620)	74,841	(17,350,333)	(17,375,112)	16,030,314	

Harris County Municipal Utility District No. 419

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

Year Ended May 31, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
General obligation bonds issued	$ -	$ 11,910,294	$ 17,504,706	$ 29,415,000	$ (29,415,000)	
Discount on debt issued	-	(141,246)	(356,000)	(497,246)	497,246	
Deposit with escrow agent	-	(11,082,242)	-	(11,082,242)	11,082,242	
Total other financing sources	0	686,806	17,148,706	17,835,512	(17,835,512)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(99,620)	761,647	(201,627)	460,400	(460,400)	
Change in Net Position					(1,344,798)	$ (1,344,798)
Fund Balances/Net Position						
Beginning of year	3,734,457	10,198,113	1,843,129	15,775,699	-	(47,447,886)
End of year	$ 3,634,837	$ 10,959,760	$ 1,641,502	$ 16,236,099	$ 0	$ (48,792,684)

Harris County Municipal Utility District No. 419
Notes to Financial Statements
May 31, 2018

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

Harris County Municipal Utility District No. 419 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective February 21, 2005, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District is also authorized by the Texas Water Code, Chapter 49, to provide recreational facilities and has acquired the authority to provide road facilities under the Texas Water Code, Chapter 54.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2018, include collections during the current period or within 60 days of year-end related to the 2017 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2018, the 2017 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Recreational facilities	15-20
Road facilities	20

Deferred Amount on Debt Refundings

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

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$	66,200,310
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.		99,844
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.		23,299

Harris County Municipal Utility District No. 419

Notes to Financial Statements

May 31, 2018

Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	$	3,456,085
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(999,293)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(133,809,028)
Adjustment to fund balances to arrive at net position.	$	(65,028,783)

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

Change in fund balances.	$	460,400
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation expense, noncapitalized costs and conveyed capital assets in the current period.		12,079,521
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of the transactions, however, have any effect on net position.		(13,992,758)
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		497,246
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.		2,923
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(392,130)
Change in net position of governmental activities.	$	(1,344,798)

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At May 31, 2018, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

At May 31, 2018, the District had the following investments and maturities:

		Maturities in Years			
Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	$ 8,650,434	$ 8,650,434	$ 0	$ 0	$ 0

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2018, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at May 31, 2018, as follows:

Carrying value:	
Deposits	$ 8,076,321
Investments	8,650,434
Total	$ 16,726,755

Included in the following statement of net position captions:

Cash	$ 3,616,321
Certificates of deposit	4,460,000
Short-term investments	8,650,434
Total	$ 16,726,755

Investment Income

Investment income of $145,913 for the year ended May 31, 2018, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2018:

- Pooled investments of $8,650,434 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended May 31, 2018, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 3,820,704	$ 84,574	$ 3,905,278
Capital assets, depreciable:			
Water production and distribution facilities	11,354,452	1,106,463	12,460,915
Wastewater collection and treatment facilities	16,935,192	2,395,727	19,330,919
Drainage facilities	180,188	129,848	310,036
Roads	34,367,309	520,769	34,888,078
Recreational facilities	5,399,061	4,708,819	10,107,880
Total capital assets, depreciable	68,236,202	8,861,626	77,097,828
Less accumulated depreciation:			
Water production and distribution facilities	(1,473,959)	(283,975)	(1,757,934)
Wastewater collection and treatment facilities	(2,293,249)	(438,200)	(2,731,449)
Drainage facilities	(22,097)	(7,028)	(29,125)
Roads	(6,789,717)	(1,229,611)	(8,019,328)
Recreational facilities	(1,615,704)	(649,256)	(2,264,960)
Total accumulated depreciation	(12,194,726)	(2,608,070)	(14,802,796)
Total governmental activities, net	$ 59,862,180	$ 6,338,130	$ 66,200,310

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2018, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 108,220,000	$ 29,415,000	$ 14,760,000	$ 122,875,000	$ 5,210,000
Add premiums on bonds	522,954	-	19,663	503,291	-
Less discounts on bonds	1,610,073	497,246	421,373	1,685,946	-
	107,132,881	28,917,754	14,358,290	121,692,345	5,210,000
Developer advances	8,537	-	-	8,537	-
Due to developer	17,849,537	662,209	6,403,600	12,108,146	-
Total governmental activities long-term liabilities	$ 124,990,955	$ 29,579,963	$ 20,761,890	$ 133,809,028	$ 5,210,000

General Obligation Bonds

	Series 2008	Series 2009
Amounts outstanding, May 31, 2018	$260,000	$385,000
Interest rates	4.90%	5.25% to 5.50%
Maturity dates, serially beginning/ending	September 1, 2018	September 1, 2018/2020
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2017	September 1, 2018

	Series 2010 Road	Series 2010
Amounts outstanding, May 31, 2018	$900,000	$1,345,000
Interest rates	4.00% to 4.50%	3.80% to 4.10%
Maturity dates, serially beginning/ending	September 1, 2018/2022	September 1, 2018/2021
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2018	September 1, 2018

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

	Series 2011	Series 2012
Amounts outstanding, May 31, 2018	$2,600,000	$585,000
Interest rates	3.20% to 4.00%	2.30% to 3.60%
Maturity dates, serially beginning/ending	September 1, 2018/2022	September 1, 2018/2023
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2019	September 1, 2019

	Series 2012A Park	Series 2012 Road
Amounts outstanding, May 31, 2018	$2,310,000	$8,400,000
Interest rates	2.75% to 4.35%	2.20% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2018/2038	September 1, 2018/2038
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2019	September 1, 2019

	Series 2014 Park	Series 2014A
Amounts outstanding, May 31, 2018	$2,730,000	$7,480,000
Interest rates	3.000% to 4.875%	2.00% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2018/2038	September 1, 2018/2039
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2021	September 1, 2022

	Series 2014 Road	Refunding Series 2015
Amounts outstanding, May 31, 2018	$4,730,000	$5,075,000
Interest rates	2.00% to 4.00%	2.000% to 3.625%
Maturity dates, serially beginning/ending	September 1, 2018/2039	September 1, 2018/2032
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2022	September 1, 2022

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

	Series 2015A	Series 2015 Road
Amounts outstanding, May 31, 2018	$8,575,000	$3,800,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2018/2041	September 1, 2018/2041
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2023

	Refunding Series 2016	Series 2016A
Amounts outstanding, May 31, 2018	$20,295,000	$17,300,000
Interest rates	2.00% to 4.00%	3.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2018/2035	September 1, 2018/2041
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2023

	Series 2016 Road	Road Refunding Series 2017
Amounts outstanding, May 31, 2018	$2,550,000	$4,140,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2018/2041	September 1, 2018/2035
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2024

	Series 2017	Series 2017A Park
Amounts outstanding, May 31, 2018	$12,400,000	$5,400,000
Interest rates	3.00% to 4.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2018/2042	September 1, 2018/2042
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2024	September 1, 2024

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

	Refunding Series 2017B
Amount outstanding, May 31, 2018	$11,615,000
Interest rates	2.50% to 3.50%
Maturity dates, serially beginning/ending	September 1, 2018/2038
Interest payment dates	September 1/March 1
Callable date*	September 1, 2024

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2018.

Year	Principal	Interest	Total
2019	$ 5,210,000	$ 3,915,776	$ 9,125,776
2020	5,150,000	3,754,794	8,904,794
2021	5,210,000	3,591,288	8,801,288
2022	5,290,000	3,425,433	8,715,433
2023	5,360,000	3,259,784	8,619,784
2024-2028	27,985,000	13,859,108	41,844,108
2029-2033	29,800,000	9,363,649	39,163,649
2034-2038	26,060,000	4,395,036	30,455,036
2039-2043	12,810,000	893,830	13,703,830
Total	$ 122,875,000	$ 46,458,698	$ 169,333,698

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

Bonds voted:

Water, sewer and drainage facilities	$ 211,320,000
Recreational facilities	20,360,000
Road facilities	37,500,000

Bonds sold:		
Water, sewer and drainage facilities	$	95,595,000
Recreational facilities		11,485,000
Road facilities		28,245,000
Refunding bonds voted		269,180,000
Refunding bonds authorization used		4,005,000

Due to Developer

The developer of the District has constructed underground utilities, recreational facilities and road facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. The District's engineer estimates reimbursable costs for completed projects are $12,108,146, including approximately $2,016,622 of water, sewer and drainage projects, and recreational facilities, and approximately $10,091,524 of road projects. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission (as required) from the proceeds of future bond sales. Recreational facilities bonds are limited in issuance to 1 percent of the taxable value of property within the District. These amounts have been recorded in the financial statements as long-term liabilities.

The developer of the District has advanced $8,537 to the District for operating expenses. The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been recorded in the financial statements as long-term liabilities.

Defeased Debt

During a prior year, the District defeased part of its Series 2009 and 2010 bonds by creating a separate irrevocable trust fund. New debt was issued and the proceeds were used to purchase U.S. government securities that were placed in the trust fund. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeased and, therefore, removed from the District's long-term liabilities. As of May 31, 2018, the amount of defeased debt outstanding but removed from long-term liabilities is $11,135,000.

Note 5: Significant Bond Order and Commission Requirements

A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended May 31, 2018, the District levied an ad valorem debt service tax at the rate of $0.8000 per $100 of assessed valuation, which resulted in a tax levy of $8,341,267 on the taxable valuation of $1,042,659,915 for the 2017 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are $8,972,779 of which $1,764,194 has been paid and $7,208,585 is due September 1, 2018.

B. In accordance with the Series 2016A, Series 2017 and Series 2017A Park Bond Orders, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest reserve is reduced as the interest is paid.

Bond interest reserve, beginning of year		$ 393,556
Additions:		
Series 2017	$ 205,781	
Series 2017A Park	89,513	
		295,294
Accrued interest received on bonds at date of sale:		
Series 2017	20,578	
Series 2017A Park	8,951	
		29,529
Deductions--Appropriations from bond interest paid:		
Series 2016A	393,556	
Series 2017	102,891	
Series 2017A Park	44,756	541,203
Bond interest reserve, end of year		$ 177,176

Note 6: Maintenance Taxes

At an election held May 7, 2005, voters authorized a general operations and maintenance tax not to exceed $1.50 per $100 valuation on all property within the District subject to taxation. During the year ended May 31, 2018, the District levied an ad valorem general operations and maintenance tax at the rate of $0.1400 per $100 of assessed valuation, which resulted in a tax levy of $1,459,722 on the taxable valuation of $1,042,659,915 for the 2017 tax year. The maintenance tax is being used by the general fund to pay general expenditures of operating the District.

At an election held May 7, 2005, voters authorized a recreational facilities maintenance tax not to exceed $0.10 per $100 valuation on all property within the District subject to taxation. During the year ended May 31, 2018, the District did not levy an ad valorem recreational facilities maintenance tax.

Note 7: Contract With Other District

The District is served by a regional water supply and wastewater treatment system that is owned and operated by Harris County Municipal Utility District No. 418 (District No. 418), in its capacity as "Master District," pursuant to that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, as amended from time to time, by and among District No. 418, Harris County Municipal Utility District Nos. 489, 490, 491, 492 and 493, and the District. District No. 418 will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities necessary to serve itself, the District and other municipal utility districts that comprise the Bridgeland community.

District No. 418 charges a connection charge to pay for the costs of constructing regional facilities. The current charge is $4,058 per equivalent single-family connection for water supply capacity and $3,252 for wastewater treatment capacity. District No. 418 also charges a wastewater collection connection charge, which varies based on the location of the area to be served by the system, ranging from $0 to $1,295 per equivalent single-family connection. These charges are subject to adjustment annually. Through May 31, 2018, the District has been credited with water and sewer connections with a value of $19,746,736. In addition, District No. 418 is authorized, in certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities, as needed, to serve all districts in the service area. Once bonds are issued, each participating district would contribute to the debt service requirements of the bonds. The District's voters have approved such a contract-revenue tax proposition.

The contract requires that operations and maintenance costs and a percentage of the administrative costs be paid to the master district on a monthly basis. Additionally, each participant is required to advance funds to the master district to create a reserve for the benefit of such participant in an amount equal to the participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the master district's fiscal year (currently June 1). During the current year, the District incurred operating charges of $1,638,524 for water supply and $715,004 for wastewater services. In addition, the District has contributed $297,501 for its share of the water supply reserve and $144,937 for the wastewater treatment reserve. The reserves are subject to adjustment annually.

Note 8: Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three fiscal years.

Note 9: Contingencies

The developer of the District is constructing water, sewer, drainage and paving facilities within the boundaries of the District. The District has agreed to reimburse the developer for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately $9,900,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 10: Refunding Bonds

On November 28, 2017, the District sold $11,615,000 in unlimited tax refunding bonds to advance-refund $7,800,000 of outstanding Series 2011 bonds and $2,620,000 of outstanding Series 2012 bonds. The net proceeds of $11,082,242 were placed in an irrevocable trust with an escrow agent and used to purchase U.S. Government securities. The escrow fund is to be used to provide for all future debt service payments on the refunded bonds until they are redeemed. The District refunded the bonds to reduce total debt service payments over future years by $891,360 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $638,848.

Required Supplementary Information

Harris County Municipal Utility District No. 419

Budgetary Comparison Schedule – General Fund

Year Ended May 31, 2018

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 1,364,572	$ 1,364,572	$ 1,460,836	$ 96,264
Water service	1,107,000	1,107,000	1,273,384	166,384
Sewer service	1,156,000	1,156,000	1,418,986	262,986
Regional water fee	1,351,250	1,351,250	1,422,007	70,757
Penalty and interest	63,100	63,100	70,634	7,534
Tap connection and inspection fees	400,666	400,666	276,113	(124,553)
Investment income	15,460	15,460	33,628	18,168
Total revenues	5,458,048	5,458,048	5,955,588	497,540
Expenditures				
Service operations:				
Purchased services	1,761,035	1,761,035	2,353,528	(592,493)
Regional water fee	787,814	787,814	732,438	55,376
Professional fees	193,000	193,000	223,982	(30,982)
Contracted services	1,065,370	1,091,170	1,075,499	15,671
Utilities	202,900	202,900	211,237	(8,337)
Repairs and maintenance	693,895	693,895	1,080,043	(386,148)
Other expenditures	226,699	226,699	201,006	25,693
Tap connections	175,800	175,800	95,075	80,725
Capital outlay	90,000	90,000	82,400	7,600
Total expenditures	5,196,513	5,222,313	6,055,208	(832,895)
Excess (Deficiency) of Revenues Over Expenditures	261,535	235,735	(99,620)	(335,355)
Fund Balance, Beginning of Year	3,734,457	3,734,457	3,734,457	-
Fund Balance, End of Year	$ 3,995,992	$ 3,970,192	$ 3,634,837	$ (335,355)

Harris County Municipal Utility District No. 419
Notes to Required Supplementary Information
May 31, 2018

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2018.

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

Other Information

Harris County Municipal Utility District No. 419

Other Schedules Included Within This Report

May 31, 2018

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

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 14-31

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-term Bonded Debt

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

[X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 419

Schedule of Services and Rates

Year Ended May 31, 2018

1. Services provided by the District:

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

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

___ Other ___

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 18.00	5,000	N	$ 1.75	5,001	to	10,000
				$ 2.00	10,001	to	20,000
				$ 2.50	20,001	to	No Limit
Wastewater:	$ 36.28	0	Y				
Regional water fee:	$ 3.40	1,000	N	$ 3.40	1,001	to	No Limit

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

Total charges per 10,000 gallons usage (including fees): Water $ 60.75 Wastewater $ 36.28

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	2,514	2,503	x1.0	2,503
1"	687	685	x2.5	1,713
1 1/2"	9	9	x5.0	45
2"	25	25	x8.0	200
3"	1	-	x15.0	-
4"	-	-	x25.0	-
6"	2	2	x50.0	100
8"	2	2	x80.0	160
10"	-	-	x115.0	-
Total water	3,240	3,226		4,721
Total wastewater	3,170	3,157	x1.0	3,157

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

Gallons pumped into the system:	453,167
Gallons billed to customers:	453,167
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 419

Schedule of General Fund Expenditures

Year Ended May 31, 2018

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 22,700	
Legal	67,191	
Engineering	134,091	
Financial advisor	-	223,982
Purchased Services for Resale		
Bulk water and wastewater service purchases		2,353,528
Regional Water Fee		732,438
Contracted Services		
Bookkeeping	31,876	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	287,908	
Other contracted services	158,085	477,869
Utilities		211,237
Repairs and Maintenance		1,080,043
Administrative Expenditures		
Directors' fees	9,150	
Office supplies	14,581	
Insurance	15,403	
Other administrative expenditures	161,872	201,006
Capital Outlay		
Capitalized assets	82,400	
Expenditures not capitalized	-	82,400
Tap Connection Expenditures		95,075
Solid Waste Disposal		597,630
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 6,055,208

Harris County Municipal Utility District No. 419

Schedule of Temporary Investments

May 31, 2018

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 1002101937	1.30%	03/11/19	$ 240,000	$ 692
No. 100141673	2.00%	05/01/19	240,000	381
No. 317	1.00%	08/11/18	240,000	1,927
No. 66000349	1.25%	09/03/18	240,000	2,219
No. 6745757667	1.31%	11/02/18	240,000	1,809
No. 6743976345	1.85%	10/19/18	240,000	499
No. 9009004090	0.70%	06/21/18	240,000	1,579
No. 485235	1.25%	02/05/19	240,000	962
No. 306597	1.00%	10/10/18	240,000	1,532
No. 3116002895	2.00%	04/24/19	240,000	486
No. 7709	1.10%	07/27/18	140,000	1,300
Texas CLASS	2.11%	Demand	863,925	-
			3,403,925	13,386
Debt Service Fund				
Certificates of Deposit				
No. 66000399	1.25%	08/07/18	240,000	912
No. 9009003882	0.95%	08/05/18	240,000	706
No. 475830	0.90%	08/20/18	240,000	1,681
No. 0460018958	1.10%	08/21/18	240,000	2,061
No. 15495	1.10%	08/21/18	240,000	2,047
No. 3116003353	1.25%	08/19/18	240,000	2,342
No. 6000019940	1.05%	08/19/18	240,000	1,968
No. 8075	0.90%	08/08/18	240,000	651
Texas CLASS	2.11%	Demand	4,758,520	-
Texas CLASS	2.11%	Demand	1,960,989	-
			8,639,509	12,368
Capital Projects Fund				
Texas CLASS	2.11%	Demand	762,219	-
Texas CLASS	2.11%	Demand	304,781	-
			1,067,000	0
Totals			$ 13,110,434	$ 25,754

Harris County Municipal Utility District No. 419

Analysis of Taxes Levied and Receivable

Year Ended May 31, 2018

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 15,453	$ 83,886
Additions and corrections to prior years' taxes	834	5,424
Adjusted receivable, beginning of year	16,287	89,310
2017 Original Tax Levy	1,373,191	7,846,804
Additions and corrections	86,531	494,463
Adjusted tax levy	1,459,722	8,341,267
Total to be accounted for	1,476,009	8,430,577
Tax collections: Current year	(1,449,785)	(8,284,487)
Prior years	(11,051)	(61,419)
Receivable, end of year	$ 15,173	$ 84,671
Receivable, by Years		
2017	$ 9,937	$ 56,780
2016	1,764	10,082
2015	1,349	6,349
2014	921	6,165
2013	622	2,652
2012	580	2,643
Receivable, end of year	$ 15,173	$ 84,671

Harris County Municipal Utility District No. 419
Analysis of Taxes Levied and Receivable (Continued)
Year Ended May 31, 2018

	2017	2016	2015	2014
Property Valuations				
Land	$ 222,018,160	$ 196,856,300	$ 175,547,234	$ 147,499,102
Improvements	838,918,521	739,790,159	645,595,354	554,404,918
Personal property	5,864,088	5,087,345	5,400,874	4,668,541
Exemptions	(24,140,854)	(22,174,083)	(20,075,673)	(21,233,848)
Total property valuations	$1,042,659,915	$ 919,559,721	$ 806,467,789	$ 685,338,713
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.8000	$ 0.8000	$ 0.8000	$ 0.8700
Maintenance tax rates*	0.1400	0.1400	0.1700	0.1300
Total tax rates per $100 valuation	$ 0.9400	$ 0.9400	$ 0.9700	$ 1.0000
Tax Levy	$ 9,800,989	$ 8,643,850	$ 7,822,724	$ 6,853,388
Percent of Taxes Collected to Taxes Levied**	99%	99%	99%	99%

*Maximum tax rate approved by voters: $1.50 on May 7, 2005

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

Harris County Municipal Utility District No. 419

Schedule of Long-term Debt Service Requirements by Years

May 31, 2018

	Series 2008		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 260,000	$ 6,370	$ 266,370

Harris County Municipal Utility District No. 419

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

May 31, 2018

Due During Fiscal Years Ending May 31		Series 2009 Principal Due September 1	Interest Due September 1, March 1	Total
2019		$ 120,000	$ 17,562	$ 137,562
2020		130,000	10,919	140,919
2021		135,000	3,713	138,713
	Totals	$ 385,000	$ 32,194	$ 417,194

Harris County Municipal Utility District No. 419

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

May 31, 2018

Due During Fiscal Years Ending May 31		Series 2010 Road Principal Due September 1	Interest Due September 1, March 1	Total
2019		$ 160,000	$ 35,175	$ 195,175
2020		170,000	28,469	198,469
2021		180,000	21,138	201,138
2022		190,000	13,156	203,156
2023		200,000	4,500	204,500
	Totals	$ 900,000	$ 102,438	$ 1,002,438

Harris County Municipal Utility District No. 419

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

May 31, 2018

Due During Fiscal Years Ending May 31	Series 2010 Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 310,000	$ 47,655	$ 357,655
2020	325,000	35,265	360,265
2021	345,000	21,865	366,865
2022	365,000	7,483	372,483
Totals	$ 1,345,000	$ 112,268	$ 1,457,268

Harris County Municipal Utility District No. 419

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

May 31, 2018

		Series 2011		
Due During Fiscal Years Ending May 31		Principal Due September 1	Interest Due September 1, March 1	Total
2019		$ 520,000	$ 86,320	$ 606,320
2020		520,000	69,160	589,160
2021		520,000	50,700	570,700
2022		520,000	30,940	550,940
2023		520,000	10,400	530,400
	Totals	$ 2,600,000	$ 247,520	$ 2,847,520

Harris County Municipal Utility District No. 419

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

May 31, 2018

Due During Fiscal Years Ending May 31	Series 2012 Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 85,000	$ 16,450	$ 101,450
2020	90,000	14,302	104,302
2021	95,000	11,779	106,779
2022	100,000	8,925	108,925
2023	105,000	5,693	110,693
2024	110,000	1,980	111,980
Totals	$ 585,000	$ 59,129	$ 644,129

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2012A Park		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 110,000	$ 89,898	$ 199,898
2020	110,000	86,735	196,735
2021	110,000	83,298	193,298
2022	110,000	79,585	189,585
2023	110,000	75,598	185,598
2024	110,000	71,335	181,335
2025	110,000	66,935	176,935
2026	110,000	62,535	172,535
2027	110,000	58,135	168,135
2028	110,000	53,735	163,735
2029	110,000	49,253	159,253
2030	110,000	44,687	154,687
2031	110,000	40,122	150,122
2032	110,000	35,558	145,558
2033	110,000	30,992	140,992
2034	110,000	26,317	136,317
2035	110,000	21,532	131,532
2036	110,000	16,747	126,747
2037	110,000	11,962	121,962
2038	110,000	7,178	117,178
2039	110,000	2,393	112,393
Totals	$ 2,310,000	$ 1,014,530	$ 3,324,530

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2012 Road		
Due During Fiscal Years Ending May 31	**Principal Due September 1**	**Interest Due September 1, March 1**	**Total**
2019	$ 400,000	$ 274,100	$ 674,100
2020	400,000	264,900	664,900
2021	400,000	254,900	654,900
2022	400,000	244,100	644,100
2023	400,000	232,500	632,500
2024	400,000	220,500	620,500
2025	400,000	208,250	608,250
2026	400,000	195,500	595,500
2027	400,000	182,500	582,500
2028	400,000	169,000	569,000
2029	400,000	155,000	555,000
2030	400,000	141,000	541,000
2031	400,000	126,750	526,750
2032	400,000	112,250	512,250
2033	400,000	97,500	497,500
2034	400,000	82,500	482,500
2035	400,000	67,500	467,500
2036	400,000	52,500	452,500
2037	400,000	37,500	437,500
2038	400,000	22,500	422,500
2039	400,000	7,500	407,500
Totals	$ 8,400,000	$ 3,148,750	$ 11,548,750

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2014 Park		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 130,000	$ 109,038	$ 239,038
2020	130,000	105,137	235,137
2021	130,000	101,238	231,238
2022	130,000	97,337	227,337
2023	130,000	93,438	223,438
2024	130,000	88,887	218,887
2025	130,000	83,688	213,688
2026	130,000	78,487	208,487
2027	130,000	73,288	203,288
2028	130,000	68,087	198,087
2029	130,000	62,888	192,888
2030	130,000	57,524	187,524
2031	130,000	51,919	181,919
2032	130,000	46,231	176,231
2033	130,000	40,463	170,463
2034	130,000	34,531	164,531
2035	130,000	28,437	158,437
2036	130,000	22,181	152,181
2037	130,000	15,843	145,843
2038	130,000	9,506	139,506
2039	130,000	3,169	133,169
Totals	$ 2,730,000	$ 1,271,317	$ 4,001,317

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2014A		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 340,000	$ 222,275	$ 562,275
2020	340,000	215,475	555,475
2021	340,000	208,675	548,675
2022	340,000	201,875	541,875
2023	340,000	194,438	534,438
2024	340,000	186,150	526,150
2025	340,000	177,438	517,438
2026	340,000	167,875	507,875
2027	340,000	157,675	497,675
2028	340,000	147,475	487,475
2029	340,000	137,275	477,275
2030	340,000	126,650	466,650
2031	340,000	115,600	455,600
2032	340,000	104,337	444,337
2033	340,000	92,650	432,650
2034	340,000	80,750	420,750
2035	340,000	68,850	408,850
2036	340,000	56,950	396,950
2037	340,000	44,625	384,625
2038	340,000	31,875	371,875
2039	340,000	19,125	359,125
2040	340,000	6,375	346,375
Totals	$ 7,480,000	$ 2,764,413	$ 10,244,413

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2014 Road		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 215,000	$ 152,113	$ 367,113
2020	215,000	147,813	362,813
2021	215,000	142,437	357,437
2022	215,000	135,987	350,987
2023	215,000	129,537	344,537
2024	215,000	123,087	338,087
2025	215,000	116,637	331,637
2026	215,000	110,187	325,187
2027	215,000	103,737	318,737
2028	215,000	97,019	312,019
2029	215,000	90,031	305,031
2030	215,000	83,044	298,044
2031	215,000	75,922	290,922
2032	215,000	68,666	283,666
2033	215,000	61,275	276,275
2034	215,000	53,750	268,750
2035	215,000	46,091	261,091
2036	215,000	38,297	253,297
2037	215,000	30,100	245,100
2038	215,000	21,500	236,500
2039	215,000	12,900	227,900
2040	215,000	4,300	219,300
Totals	$ 4,730,000	$ 1,844,430	$ 6,574,430

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Refunding Series 2015 Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 50,000	$ 151,663	$ 201,663
2020	55,000	150,612	205,612
2021	310,000	145,413	455,413
2022	320,000	137,563	457,563
2023	330,000	130,236	460,236
2024	340,000	121,863	461,863
2025	355,000	112,731	467,731
2026	365,000	102,375	467,375
2027	375,000	91,275	466,275
2028	390,000	79,800	469,800
2029	405,000	67,622	472,622
2030	420,000	54,469	474,469
2031	435,000	40,303	475,303
2032	455,000	25,000	480,000
2033	470,000	8,519	478,519
Totals	$ 5,075,000	$ 1,419,444	$ 6,494,444

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2015A		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 260,000	$ 278,875	$ 538,875
2020	300,000	270,475	570,475
2021	300,000	261,475	561,475
2022	300,000	253,975	553,975
2023	300,000	247,787	547,787
2024	300,000	241,225	541,225
2025	300,000	234,100	534,100
2026	300,000	226,225	526,225
2027	300,000	217,600	517,600
2028	300,000	208,600	508,600
2029	300,000	199,413	499,413
2030	300,000	189,850	489,850
2031	300,000	179,912	479,912
2032	300,000	169,600	469,600
2033	300,000	159,100	459,100
2034	300,000	148,600	448,600
2035	300,000	137,913	437,913
2036	500,000	123,413	623,413
2037	500,000	104,975	604,975
2038	500,000	86,225	586,225
2039	500,000	67,475	567,475
2040	500,000	48,725	548,725
2041	500,000	29,975	529,975
2042	515,000	10,300	525,300
Totals	$ 8,575,000	$ 4,095,813	$ 12,670,813

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2015 Road		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 150,000	$ 116,375	$ 266,375
2020	150,000	113,375	263,375
2021	150,000	110,375	260,375
2022	150,000	107,375	257,375
2023	150,000	104,375	254,375
2024	150,000	101,188	251,188
2025	150,000	97,719	247,719
2026	150,000	94,063	244,063
2027	150,000	89,938	239,938
2028	150,000	85,436	235,436
2029	150,000	80,938	230,938
2030	150,000	76,438	226,438
2031	150,000	71,843	221,843
2032	150,000	67,063	217,063
2033	150,000	62,094	212,094
2034	150,000	56,937	206,937
2035	150,000	51,688	201,688
2036	150,000	46,343	196,343
2037	150,000	40,812	190,812
2038	175,000	34,500	209,500
2039	175,000	27,500	202,500
2040	175,000	20,500	195,500
2041	210,000	12,800	222,800
2042	215,000	4,300	219,300
Totals	$ 3,800,000	$ 1,673,975	$ 5,473,975

Harris County Municipal Utility District No. 419

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

May 31, 2018

Due During Fiscal Years Ending May 31	Refunding Series 2016 Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 440,000	$ 610,463	$ 1,050,463
2020	735,000	592,837	1,327,837
2021	500,000	574,313	1,074,313
2022	665,000	556,837	1,221,837
2023	1,075,000	530,738	1,605,738
2024	1,120,000	503,412	1,623,412
2025	1,155,000	480,663	1,635,663
2026	1,185,000	455,781	1,640,781
2027	1,215,000	427,262	1,642,262
2028	1,255,000	396,388	1,651,388
2029	1,295,000	354,800	1,649,800
2030	1,360,000	308,500	1,668,500
2031	1,405,000	267,025	1,672,025
2032	1,455,000	224,125	1,679,125
2033	1,510,000	179,650	1,689,650
2034	1,565,000	125,700	1,690,700
2035	1,635,000	61,700	1,696,700
2036	725,000	14,500	739,500
Totals	$ 20,295,000	$ 6,664,694	$ 26,959,694

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2016A		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 700,000	$ 521,937	$ 1,221,937
2020	700,000	500,938	1,200,938
2021	700,000	479,937	1,179,937
2022	700,000	458,938	1,158,938
2023	700,000	437,937	1,137,937
2024	700,000	416,938	1,116,938
2025	700,000	395,937	1,095,937
2026	700,000	374,938	1,074,938
2027	700,000	353,937	1,053,937
2028	700,000	332,938	1,032,938
2029	700,000	311,937	1,011,937
2030	700,000	290,938	990,938
2031	700,000	269,937	969,937
2032	700,000	248,935	948,935
2033	700,000	227,938	927,938
2034	700,000	206,938	906,938
2035	700,000	185,500	885,500
2036	750,000	162,843	912,843
2037	750,000	138,938	888,938
2038	750,000	114,563	864,563
2039	750,000	90,188	840,188
2040	800,000	65,000	865,000
2041	800,000	39,000	839,000
2042	800,000	13,000	813,000
Totals	$ 17,300,000	$ 6,640,030	$ 23,940,030

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2016 Road		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 100,000	$ 82,020	$ 182,020
2020	100,000	80,020	180,020
2021	100,000	77,770	177,770
2022	100,000	75,270	175,270
2023	100,000	72,770	172,770
2024	100,000	70,270	170,270
2025	100,000	67,520	167,520
2026	100,000	64,520	164,520
2027	100,000	61,520	161,520
2028	100,000	58,520	158,520
2029	100,000	55,520	155,520
2030	100,000	52,395	152,395
2031	100,000	49,145	149,145
2032	100,000	45,795	145,795
2033	100,000	42,345	142,345
2034	115,000	38,521	153,521
2035	115,000	34,324	149,324
2036	115,000	30,069	145,069
2037	115,000	25,756	140,756
2038	115,000	21,300	136,300
2039	115,000	16,700	131,700
2040	120,000	12,000	132,000
2041	120,000	7,200	127,200
2042	120,000	2,400	122,400
Totals	$ 2,550,000	$ 1,143,670	$ 3,693,670

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Road Refunding Series 2017 Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 15,000	$ 164,350	$ 179,350
2020	20,000	163,900	183,900
2021	20,000	163,300	183,300
2022	20,000	162,700	182,700
2023	20,000	162,100	182,100
2024	235,000	157,100	392,100
2025	245,000	147,500	392,500
2026	260,000	137,400	397,400
2027	265,000	126,900	391,900
2028	280,000	116,000	396,000
2029	290,000	104,600	394,600
2030	310,000	92,600	402,600
2031	320,000	80,000	400,000
2032	340,000	66,800	406,800
2033	350,000	53,000	403,000
2034	365,000	38,700	403,700
2035	385,000	23,700	408,700
2036	400,000	8,000	408,000
Totals	$ 4,140,000	$ 1,968,650	$ 6,108,650

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Series 2017		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 450,000	$ 402,562	$ 852,562
2020	400,000	385,562	785,562
2021	400,000	369,562	769,562
2022	400,000	353,562	753,562
2023	400,000	337,562	737,562
2024	400,000	321,562	721,562
2025	425,000	305,062	730,062
2026	425,000	290,188	715,188
2027	425,000	277,438	702,438
2028	425,000	264,688	689,688
2029	425,000	251,938	676,938
2030	425,000	239,188	664,188
2031	425,000	226,438	651,438
2032	425,000	213,688	638,688
2033	425,000	200,938	625,938
2034	600,000	185,562	785,562
2035	600,000	167,562	767,562
2036	600,000	149,188	749,188
2037	600,000	130,438	730,438
2038	600,000	111,312	711,312
2039	600,000	91,812	691,812
2040	600,000	72,312	672,312
2041	600,000	52,812	652,812
2042	650,000	32,500	682,500
2043	675,000	10,969	685,969
Totals	$ 12,400,000	$ 5,444,405	$ 17,844,405

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

	Series 2017A		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 200,000	$ 175,025	$ 375,025
2020	170,000	167,625	337,625
2021	170,000	160,825	330,825
2022	170,000	154,025	324,025
2023	170,000	147,225	317,225
2024	170,000	140,425	310,425
2025	195,000	133,125	328,125
2026	195,000	126,300	321,300
2027	195,000	120,450	315,450
2028	195,000	114,600	309,600
2029	195,000	108,750	303,750
2030	195,000	102,900	297,900
2031	195,000	97,050	292,050
2032	195,000	91,200	286,200
2033	195,000	85,350	280,350
2034	245,000	78,750	323,750
2035	260,000	71,175	331,175
2036	260,000	63,213	323,213
2037	260,000	55,088	315,088
2038	260,000	46,800	306,800
2039	260,000	38,350	298,350
2040	260,000	29,900	289,900
2041	260,000	21,450	281,450
2042	265,000	12,919	277,919
2043	265,000	4,306	269,306
Totals	$ 5,400,000	$ 2,346,826	$ 7,746,826

Harris County Municipal Utility District No. 419

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

May 31, 2018

	Refunding Series 2017B		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2019	$ 195,000	$ 355,550	$ 550,550
2020	90,000	351,275	441,275
2021	90,000	348,575	438,575
2022	95,000	345,800	440,800
2023	95,000	342,950	437,950
2024	620,000	332,225	952,225
2025	730,000	311,975	1,041,975
2026	735,000	288,163	1,023,163
2027	740,000	266,050	1,006,050
2028	735,000	247,153	982,153
2029	735,000	227,400	962,400
2030	735,000	206,269	941,269
2031	730,000	184,294	914,294
2032	730,000	162,394	892,394
2033	725,000	140,116	865,116
2034	725,000	117,006	842,006
2035	725,000	93,444	818,444
2036	725,000	69,428	794,428
2037	725,000	44,506	769,506
2038	725,000	19,584	744,584
2039	210,000	3,675	213,675
Totals	$ 11,615,000	$ 4,457,832	$ 16,072,832

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2018

Due During Fiscal Years Ending May 31	Annual Requirements For All Series Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	$ 5,210,000	$ 3,915,776	$ 9,125,776
2020	5,150,000	3,754,794	8,904,794
2021	5,210,000	3,591,288	8,801,288
2022	5,290,000	3,425,433	8,715,433
2023	5,360,000	3,259,784	8,619,784
2024	5,440,000	3,098,147	8,538,147
2025	5,550,000	2,939,280	8,489,280
2026	5,610,000	2,774,537	8,384,537
2027	5,660,000	2,607,705	8,267,705
2028	5,725,000	2,439,439	8,164,439
2029	5,790,000	2,257,365	8,047,365
2030	5,890,000	2,066,452	7,956,452
2031	5,955,000	1,876,260	7,831,260
2032	6,045,000	1,681,642	7,726,642
2033	6,120,000	1,481,930	7,601,930
2034	5,960,000	1,274,562	7,234,562
2035	6,065,000	1,059,416	7,124,416
2036	5,420,000	853,672	6,273,672
2037	4,295,000	680,543	4,975,543
2038	4,320,000	526,843	4,846,843
2039	3,805,000	380,787	4,185,787
2040	3,010,000	259,112	3,269,112
2041	2,490,000	163,237	2,653,237
2042	2,565,000	75,419	2,640,419
2043	940,000	15,275	955,275
Totals	$ 122,875,000	$ 46,458,698	$ 169,333,698

Harris County Municipal Utility District No. 419

Changes in Long-term Bonded Debt

Year Ended May 31, 2018

	Bond			
	Series 2007	**Series 2008**	**Series 2009**	**Series 2010 Road**
Interest rates	4.30%	4.90%	5.25% to 5.50%	4.00% to 4.50%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates		September 1, 2018	September 1, 2018/2020	September 1, 2018/2022
Bonds outstanding, beginning of current year	$ 220,000	$ 505,000	$ 500,000	$ 1,055,000
Bonds sold during current year	-	-	-	-
Principal refunded	-	-	-	-
Retirements, principal	220,000	245,000	115,000	155,000
Bonds outstanding, end of current year	$ 0	$ 260,000	$ 385,000	$ 900,000
Interest paid during current year	$ 4,730	$ 19,723	$ 23,588	$ 41,184

Paying agent's name and address:

Series 2007	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2008	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2009	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2010 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2010	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2011	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012A Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017 Road Ref	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017A Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017B	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:	**Tax Bonds**	**Recreational Bonds**	**Road Bonds**	**Refunding Bonds**
Amount authorized by voters	$ 211,320,000	$ 20,360,000	$ 37,500,000	$ 269,180,000
Amount issued	$ 95,595,000	$ 11,485,000	$ 28,245,000	$ 4,005,000
Remaining to be issued	$ 115,725,000	$ 8,875,000	$ 9,255,000	$ 265,175,000

Debt service fund cash and temporary investment balances as of May 31, 2018:	$ 10,988,255
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 6,773,348

Issues

Series 2010	Series 2011	Series 2012	Series 2012A Park	Series 2012 Road	Series 2014 Park
3.80% to 4.10%	3.20% to 4.00%	2.30% to 3.60%	2.75% to 4.35%	2.20% to 3.75%	3.000% to 4.875%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2018/2021	September 1, 2018/2022	September 1, 2018/2023	September 1, 2018/2038	September 1, 2018/2038	September 1, 2018/2038
$ 1,635,000	$ 10,920,000	$ 3,285,000	$ 2,420,000	$ 8,800,000	$ 2,860,000
-	-	-	-	-	-
-	7,800,000	2,620,000	-	-	-
290,000	520,000	80,000	110,000	400,000	130,000
$ 1,345,000	$ 2,600,000	$ 585,000	$ 2,310,000	$ 8,400,000	$ 2,730,000
$ 58,765	$ 287,625	$ 74,469	$ 92,785	$ 282,500	$ 112,940

Harris County Municipal Utility District No. 419

Changes in Long-term Bonded Debt (Continued)

Year Ended May 31, 2018

	Bond			
	Series 2014A	Series 2014 Road	Refunding Series 2015	Series 2015A
Interest rates	2.00% to 3.75%	2.00% to 4.00%	2.000% to 3.625%	2.00% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2018/2039	September 1, 2018/2039	September 1, 2018/2032	September 1, 2018/2041
Bonds outstanding, beginning of current year	$ 7,820,000	$ 4,945,000	$ 5,125,000	$ 8,800,000
Bonds sold during current year	-	-	-	-
Principal refunded	-	-	-	-
Retirements, principal	340,000	215,000	50,000	225,000
Bonds outstanding, end of current year	$ 7,480,000	$ 4,730,000	$ 5,075,000	$ 8,575,000
Interest paid during current year	$ 229,075	$ 156,413	$ 152,662	$ 286,150

Issues

Series 2015 Road	Refunding Series 2016	Series 2016A	Series 2016 Road	Road Refunding Series 2017
2.00% to 4.00%	2.00% to 4.00%	3.00% to 3.25%	2.00% to 4.00%	2.00% to 4.00%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2018/2041	September 1, 2018/2035	September 1, 2018/2041	September 1, 2018/2041	September 1, 2018/2035
$ 3,950,000	$ 20,500,000	$ 18,000,000	$ 2,650,000	$ 4,230,000
-	-	-	-	-
-	-	-	-	-
150,000	205,000	700,000	100,000	90,000
$ 3,800,000	$ 20,295,000	$ 17,300,000	$ 2,550,000	$ 4,140,000
$ 119,375	$ 620,137	$ 542,938	$ 84,020	$ 179,258

Harris County Municipal Utility District No. 419

Changes in Long-term Bonded Debt (Continued)

Year Ended May 31, 2018

	Bond Issues			
	Series 2017	Series 2017A Park	Refunding Series 2017B	Totals
Interest rates	3.00% to 4.00%	3.00% to 4.00%	2.50% to 3.50%	
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Maturity dates	September 1, 2018/2042	September 1, 2018/2042	September 1, 2018/2038	
Bonds outstanding, beginning of current year	$ -	$ -	$ -	$ 108,220,000
Bonds sold during current year	12,400,000	5,400,000	11,615,000	29,415,000
Principal refunded	-	-	-	10,420,000
Retirements, principal	-	-	-	4,340,000
Bonds outstanding, end of current year	$ 12,400,000	$ 5,400,000	$ 11,615,000	$ 122,875,000
Interest paid during current year	$ 102,891	$ 44,756	$ 89,618	$ 3,605,602

Harris County Municipal Utility District No. 419

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended May 31,

	Amounts				
	2018	2017	2016	2015	2014
General Fund					
Revenues					
Property taxes	$ 1,460,836	$ 1,291,552	$ 1,373,218	$ 887,331	$ 1,081,895
Water service	1,273,384	1,089,939	949,902	852,123	918,427
Sewer service	1,418,986	1,177,566	1,034,886	938,339	889,190
Regional water fee	1,422,007	1,364,439	1,032,145	789,633	769,810
Penalty and interest	70,634	59,125	58,471	65,077	104,602
Tap connection and inspection fees	276,113	483,985	575,764	245,410	279,403
Investment income	33,628	16,642	12,146	10,963	7,913
Total revenues	5,955,588	5,483,248	5,036,532	3,788,876	4,051,240
Expenditures					
Service operations:					
Purchased services	2,353,528	1,402,394	1,183,797	865,967	857,313
Regional water fee	732,438	1,138,992	1,017,750	843,022	885,415
Professional fees	223,982	186,661	199,650	157,752	165,261
Contracted services	1,075,499	973,740	844,204	772,711	674,985
Utilities	211,237	210,985	192,594	164,748	143,456
Repairs and maintenance	1,080,043	765,929	467,256	456,799	308,487
Other expenditures	201,006	185,269	192,404	170,047	188,267
Tap connections	95,075	175,980	213,205	85,432	35,143
Capital outlay	82,400	-	214,169	44,135	-
Total expenditures	6,055,208	5,039,950	4,525,029	3,560,613	3,258,327
Excess (Deficiency) of Revenues Over Expenditures	(99,620)	443,298	511,503	228,263	792,913
Other Financing Uses					
Interfund transfers out	-	(4,188)	-	-	-
Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	(99,620)	439,110	511,503	228,263	792,913
Fund Balance, Beginning of Year	3,734,457	3,295,347	2,783,844	2,555,581	1,762,668
Fund Balance, End of Year	$ 3,634,837	$ 3,734,457	$ 3,295,347	$ 2,783,844	$ 2,555,581
Total Active Retail Water Connections	3,226	3,011	2,542	2,338	2,166
Total Active Retail Wastewater Connections	3,157	2,947	2,474	2,287	2,126

Percent of Fund Total Revenues				
2018	2017	2016	2015	2014
24.5 %	23.5 %	27.3 %	23.4 %	26.7 %
21.4	2.8	18.9	22.5	22.7
23.8	21.5	20.5	24.8	21.9
23.9	42.0	20.5	20.8	19.0
1.2	1.1	1.2	1.7	2.6
4.6	8.8	11.4	6.5	6.9
0.6	0.3	0.2	0.3	0.2
100.0	100.0	100.0	100.0	100.0
39.5	25.6	23.5	22.9	21.2
12.3	20.8	20.2	22.2	21.8
3.8	3.4	4.0	4.2	4.1
18.1	17.8	16.8	20.4	16.7
3.5	3.8	3.8	4.3	3.5
18.1	14.0	9.3	12.1	7.6
3.4	3.4	3.8	4.5	4.6
1.6	3.2	4.2	2.3	0.9
1.4	-	4.3	1.1	-
101.7	92.0	89.9	94.0	80.4
(1.7) %	8.0 %	10.1 %	6.0 %	19.6 %

Harris County Municipal Utility District No. 419

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended May 31,

	Amounts				
	2018	2017	2016	2015	2014
Debt Service Fund					
Revenues					
Property taxes	$ 8,345,906	$ 7,366,679	$ 6,484,359	$ 5,928,228	$ 4,613,199
Penalty and interest	39,634	34,463	25,008	17,360	25,570
Investment income	101,246	41,146	18,449	12,837	15,636
Other income	892	132,938	27,964	763	197,485
Total revenues	8,487,678	7,575,226	6,555,780	5,959,188	4,851,890
Expenditures					
Current:					
Professional fees	10,636	8,348	6,365	2,583	7,424
Contracted services	111,472	101,534	93,424	81,883	69,272
Other expenditures	2,371	2,655	3,080	3,612	2,653
Debt service:					
Principal retirement	4,340,000	3,300,000	2,695,000	2,070,000	1,805,000
Interest and fees	3,555,963	3,155,403	3,285,363	2,968,907	2,774,214
Debt issuance costs	392,395	172,231	880,336	-	-
Debt defeasance	-	-	17,000	-	-
Total expenditures	8,412,837	6,740,171	6,980,568	5,126,985	4,658,563
Excess (Deficiency) of Revenues Over Expenditures	74,841	835,055	(424,788)	832,203	193,327
Other Financing Sources (Uses)					
General obligation bonds issued	11,910,294	4,783,437	26,180,600	413,137	125,837
Premium on debt issued	-	248,909	284,576	-	-
Discount on debt issued	(141,246)	-	(79,171)	-	-
Deposit with escrow agent	(11,082,242)	(4,302,600)	(25,082,444)	-	-
Total other financing sources	686,806	729,746	1,303,561	413,137	125,837
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	761,647	1,564,801	878,773	1,245,340	319,164
Fund Balance, Beginning of Year	10,198,113	8,633,312	7,754,539	6,509,199	6,190,035
Fund Balance, End of Year	$ 10,959,760	$ 10,198,113	$ 8,633,312	$ 7,754,539	$ 6,509,199

Percent of Fund Total Revenues				
2018	2017	2016	2015	2014
98.3 %	97.2 %	98.9 %	99.5 %	95.1 %
0.5	0.5	0.8	0.3	0.6
1.2	0.5	0.3	0.2	0.3
0.0	1.8	0.0	0.0	4.0
100.0	100.0	100.0	100.0	100.0
0.1	0.1	0.1	0.0	0.2
1.3	1.3	1.4	1.4	1.4
0.0	0.0	0.0	0.1	0.0
51.2	43.6	41.1	34.7	37.2
41.9	41.7	50.1	49.8	57.2
4.6	2.3	13.4	-	-
-	-	0.3	-	-
99.1	89.0	106.4	86.0	96.0
0.9 %	11.0 %	(6.4) %	14.0 %	4.0 %

Harris County Municipal Utility District No. 419
Board Members, Key Personnel and Consultants
Year Ended May 31, 2018

Complete District mailing address:	Harris County Municipal Utility District No. 419 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056	
District business telephone number:	713.623.4531	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		April 18, 2017
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Robert G. Thomas	Elected 05/16-05/20	$ 2,250	$ 74	President
Radney Poole	Elected 05/16-05/20	1,950	0	Vice President
Ed Conger	Appointed 08/17-05/20	1,500	302	Secretary
Shea Thielen	Elected 05/18-05/22	150	0	Assistant Secretary
Sandra Kalb	Elected 05/18-05/22	150	0	Director
Stephanie Gay	Elected 05/14-05/18	1,800	0	Term Expired
Pamela Gray	Appointed 06/15-05/18	1,350	262	Term Expired

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

Harris County Municipal Utility District No. 419

Board Members, Key Personnel and Consultants (Continued)

Year Ended May 31, 2018

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BGE, Inc.	04/15/05	$ 259,194	Engineer
BKD, LLP	06/12/06	65,200	Auditor
Harris County Appraisal District	Legislative Action	69,106	Appraiser
Hilltop Securities Inc.	04/15/05	426,361	Former Financial Advisor
Inframark, LLC	06/13/05	1,282,309	Operator
Masterson Advisors LLC	05/14/18	0	Financial Advisor
Municipal Accounts & Consulting, L.P.	03/03/05	44,335	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/21/06	10,636	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	03/03/05	92,675 559,653	General Counsel/ Bond Counsel
Wheeler & Associates, Inc.	03/03/05	46,496	Tax Assessor/ Collector

Investment Officers			
Mark M. Burton and Ghia Lewis	06/13/05	N/A	Bookkeepers

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on]

Effective Date: _________

Risk Premium: $__________
Member Surplus Contribution: $ _________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
200 Liberty Street, 27th floor
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)