OFFICIAL STATEMENT DATED SEPTEMBER 23, 2019

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF NORTHPOINTE WATER CONTROL AND IMPROVEMENT DISTRICT. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE “LEGAL MATTERS” AND “TAX MATTERS” HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL, RESPECTIVELY.

THE BONDS HAVE BEEN DESIGNATED “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”
Underlying Rating: Moody’s “A1”
See “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE” herein.

$6,565,000
NORTHPOINTE WATER CONTROL AND IMPROVEMENT DISTRICT
(A political subdivision of the State of Texas located within Harris County)
UNLIMITED TAX REFUNDING BONDS
SERIES 2019

The bonds described above (the “Bonds”) are obligations solely of NorthPointe Water Control and Improvement District (the “District”) and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See “INVESTMENT CONSIDERATIONS” herein.

Interest accrues from October 1, 2019 **Due: September 1, as shown below**

Principal of the Bonds will be payable at maturity or earlier redemption at the principal payment office of the Paying Agent/Registrar, initially, The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the “Paying Agent/Registrar”). Interest on the Bonds will accrue from October 1, 2019, and will be payable on March 1 and September 1 of each year commencing March 1, 2020, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds will be issued in fully registered form only in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown below.

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

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

MATURITY SCHEDULE

Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2020	$ 55,000	3.000 %	1.470 %	66661QMW0	2028	$ 595,000 (a)	2.000 %	2.170 %	66661QNE9
2021	30,000	3.000	1.500	66661QMX8	2029	250,000 (a)	2.000	2.320	66661QNF6
2022	560,000	3.000	1.560	66661QMY6	2030	245,000 (a)	2.250	2.480	66661QNG4
2023	575,000	3.000	1.620	66661QMZ3	2031	170,000 (a)	2.375	2.570	66661QNH2
2024	610,000	3.000	1.680	66661QNA7	***	***	***	***	***
2025	735,000	3.000	1.800	66661QNB5	2034	200,000 (a)	3.000	2.590	66661QNL3
2026	755,000 (a)	2.000	1.950	66661QNC3	2035	205,000 (a)	3.000	2.630	66661QNM1
2027	775,000 (a)	2.000	2.050	66661QND1					

$365,000 Term Bonds due September 1, 2033 (a), 66661Q NK5 (b), 3.000% Interest Rate, 2.550% Yield (c)
$440,000 Term Bonds due September 1, 2037 (a), 66661Q NP4 (b), 2.750% Interest Rate, 2.860% Yield (c)

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

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

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

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. Investment in the Bonds is subject to special investment considerations described herein. See “INVESTMENT CONSIDERATIONS.”

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Bond Counsel, Houston, Texas, and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed on for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas, Underwriter’s Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about October 24, 2019.

SAMCO CAPITAL

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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 Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of $6,638,168.00 (representing the par amount of the Bonds of $6,565,000, plus a net premium on the Bonds of $125,627.50, less an Underwriter's discount of $52,459.50) plus accrued interest. The Underwriter's obligation is to purchase all of the Bonds, if any are purchased. See "PLAN OF FINANCING—Sources and Uses of Funds."

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

Prices and Marketability

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

THE DISTRICT

Description... NorthPointe Water Control and Improvement District (the "District"), is a political subdivision of the State of Texas, created as Westbourne Water Control and Improvement District by order of the Texas Water Commission, a predecessor to the Texas Commission on Environmental Quality (the "TCEQ"), on May 28, 1986. The District's name was changed by an order of the Texas Natural Resource Conservation Commission, also a predecessor to the TCEQ, issued on March 10, 1995. The District operates pursuant to Chapters 49 and 51 of the Texas Water Code, as amended. The District currently consists of approximately 1,968 acres of land. The District was created for the purpose of providing major outfall drainage and storm water detention to the land within its boundaries. Water and wastewater services and storm services are provided by certain municipal utility districts within the boundaries of the District. See "Overlapping Districts and Taxes" below and "THE DISTRICT."

Location... The District is located approximately 27 miles northwest of the central downtown business district of the City of Houston and lies partially within the extraterritorial jurisdiction of the City of Houston, partially within the city limits and the extraterritorial jurisdiction of the City of Tomball, and within the boundaries of the Tomball Independent School District. The District is bordered on the north by Boudreaux Road, on the south by Spring Cypress Road, on the west by undeveloped acreage and on the east by Texas State Highway 249.

Overlapping Districts And Taxes... Canyon Gate at NorthPointe is located in Harris County Municipal Utility District No. 280 ("MUD 280"), an approximately 335-acre municipal utility district located entirely within the District. Villages of NorthPointe is located within Harris County Municipal Utility District No. 281 ("MUD 281"), an approximately 397-acre municipal utility district, located entirely within the boundaries of the District. Village Creek, Lakes at NorthPointe, Enclave at NorthPointe and a portion of Wildwood at NorthPointe are within Northwest Harris County Municipal Utility District No. 5 ("MUD 5"), a 2,796 acre municipal utility district, of which approximately 495 acres are within the boundaries of the District. Villages of NorthPointe West and the remaining portion of Wildwood at NorthPointe are located in Harris County Municipal Utility District No. 282 ("MUD 282"), an approximately 480 acre municipal utility district, located entirely within the boundaries of the District. In addition, Harris County Municipal Utility District No. 273 ("MUD 273"), an approximately 145 acre municipal utility district, of which approximately 111 acres are also located within the boundaries of the District. MUD 273, MUD 280, MUD 281, MUD 282 and MUD 5 are referred to, collectively, as the "MUDs." Water, wastewater and certain storm drainage facilities within the District have been or will be financed by the MUDs. MUD 280, MUD 281, MUD 282 and MUD 5 have $4,190,000, $12,830,000, $20,105,000 and $129,035,000 principal amount of unlimited tax bonds (including refunding bonds) outstanding as of September 15, 2019, respectively. In addition, MUD 5 anticipates selling approximately $17,140,000 principal amount of unlimited tax bonds in fall 2019. MUD 273 has not sold bonds to date. In order to provide all of the developable land within the boundaries of the District with necessary water, wastewater and internal storm drainage facilities, the District anticipates that MUD 282, MUD 5 and MUD 273 will issue bonds for such purposes. MUD 280 and MUD 281 are fully developed and the issuance of additional bonds for purchase or construction of facilities is not anticipated. MUD 280, MUD 281, MUD 282 and MUD 5 are currently levying ad valorem taxes and levied a total tax of $0.67, $0.57, $0.83 and $0.77 per $100 of assessed valuation for the 2018 tax year, respectively. Taxes levied by MUD 280, MUD 281, MUD 282 and MUD 5 are in addition to taxes levied by the District. None of the MUDs have yet levied a 2019 tax rate. See "WATER AND WASTEWATER," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes" and "INVESTMENT CONSIDERATIONS—Overlapping Debt Obligations and Taxes."

The Developers...	The current principal developer of the Villages of NorthPointe West Sections One, Three and Four, Wildwood at NorthePointe and Village Creek is Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, d.b.a. Friendswood Development Company ("Friendswood"). Friendswood is a wholly ownder subsidiary of Lennar Corporation ("Lennar"), a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker symbol "LEN." Lennar's activities include homebuilding, real estate investments, residential and commercial developments and financial services operations throughout the United States. NorthPointe Development Partners, Ltd. ("NDP"), a Texas limited partnership, having NorthPointe Development Partners GP, Inc., a Texas corporation, as general partner is the developer of Enclave at NorthPointe. Friendswood and NDP are referred to herein as the "Developers." See "THE DEVELOPERS."
Status of Development...	The District is being developed as Canyon Gate at NorthPointe, Villages of NorthPointe, Villages of NorthPointe West, Wildwood at NorthPointe, Village Creek, Lakes at NorthPointe, Enclave at NorthPointe, and NorthPointe Forest. The development in the District currently includes 4,350 completed single-family residential lots on approximately 1,286 acres. As of September 1, 2019, the District consisted of approximately 4,231 completed single-family homes of which approximately 4,219 were occupied (12 unoccupied), and 67 new homes under construction. Homes within Canyon Gate at NorthPointe, Villages of NorthPointe, Lakes at NorthPointe, Wildwood at NorthPointe, Enclave at NorthPointe, Village Creek, and Villages of NorthPointe West have an average sales price ranging from $150,000 to $800,000 and homes in NorthPointe Forest have an average value of $600,000, as shown on the District's tax roll. The overall average value of homes within the District for tax year 2019 is $285,000. Approximately 40 acres in the District have been developed for commercial and multi-family purposes. Commercial development in the District includes a church (non-taxable), a child daycare center, a fire station/EMS unit, a skilled nursing facility, an automobile dealership and an auto repair facility. The District also has the constructed Oaks at NorthPointe apartment complex, a 246 unit apartment complex, which is approximately 96% occupied. Tomball Memorial High School, along with an agricultural facility related to the High School, and an elementary school are located on a portion of the approximately 116 acres of land in the District which is owned by the Tomball Independent School District (non-taxable). Tomball Independent School District recently constructed a second elementary school and a middle school on the remainder of its land in the District (non-taxable). Amenities available to residents of Canyon Gate at NorthPointe in the District include a 3,500 square foot recreation facility, a junior olympic-size pool, two tennis courts, a covered basketball court and a volleyball court. Residents of Village Creek have access to a water spray park, and residents in Villages of NorthPointe, Lakes at NorthPointe and Enclave at NorthPointe each have access to a recreational facility with a swimming pool, tennis court and playground. There are approximately 80 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities and approximately 446 acres that are not developable (detention, public rights-of-way, easements, plant sites, and recreation sites). See "THE DISTRICT."
Homebuilders…	M/I Homes, and Village Builders are building homes in MUD 282. Ashton Woods Homes, K. Hovnanian Homes, Lennar Homes and Village Builders are building homes in MUD 5. See "THE DISTRICT—Status of Development—Homebuilders" and "THE DEVELOPERS."
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 Water District Management Company, Inc., (the "Operator") and BGE, Inc. (the "Engineer"), the District's System (as defined herein) did not sustain any material damage and there was no interruption of water and sewer service. Further, the District did not receive reports of any homes within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey. Additionally, to the best of the knowledge of the engineer for MUD 5, approximately 25 homes within its boundaries experienced structural flooding, but it is not known at this time whether such homes are within the boundaries of the District.

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

THE BONDS

Description... $6,565,000 Unlimited Tax Refunding Bonds, Series 2019, (the "Bonds") are being issued as fully registered bonds pursuant to an order (the "Bond Order") authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). Interest on the Bonds will accrue from October 1, 2019, and will be payable on March 1 and September 1 of each year commencing March 1, 2020, until maturity or prior redemption. The Bonds mature serially on September 1 in each of the years from 2020 through 2031, both inclusive, and 2034 and 2035, (the "Serial Bonds"), and as term bonds on September 1 in each of the years 2033 and 2037 (the "Term Bonds") in the respective principal amounts and bear interest at the rates for each maturity shown on the cover page hereof. The Bonds maturing on September 1, 2026, are subject to redemption at the option of the District, in whole or, from time to time, in part, on September 1, 2025, or on any date thereafter, at a price equal to the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. The Bonds will be issued in fully registered form only, in denominations of $5,000 or any integral multiple thereof. See "THE BONDS."

Book-Entry Only… The Bonds will be registered in the name of, and delivered only to, Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Use of Proceeds… Proceeds from the sale of the Bonds will be used to pay certain costs incurred in connection with the issuance of the Bonds and to refund $6,415,000 principal amount of the Outstanding Bonds (as hereinafter defined) in order to achieve net savings in the District's annual debt service expense. See "PLAN OF FINANCING."

Authority for Issuance… The Bonds are the sixth series of bonds issued out of an aggregate of $43,000,000 principal amount of unlimited tax bonds authorized by the District's voters on May 5, 2001, for the purpose of refunding outstanding bonds. The Bonds are issued by the District pursuant to said election and the terms and provisions of the Bond Order (as hereinafter defined), the Texas Constitution, the general laws of the State of Texas, particularly Chapters 49 and 51 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, and City of Houston Ordinance No. 97-416. See "THE BONDS—Authority for Issuance" and "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

Source of Payment…	The Bonds and the Remaining Outstanding Bonds (as hereinafter defined) are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. See "THE BONDS—Source and Security for Payment."
Payment Record...	The District has previously issued $29,520,000 principal amount of unlimited tax bonds in nine series and $16,745,000 principal amount of unlimited tax refunding bonds in five series (collectively, the "Previously Issued Bonds"), of which $18,280,000 in principal amount is currently outstanding (the "Outstanding Bonds") as of September 2, 2019. The District has timely paid its debt service on the Outstanding Bonds.
Qualified Tax-Exempt Obligations…	The District will designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS— Qualified Tax-Exempt Obligations."
Municipal Bond Insurance and 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 a municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company. Moody's Investors Service ("Moody's") has also assigned an underlying rating of "A1" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's, respectively. There is no assurance that any of 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. See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."
Bond Counsel…	Schwartz, Page & Harding, L.L.P., Houston, Texas.
Special Tax Counsel…	McCall, Parkhurst & Horton L.L.P., Dallas, Texas.
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 Agent."
Verification Agent…	Public Finance Partners LLC, Rockford, Minnesota.

INVESTMENT CONSIDERATIONS

THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

FINANCIAL INFORMATION (UNAUDITED)

2019 Taxable Assessed Valuation	$1,249,964,573	(a)
Gross Direct Debt Outstanding	$18,430,000	(b)
Estimated Overlapping Debt	119,539,008	(c)
Gross Direct Debt and Estimated Overlapping Debt	$137,969,008	
Ratio of Gross Direct Debt to:		
2019 Taxable Assessed Valuation	1.47%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2019 Taxable Assessed Valuation	11.04%	
Debt Service Funds Available as of September 18, 2019	$1,378,966	(d)
Operating Funds Available as of September 18, 2019	$1,969,177	
Capital Projects Funds Available as of September 18, 2019	$107,891	
2019 Debt Service Tax Rate	$0.160	
2019 Maintenance Tax Rate	0.110	
2019 Total Tax Rate	$0.270	
Average Annual Debt Service Requirement (2020-2037)	$1,228,226	(e)
Maximum Annual Debt Service Requirement (2020)	$2,038,238	(e)
Tax Rates Required to Pay Average Annual Debt Service (2020-2037) at a 95% Collection Rate		
Based upon 2019 Taxable Assessed Valuation	$0.11	
Tax Rates Required to Pay Maximum Annual Debt Service (2020) at a 95% Collection Rate		
Based upon 2019 Taxable Assessed Valuation	$0.18	
Status of Development as of September 1, 2019 (f):		
Completed Homes (4,219 occupied)	4,231	
Homes Under Construction	67	
Multi-Family (246 units)	1	
Estimated Population	15,356	(g)

(a) The Harris County Appraisal District (the "Appraisal District") has certified $1,139,251,561 of taxable value for the 2019 tax year. An additional $110,713,012 remains uncertified and is subject to downward revision prior to certification. The 2019 Taxable Assessed Valuation shown herein represents the certified value plus the uncertified value. See "TAXING PROCEDURES."

(b) After the issuance of the Bonds. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

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

(d) Neither the Bond Order nor Texas law requires that the District maintain any particular balance in such fund.

(e) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy Debt Service."

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

(g) Based upon 3.5 persons per occupied single-family residence and 2.5 persons per multi-family residence.

OFFICIAL STATEMENT

$6,565,000

NORTHPOINTE WATER CONTROL AND IMPROVEMENT DISTRICT

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

UNLIMITED TAX REFUNDING BONDS
SERIES 2019

This OFFICIAL STATEMENT provides certain information in connection with the issuance by NorthPointe Water Control and Improvement District (the "District") of its $6,565,000 Unlimited Tax Refunding Bonds, Series 2019 (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas, particularly chapters 49 and 51 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended, City of Houston Ordinance No. 97-416, an election held within the District, and an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of documents may be obtained from the District c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, upon payment of the cost of duplication.

PLAN OF FINANCING

Purpose

At elections held within the District on November 15, 1986 and May 5, 2001, voters of the District authorized the issuance of a total of $43,000,000 of unlimited tax bonds for the purpose of acquiring or constructing drainage facilities in the District and $43,000,000 for the purpose of refunding outstanding debt. The District has previously issued $29,520,000 principal amount of unlimited tax bonds in nine series (the "Previously Issued Bonds") and $16,745,000 principal amount of unlimited tax refunding bonds in five series, a total of $18,280,000 of which currently remains outstanding (the "Outstanding Bonds"). See "THE BONDS—Issuance of Additional Debt."

The proceeds of the Bonds are being used to refund a portion of three series of the District's Outstanding Bonds totaling $6,415,000 (collectively, the "Refunded Bonds") in order to reduce the District's debt service expense and result in net present value savings. Such funds will also be used to pay the costs of issuance of the Bonds. See "Sources and Uses of Funds" in this section. A total of $11,865,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the "Remaining Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT—Outstanding Bonds" and "—Debt Service Requirements."

Refunded Bonds

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

Maturity Date September 1	Series 2010		Series 2012		Series 2012A	
2020						
2021						
2022	$ 150,000	(a)	$ 375,000		$ -	
2023	155,000	(a)	385,000		-	
2024	160,000	(b)	395,000		25,000	
2025	170,000	(b)	405,000		130,000	
2026	175,000	(c)	410,000		140,000	
2027	185,000	(c)	425,000		145,000	
2028			435,000		155,000	
2029			85,000	(d)	165,000	
2030			80,000	(d)	170,000	
2031					180,000	
2032					190,000	(e)
2033					200,000	(e)
2034					215,000	(e)
2035					225,000	(f)
2036					235,000	(f)
2037					250,000	(f)
	$ 995,000		$ 2,995,000		$ 2,425,000	
Redemption Date:	11/1/2019		11/1/2019		11/1/2019	

(a) Represents term bonds in the total principal amount of $305,000, scheduled to mature on September 1, 2023.
(b) Represents term bonds in the total principal amount of $330,000, scheduled to mature on September 1, 2025.
(c) Represents term bonds in the total principal amount of $360,000, scheduled to mature on September 1, 2027.
(d) Represents term bonds in the total principal amount of $165,000, scheduled to mature on September 1, 2030.
(e) Represents term bonds in the total principal amount of $605,000, scheduled to mature on September 1, 2034.
(f) Represents term bonds in the total principal amount of $710,000, scheduled to mature on September 1, 2037.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$6,565,000.00
Net Premium on the Bonds	125,627.50
Total Sources of Funds	$6,690,627.50
Uses of Funds:	
Deposit to Escrow Fund	$6,452,605.79
Issuance Expenses and Underwriters' Discount (a)	238,021.71
Total Uses of Funds	$6,690,627.50

(a) Includes municipal bond insurance premium.

Escrow Agreement

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

The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to be dated as of the date of the sale of the Bonds but effective on the date of delivery of the Bonds (expected to be October 24, 2019). The Bond Order further provides that from the proceeds of the sale of the Bonds, along with certain other lawfully available funds of the District, if any, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund") and a portion of such funds will be used to purchase United States Treasury Obligations ("Escrowed Securities") maturing at such times and amounts as will be sufficient to pay scheduled payments on the Refunded Bonds on their redemption dates. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

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

Authority for Issuance

At an election held within the District on May 5, 2001, voters of the District authorized a total of $43,000,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District. The Bonds are issued by the District pursuant to said election and to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapter 1207, Texas Government Code, as amended; Chapters 49 and 51 of the Texas Water Code, as amended; and City of Houston Ordinance No. 97-416.

Source of and Security for Payment

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

Funds

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

Record Date

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2033 and 2037 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$365,000 Term Bonds Due September 1, 2033		$440,000 Term Bonds Due September 1, 2037	
Mandatory Redemption Date	Principal Amount	Mandatory Redemption Date	Principal Amount
2032	$ 180,000	2036	$ 215,000
2033 (maturity)	185,000	2037 (maturity)	225,000

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

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds, including the Term 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 to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Serial Bonds of the same 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 outstanding principal amount of a Term Bond is to redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

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

Method of Payment of Principal and Interest

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

Registration

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

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $43,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing drainage and detention facilities and could authorize additional amounts. The District currently has $13,480,000 principal amount of unlimited tax bonds authorized but unissued for said improvements and facilities. The District's voters have also authorized a total of $43,000,000 principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. After the issuance of the Bonds, the District will have $41,477,281.32 principal amount of unlimited tax refunding bonds authorized but unissued.

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

Financing Recreational Facilities

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

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

The District has not considered calling an election for such purposes but could consider doing so in the future.

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

Annexation

Under existing Texas law, since the District lies partly within the extraterritorial jurisdiction of the City of Houston and partly within the extraterritorial jurisdiction of the City of Tomball, certain portions of the District may be annexed for full purposes by the City of Houston and/or the City of Tomball, subject to compliance by the City of Houston and/or the City of Tomball, as applicable, with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Houston and/or the City of Tomball, as applicable, hold an election in the portion of the District to be annexed whereby the qualified voters of the portion of the District to be annexed approve the proposed annexation. If the District is annexed, the City of Houston and/or the City of Tomball, as applicable, 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 and/or the City of Tomball is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston and/or the City of Tomball, and, therefore, the District makes no representation that the City of Houston and/or the City of Tomball will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston and/or the City of Tomball to make debt service payments should annexation occur.

Remedies in Event of Default

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

THE DISTRICT

General

The District is a water control and improvement district created originally as Westbourne Water Control and Improvement District by an order of the Texas Water Commission, a predecessor to the TCEQ, dated May 28, 1986, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 51 of the Texas Water Code, as amended, and other general statutes of Texas applicable to water control and improvement districts. The creation of the District was confirmed at an election held within the District on August 9, 1986. The District's name was changed by an order of the Texas Natural Resource Conservation Commission, also a predecessor to TCEQ, on March 10, 1995. The District, which lies partly within the extraterritorial jurisdiction of the City of Houston and partly within the extraterritorial jurisdiction of the City of Tomball, 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 and facilities necessary for the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. Municipal utility districts have been created within the boundaries of the District to provide water, wastewater and internal storm drainage facilities, and the District has not constructed and does not plan to construct such facilities. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities. See "THE BONDS—Issuance of Additional Debt" and "Financing 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 improvements of drainage and detention facilities and the refunding of outstanding debt obligations, limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of Houston of District construction plans.

Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "DRAINAGE SYSTEM—Regulation."

Description and Location

The District consists of approximately 1,968 acres of land in northwest Harris County. The District is located approximately 27 miles northwest of the central downtown business district of the City of Houston and lies partly within the extraterritorial jurisdiction of the City of Houston, partly within the city limits and the extraterritorial jurisdiction of the City of Tomball, and within the boundaries of the Tomball Independent School District. The District is bordered on the north by Boudreaux Road, on the south by Spring-Cypress Road, on the west by undeveloped acreage and on the east by Texas State Highway 249.

Land Use

The District currently includes approximately 1,286 acres of single-family residential development (4,350 lots), approximately 40 acres of commercial/multi-family development, approximately 446 acres of detention, public rights-of way, easements, plants sites and recreational sites, approximately 116 acres owned by Tomball Independent School District with a portion currently developed as a high school, agricultural facility, middle school and elementary school, and approximately 80 developable acres that have not been provided with water distribution, wastewater collection and storm drainage facilities. The table below represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots	MUD (c)
Canyon Gate at NorthPointe:			
Sections One through Eleven……	268	942	280
Villages of NorthPointe:			
Sections One through Twelve and Fourteen through Sixteen……	256	919	281
Villages of NorthPointe West:			
Section One, Three and Four through Six……	106	395	282
Wildwood at NorthPointe:			
Sections One through Five, Seven through Twelve, Fourteen through Twenty-Five……	291	919	282, 5
Village Creek:			
Section Nine through Fourteen……	91	323	5
Lakes at NorthPointe:			
Sections One, Two, Four, Five and Ten through Thirteen……	106	403	5
Enclave at NorthPointe:			
Section One through Eight……	129	429	5
NorthPointe Forest……	39	20	NA
Subtotal……	1,286	4,350	
Commercial/Multi-Family (a)……	40		280, 281, 282
School Site……	116		
Future Development……	80	-	5, 273, 280, 282
Non-Developable (b)……	446		
Totals……	1,968	4,350	

(a) See "Status of Development" below.
(b) Includes detention, public rights-of-way, easements, plant sites and recreational sites.
(c) All of the development occurring within the District is also located in a municipal utility district except NorthPointe Forest. The overlapping municipal districts are Harris County Municipal Utility District No. 280, Harris County Municipal Utility District No. 281, Northwest Harris County Municipal Utility District No. 5, Harris County Municipal Utility District No. 282, and Harris County Municipal Utility District No. 273 (the "MUDs"). See "INVESTMENT CONSIDERATIONS—Overlapping Debt Obligations and Taxes."

Status of Development

Single-Family Residential: As of September 1, 2019 approximately 4,237 completed single-family homes of which 4,219 were occupied (12 unoccupied), and 67 new homes under construction. Homes within Canyon Gate at NorthPointe, Villages of NorthPointe, Lakes at NorthPointe, Wildwood at NorthPointe, Enclave at NorthPointe, Village Creek and Villages of NorthPointe West have an average market value price ranging from $150,000 to $800,000 and homes in NorthPointe Forest have an average market value of $600,000, as shown on the District's tax roll. The overall average value of homes within the District for tax year 2019 is $285,000.

The estimated population in the District is 15,356_based upon 3.5 persons per occupied single-family residence and 2.5 persons per multi-family dwelling, which is 96% occupied.

Amenities available to Canyon Gate at NorthPointe residents in the District include a 3,500 square foot recreation facility, a junior olympic-size pool, two tennis courts, a covered basketball court and a volleyball court. Amenities in Village Creek include a water spray park and in Villages of NorthPointe, Lakes at NorthPointe and Enclave at NorthPointe include a recreational facility with a swimming pool, tennis court and playground.

Homebuilders

M/I Homes, and Village Builders are building homes in MUD 282. Ashton Woods Homes, K. Hovnanian Homes, Lennar Homes and Village Builders are building homes in MUD 5. Homes in the District range in price from approximately $150,000 to $800,000.

School Site: Tomball Memorial High School, including an agricultural facility related to the High School, has been constructed on a portion of approximately 116 acres of land in the District owned by the Tomball Independent School District. The property owned by the Tomball Independent School District is exempt from ad valorem taxation.

Commercial/Multi-Family Residential: Approximately 40 acres in the District have been developed for commercial purposes. Commercial/institutional development in the District includes a church (non-taxable), a child daycare center, a fire station/EMS unit, a skilled nursing facility, and a Kia automobile dealership and an auto repair facility. The District also has the Oaks at NorthPointe apartment complex, a 246 unit apartment complex, which is approximately 96% occupied.

Future Development

The land within the District is planned as a mixed-use development. Approximately 80 developable acres of land in the District are not yet served with water distribution and supply, wastewater collection and treatment or storm drainage facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances given as to whether or when any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to accomplish major drainage improvements necessary for full development of the District. (See "INVESTMENT CONSIDERATIONS—Future Debt"). The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($13,480,000) should be sufficient to finance the construction of major drainage improvements necessary to support full development of the District. See "INVESTMENT CONSIDERATIONS—Future Debt" and "DRAINAGE SYSTEM."

THE DEVELOPERS

Role of a Developer

In general, the activities of a landowner or developer in a municipal utility 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. While a developer must agree to pave streets in areas where utilities are to be financed by a district through a specific bond issue, 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. 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.

Prospective Bond purchasers should note that the prior real estate experience of a developer should not be construed as an indication that further development within the District will occur, that construction of 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.

Lennar Homes of Texas Land and Construction, Ltd.

The principal developer of land within the Villages of NorthPointe West and Wildwood at NorthPointe is Lennar Homes of Texas Land and Construction, Ltd., a Texas limited partnership, d.b.a. Friendswood Development Company ("Friendswood"). Friendswood purchased 247 undeveloped acres and 70 developed lots from Compass Bank in December 2010. Friendswood is a wholly owned subsidiary of Lennar Corporation ("Lennar"), a publicly traded corporation whose stock is listed on the New York Stock Exchange under the ticker symbol "LEN." Lennar's activities include homebuilding, real estate investments, residential and commercial developments and financial services operations throughout the United States.

Friendswood was also the developer of Village Creek in MUD 5 within the District, which is now fully developed and built out.

NorthPointe Development Partners, Ltd.

The principal developer of Enclave at NorthPointe is NorthPointe Development Partners, Ltd. ("NDP"), a Texas limited partnership, having NorthPointe Development Partners GP, Inc., a Texas corporation, as general partner.

Friendswood and NDP are collectively referred to as the "Developers" herein.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year staggered terms and elections are held in May of even numbered years. 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
Vanessa F. Bissey-Beard	President	May 2020
Patricia Enstrom	Vice President	May 2020
Eric T. Thomas	Secretary	May 2022
Karl Beck	Assistant Secretary	May 2022
Michael Keck	Assistant Secretary	May 2022

District Consultants

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

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

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

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

Auditor: The financial statements of the District, as of November 30, 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.

Engineer: The District's consulting engineer is BGE, Inc. (the "Engineer").

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

Utility System Operator: The operator of the District's drainage and detention facilities is Water District Management Company, Inc. (the "Operator").

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

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. B&A Municipal Tax Service, LLC (the “Tax Assessor/Collector”) has been engaged by the District to serve in this capacity.

DRAINAGE SYSTEM

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 the approval and permitting requirements of Harris County, the City of Houston and Harris County Flood Control District where applicable.

Major Channel and Drainage Improvements

Flood protection for the land within the boundaries of the District is achieved through outfall drainage provided by Faulkey Gully, a tributary of Cypress Creek, and a series of open channels. On-site detention facilities have been constructed to serve currently developed areas within the District and will be constructed to serve future development. None of the land in the District except for detention basins, channels and associated open areas, is shown to be within the 100 year flood plain.

The facilities that have been financed with the proceeds of the Outstanding Bonds and will be financed with proceeds from any additional bonds, are Faulkey Gully improvements, open channels and stormwater detention basins to serve all the developed and ongoing residential and commercial development within the District, stormwater detention basins to serve Canyon Gate at NorthPointe, Villages of NorthPointe, Villages of NorthPointe West, Wildwood at NorthPointe, Village Creek, Lakes at NorthPointe, Enclave at NorthPointe, and NorthPointe Forest development within the District, along with drainage improvements to Harris County Flood Control District Channels K142-07-00 and K142-07-01.

Flood Protection

“Flood Insurance Rate Map” or FIRM” means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The “100-year flood plain” or (1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have one percent chance of occurring in any given year. Generally, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded. The District’s drainage system has been designed and constructed to meet all applicable standards.

The District provides open channel drainage and detention facilities that in concert with storm sewer inlets, pipes and flood control channels owned and maintained by underlying municipal utility districts and Harris County Flood Control District provide flood mitigation and conveyance for the area located within the District. According to the Engineer, based upon the Flood Insurance Rate Map of Harris County, Texas, dated June 18, 2007 updated through several letters of map revision (“LOMR”) from FEMA and the raising of certain land elevations through the application of fill dirt in accordance with the LOMR documents, all developed lots in the District are above the 100-year flood plain. See “INVESTMENT CONSIDERATIONS—Recent Extreme Weather Events; Hurricane Harvey.”

WATER AND WASTEWATER

General

The District does not provide water supply, wastewater treatment, or internal storm drainage facilities. Such facilities are provided by the municipal utility districts located within the District as described below.

Water Supply

Water supply facilities for the development occurring within the District in Canyon Gate at NorthPointe, located within MUD 280, the Villages of NorthPointe within MUD 281 and the Villages of NorthPointe West within MUD 282 are provided by two 1,500 gpm water wells and related components facilities. The water wells are jointly owned by MUD 280 (23.31%), MUD 281 (24.17%), MUD 282 (37.88%) and Northwest Harris County Municipal Utility District No. 15 ("Northwest 15") (14.64%). Ground storage capacity is jointly owned by MUD 280 (39.78%), MUD 281 (41.25%) and MUD 282 (18.97%). Auxiliary power is jointly owned by MUD 280 (26.57%), MUD 281 (31.27%), MUD 282 (37.53%) and Northwest 15 (4.69%) which is not located within the District, pursuant to an agreement by and among MUD 280, MUD 281, MUD 282 and Northwest 15. All other components are jointly owned by MUD 280 (42.44%), MUD 281 (44.00%) and MUD 282 (13.56%). MUD 280 has capacity to serve 1,132 equivalent single-family connections, MUD 281 has capacity to serve 1,321 connections, MUD 282 has capacity to serve 1,519 connections, and Northwest 14 has capacity to serve 666 equivalent single-family connections. Construction of the expansion for joint water plant no. 3 has been completed and includes two 320,000 gallon ground storage tanks, two 20,000 gallon hydroneumatic tanks and one 1,500 gpm booster pump. Ownership of water plant no. 3 between the MUD 280, MUD 281 and MUD 282 is based on capacity. The development occurring within Village Creek, Enclave at Northpointe and the Lakes at NorthPointe within MUD 5 are served by a 1,500 gpm plant and a 1,000 gpm plant owned and operated by MUD 5. As of September 1, 2019, MUD 280 was serving 1,017 active connections, MUD 281 was serving 954 active connections, MUD 5 was serving approximately 1,410 active residential connections within the boundaries of the District and MUD 282 was serving 1,064 active connections.

NorthPointe Forest is not located within any municipal utility district. The homes located in NorthPointe Forest are served by private water wells and related facilities.

Conversion to Surface Water: The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to 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 1999, the Texas legislature created the North Harris County Regional Water Authority (the "Authority" or "NHCRWA") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County (including the District).

The Authority has developed a Groundwater Reduction Plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. 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. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons of groundwater pumped and for surface water received. These fees are subject to increase in the future. The Authority has issued revenue bonds to fund, among other things, certain Authority surface water project costs, including the construction of a network of transmission and distribution lines, storage tanks and pumping stations to transport and distribute water within the Authority (the "Authority System"). It is expected that the Authority will issue substantially more bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

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

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

Wastewater Collection

Wastewater treatment capacity is provided to the District by Northwest 15 pursuant to a Waste Disposal Agreement among MUD 280, Northwest 15, MUD 273, MUD 281, MUD 282 and MUD 5.

Northwest 15's wastewater treatment facility has capacity to treat 2,613,350 gallons per day ("gpd") of sewage, or 10,452 equivalent single-family connections based on a flow factor of 250 gpd per connection. Capacity in the 2,613,350 gpd plant is allocated as follows: MUD 273 (5.66%), MUD 280 (12.14%), MUD 281 (13.65%), MUD 282 (11.71%), Northwest 15 (25.87%) and MUD 5 (30.97%). As of September 1, 2019, MUD 280 was serving 1,017 active connections, MUD 281 was serving 954 active connections, MUD 5 was serving approximately 1,410 active residential connections within the boundaries of the District and MUD 282 was serving 1,064 active connections.

NorthPointe Forest is not located within any municipal utility district. The homes located within NorthPointe Forest are served by spray irrigation disposal systems.

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Operating Statement

General Fund: The Outstanding Bonds and the Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenues, if any, derived from the operation of the District's water and sewer operations are not pledged to the payment of the Bonds and the Outstanding Bonds but are available for any lawful purpose including payment of debt service on the Bonds and the Outstanding Bonds, at the discretion and upon action of the Board. It is not anticipated that net revenues will be available to pay debt service on any of the District's Outstanding Bonds or the Bonds.

The following statement sets forth in condensed form the General Fund as derived from the District's audited financial statements for the years ended November 30, 2015 through 2018, and an unaudited summary for the period ended July 31, 2019, provided by the District's bookkeeper. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

		Fiscal Year Ended November 30			
	12/1/2018 to 7/31/2019 (a) (unaudited)	2018	2017	2016	2015
Revenues					
Property Taxes	$ 1,105,447	$ 1,041,677	$ 819,677	$ 896,783	$ 727,254
Penalty and Interest	-	-	-	-	-
Investment Revenues	21,430	22,581	12,868	6,691	4,707
Other	247,237	53,740	43,351	37,005	47,290
Total Revenues	$ 1,374,114	$ 1,117,998	$ 875,896	$ 940,479	$ 779,251
Expenditures					
Professional Fees	$ 101,520	$ 160,200	$ 127,391	$ 89,225	$ 84,330
Contracted Services	16,131	27,110	27,563	25,304	38,295
Utilities	145	225	325	286	312
Repairs and Maintenance	232,034	414,930	523,197	513,253	380,717
Other Expenditures	76,274	65,782	45,100	42,838	35,896
Capital Outlay	242,270	8,965	412,203	-	-
Total Expenditures	$ 668,375	$ 677,212	$ 1,135,779	$ 670,906	$ 539,550
Revenues Over (Under) Expenditures	$ 705,739	$ 440,786	$ (259,883)	$ 269,573	$ 239,701
Other Financing Sources					$ -
Fund Balance (Beginning of Year)	$ 1,513,205	$ 1,072,419	$ 1,332,302	$ 1,062,729	$ 823,028
Fund Balance (End of Year)	$ 2,218,944	$ 1,513,205	$ 1,072,419	$ 1,332,302	$ 1,062,729

(a) Unaudited, provided by the Bookkeeper.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2019 Taxable Assessed Valuation	$1,249,964,573	(a)
Gross Direct Debt Outstanding	$18,430,000	(b)
Estimated Overlapping Debt	119,539,008	(c)
Total Gross Direct Debt and Estimated Overlapping Debt	$137,969,008	
Ratio of Gross Direct Debt to: 2019 Taxable Assessed Valuation	1.47%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to: 2019 Taxable Assessed Valuation	11.04%	
Debt Service Funds Available as of September 18, 2019	$1,378,966	(d)
Operating Funds Available as of September 18, 2019	$1,969,177	
Capital Projects Funds Available as of September 18, 2019	$107,891	

(a) The Harris County Appraisal District (the "Appraisal District") has certified $1,139,251,561 of taxable value for the 2019 tax year. An additional $110,713,012 remains uncertified and is subject to downward revision prior to certification. The 2019 Taxable Assessed Valuation shown herein represents the certified value plus the uncertified value. See "TAXING PROCEDURES."
(b) After the issuance of the Bonds. See "Outstanding Bonds" herein.
(c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "Overlapping Taxes."
(d) Neither Texas law nor the Bond Order requires that the District 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, the inclusion of long term securities or derivative products in the District portfolio.

Outstanding Bonds

The following table lists the original principal amount and the current principal balance of the Outstanding Bonds as of September 2, 2019, the Refunded Bonds and the Remaining Outstanding Bonds.

Series		Original Principal Amount	Principal Amount Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2010	(a)	$ 2,310,000	$ 1,270,000	$ 995,000	$ 275,000
2012	(a)	5,475,000	3,720,000	2,995,000	725,000
2012A		2,675,000	2,525,000	2,425,000	100,000
2014	(a)	3,420,000	1,715,000	-	1,715,000
2015	(a)	3,510,000	2,865,000	-	2,865,000
2015A		4,280,000	2,980,000	-	2,980,000
2016		3,955,000	3,205,000	-	3,205,000
Total		$ 25,625,000	$ 18,280,000	$ 6,415,000	$ 11,865,000
The Bonds					6,565,000
The Bonds and Remaining Outstanding Bonds					$ 18,430,000

(a) Unlimited Tax 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, plus the debt service on the Bonds ($6,565,000 principal amount).

Year	Outstanding Bonds Debt Service Requirements	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds Principal	Plus: Debt Service on the Bonds Interest	Plus: Debt Service on the Bonds Total	Total Debt Service Requirements
2020	$ 2,053,766	$ 225,629	$ 55,000	$ 155,100	$ 210,100	$ 2,038,238
2021	2,035,679	225,629	30,000	167,550	197,550	2,007,600
2022	2,016,054	750,629	560,000	166,650	726,650	1,992,075
2023	1,997,391	748,379	575,000	149,850	724,850	1,973,863
2024	1,973,229	770,629	610,000	132,600	742,600	1,945,200
2025	1,892,785	876,135	735,000	114,300	849,300	1,865,950
2026	1,867,893	872,143	755,000	92,250	847,250	1,843,000
2027	1,835,865	876,215	775,000	77,150	852,150	1,811,800
2028	1,500,245	683,620	595,000	61,650	656,650	1,473,275
2029	1,025,248	323,048	250,000	49,750	299,750	1,001,950
2030	953,223	314,085	245,000	44,750	289,750	928,888
2031	578,473	235,135	170,000	39,238	209,238	552,575
2032	477,905	238,655	180,000	35,200	215,200	454,450
2033	474,375	241,625	185,000	29,800	214,800	447,550
2034	475,475	249,225	200,000	24,250	224,250	450,500
2035	471,020	251,270	205,000	18,250	223,250	443,000
2036	466,195	252,945	215,000	12,100	227,100	440,350
2037	465,875	259,250	225,000	6,188	231,188	437,813
Total	$ 22,560,694	$ 8,394,244	$ 6,565,000	$ 1,376,625	$ 7,941,625	$ 22,108,075

Maximum Annual Debt Service Requirement (2020) $2,038,238
Average Annual Debt Service Requirements (2020-2037) $1,228,226

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds		As of	Overlapping Percent	Overlapping Amount
Tomball Independent School District…………	$ 468,385,000		7/31/2019	10.76%	$ 50,398,226
Harris County……………………………………	2,050,758,022		7/31/2019	0.26%	5,331,971
Harris County Flood Control District…………	83,075,000		7/31/2019	0.26%	215,995
Harris County Hospital District………………..	57,300,000		7/31/2019	0.26%	148,980
Harris County Department of Education………	6,320,000		7/31/2019	0.26%	16,432
Port of Houston Authority………………………	593,754,397		7/31/2019	0.26%	1,543,761
Lone Star College System………………………	609,845,000		7/31/2019	0.59%	3,598,086
MUD 280…………………………………………	4,970,000		7/31/2019	100.00%	4,970,000
MUD 281…………………………………………	13,720,000		7/31/2019	100.00%	13,720,000
MUD 282…………………………………………	20,950,000		7/31/2019	100.00%	20,950,000
MUD 5……………………………………………	129,035,000		7/31/2019	14.45%	18,645,558
Total Estimated Overlapping Debt………………					$ 119,539,008
The District………………………………………	18,430,000	(a)	Current	100.00%	18,430,000
Total Direct and Estimated Overlapping Debt..					$ 137,969,008

Ratio of Estimated Direct and Overlapping Debt to 2019 Taxable Assessed Valuation….. 11.04%

(a) After issuance of the Bonds.

Overlapping Taxes

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

Set forth below are the taxes levied for the 2018 tax year by all of the taxing jurisdictions overlapping the District and the 2019 tax rate of the District. None of the other entities have levied a 2019 tax rate as of the date hereof. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

		2018 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…………………………	$	0.63517
Tomball Independent School District………………………………………		1.34000
Lone Star College System………………………………………………....		0.10780
Harris County MUD No. 282 (a)…………………………………………….		0.83000
Harris County Emergency Services District No. 11 (EMS)…………………		0.03606
Harris County Emergency Services District No. 16 (Fire)…………………		0.04957
Total Overlapping Tax Rate……………………………………..…………	$	2.99860
The District…………………………………………………………………….		0.27000
Total Tax Rate………………………………………………………………	$	3.26860

(a) Represents the highest overlapping municipal utility district rate. MUD 280 levied a 2018 tax rate in the amount of $0.67, MUD 281 levied a 2018 tax rate in the amount of $0.57 and MUD 5 levied a 2018 tax rate in the amount of $0.77.

TAX DATA

Debt Service Tax

The Board covenants in the Bond Order to levy and assess, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "Tax Rate Distribution" and "Tax Roll Information" below, "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS—Maximum Impact on District Tax 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 conducted January 17, 1987, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.00 per $100 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 Outstanding Bonds, the Bonds and any additional bonds. The District levied a maintenance tax of $0.11 per $100 of assessed valuation for tax year 2019. See "Debt Service Tax" above and "Tax Rate Distribution" below.

Tax Exemptions

For tax year 2019, the District has granted a $20,000 exemption for residential homesteads of persons sixty-five (65) years of age and older and/or disabled persons. The District currently grants no other homestead exemptions.

Tax Rate Distribution

	2019	2018	2017	2016	2015
Debt Service	$ 0.160	$ 0.175	$ 0.185	$ 0.210	$ 0.250
Maintenance and Operations	0.110	0.100	0.095	0.080	0.100
Total	$ 0.270	$ 0.275	$ 0.280	$ 0.290	$ 0.350

Historical Tax Collections

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

Tax Year	Taxable Assessed Valuation	Tax Rate	Total Tax Levy	Total Collections as of July 31, 2019 (a) Amount	Percent
2014	$ 695,126,765	$ 0.380	$ 2,641,482	$ 2,641,344	99.99%
2015	893,949,240	0.350	3,128,822	3,128,241	99.98%
2016	1,023,716,676	0.290	2,968,778	2,966,730	99.93%
2017	1,097,842,435	0.280	3,073,959	3,070,358	99.88%
2018	1,152,576,701	0.275	3,169,586	3,145,826	99.25%

(a) Unaudited.

Tax Roll Information

The following breakdown of the 2017 through 2019 Taxable Assessed Valuations has been provided by the District's Tax Assessor/Collector based on information contained in the 2017 through 2019 tax rolls of the District. Differences in values from other information herein are due to differences in dates of information provided. A breakdown of the uncertified portion ($110,713,012) of the 2019 Taxable Assessed Valuation is not available.

	2019 Taxable Value	2018 Taxable Value	2017 Taxable Value
Land	$ 217,910,293	$ 242,414,414	$ 230,200,885
Improvements	1,040,057,695	1,021,409,879	968,650,647
Personal Property	9,188,944	12,935,143	13,467,786
Exemptions	(127,905,371)	(124,182,735)	(114,476,883)
Total Certifed Value	1,139,251,561	1,152,576,701	1,097,842,435
Uncertified	110,713,012	-	-
Total	$ 1,249,964,573	$ 1,152,576,701	$ 1,097,842,435

Principal Taxpayers

The following list of principal taxpayers was provided by the District's Tax Assessor/Collector based upon the certified portion ($1,139,251,561) of the 2019 Taxable Assessed Valuation, which reflects ownership at January 1, 2019. A principal taxpayer list related to the uncertified portion ($110,713,012) of the 2019 Taxable Assessed Valuation is not available.

Taxpayer		2019 Certified Taxable Assessed Valuation	% of 2019 Certified Taxable Assessed Valuation
KC Oaks LLC (a)	$	28,289,532	2.48%
Bonanza Property Dev Ltd. (b)		9,411,522	0.83%
Beck & Masten Real Estate Properties Ltd. (c)		4,767,195	0.42%
Centerpoint Energy Hou ELE		3,361,860	0.30%
HBES Partners LLC		2,770,941	0.24%
Beck & Masten Kia of Tomball (c)		2,292,792	0.20%
MAI Discovery LLC		2,083,569	0.18%
Blex Exchange II LP (d)		1,953,765	0.17%
Rambo Enterprise LLC		1,922,257	0.17%
M I Homes of Houston LLC		1,515,009	0.13%
Total	$	58,368,442	5.12%

(a) The Oaks at NorthPointe apartment complex, a 246 unit apartment complex, which is approximately 96% occupied.
(b) Property is developed as skilled nursing facility.
(c) Related entities.
(d) Property is developed as a service repair facility located at the Beck & Masten Kia car dealership.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for purposes of illustration, no increase or decrease in assessed valuation over the 2019 Taxable Assessed Valuation and no use of debt service funds on hand, collection of ninety-five percent (95%) of taxes levied, and utilize tax rates necessary to pay the District's maximum annual and average annual debt service requirements. See “INVESTMENT CONSIDERATIONS—Maximum Impact on District Tax Rates.”

Average Annual Debt Service Requirement (2020-2037)..$1,228,226
$0.11 Tax Rate on the 2019 Taxable Assessed Valuation $1,306,213

Maximum Annual Debt Service Requirement (2020)..$2,038,238
$0.18 Tax Rate on the 2019 Taxable Assessed Valuation $2,137,439

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 $20,000 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, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of (i) a member of the armed forces or, (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

General Residential Homestead Exemption

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

Valuation of Property for Taxation

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

District and Taxpayer Remedies

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

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

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2019, no land within the District was designated for agricultural use, open space, inventory deferment or timberland.

Tax Abatement

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

Levy and Collection of Taxes

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

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 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.

District’s Rights in the Event of Tax Delinquencies

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

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law, and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See “INVESTMENT CONSIDERATIONS—Tax Collection Limitations.”

INVESTMENT CONSIDERATIONS

General

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

Recent Extreme Weather Events; Hurricane Harvey

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

The District's System did not sustain any material damage and there was no interruption of water and sewer service. Further, the District did not receive reports of any homes within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey. Additionally, to the best of the knowledge of the engineer for MUD 5, approximately 25 homes within its boundaries experienced structural flooding, but it is not known at this time whether such homes are within the boundaries of the District.

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

Specific Flood Type Risks

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

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

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 Developers to builders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and cost, employment stability, 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" and "Downturn in the Housing Market" below and "THE DISTRICT—Status of Development."

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 27 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 Houston and the nation could adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 27 miles from downtown Houston, could be affected by competition from other residential developments including other residential developments located in the northwest portion of the Houston metropolitan area. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District and in more established neighborhoods closer to downtown Houston. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developers in the sale of developed lots and of prospective builders in the construction 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 Developers will be implemented or, if implemented, will be successful.

Overlapping Debt Obligations and Taxes

Property within the District is subject to taxation by several governmental units. In particular, a portion of the land within the District is subject to taxation by MUD 280, MUD 281 and MUD 282 each of which is located entirely within the District's boundaries and MUD 5, approximately 495 acres of which are located within the District's boundaries. In addition, MUD 273, an approximately 145 acre municipal utility district, of which approximately 111 acres are also located within the boundaries of the District. Water, wastewater and certain storm drainage facilities within the District have been or will be financed by the utility districts within its boundaries. MUD 280, MUD 281, MUD 282 and MUD 5 have $4,190,000, $12,830,000, $20,105,000 and $129,035,000 principal amount of unlimited tax bonds (including refunding bonds) outstanding as of September 15, 2019, respectively. In addition, MUD 5 anticipates selling approximately $17,140,000 principal amount of unlimited tax bonds in fall 2019. MUD 273 has not sold bonds to date. In order to provide all of the developable land within the boundaries of the District with necessary water, wastewater and internal storm drainage facilities, the District anticipates the sale of additional bonds by MUD 282, MUD 5 and future issuance by MUD 273. MUD 280 and MUD 281 are fully developed and the issuance of additional bonds for purchase or construction of facilities is not anticipated. The issuance of additional bonds by any of the municipal utility districts within the boundaries of the District could further increase the tax burden on property within the District, thereby affecting the security for, and the investment quality and value of the Bonds. MUD 280, MUD 281, MUD 282 and MUD 5 are currently levying ad valorem taxes and levied a total tax of $0.67, $0.57, $0.83 and $0.77 per $100 of assessed valuation for the 2018 tax year, respectively. Taxes levied by MUD 280, MUD 281, MUD 282 and MUD 5 are in addition to taxes levied by the District. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "Overlapping Taxes."

The District has no control over issuance of bonds by any municipal utility district within its boundaries; however, any such bonds must be approved by the TCEQ under guidelines of feasibility established by the TCEQ. The current TCEQ rules regarding the feasibility of a bond issue for municipal utility districts in Harris County limit the projected combined total tax rate of entities levying a tax for water, wastewater and drainage to $1.50. The total combined tax rate for the District includes the District's projected tax rate and the projected tax rate of any municipal utility district within its boundaries. If the total combined tax rate of the District should ever exceed $1.50, the District and any municipal utility districts within its boundaries could be prohibited under rules of the TCEQ from selling additional bonds until such combined rate is $1.50 or less. The tax rate that may be required to service debt on any bonds issued by the District and other municipal utility districts within its boundaries, is subject to numerous uncertainties such as the stability and/or growth of taxable values within its boundaries and the amount of direct unlimited tax bonds issued. There can be no assurances that the composite tax rate of the District and any municipal utility districts in its boundaries will be competitive with the tax rates of competing projects in the Harris County region. To the extent that such composite tax rate is not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of $1.50 is higher than the tax levy of many municipal utility districts in the Houston metropolitan area, although such a combined levy is within the range of levies imposed for similar purposes by certain municipal utility districts in the Houston metropolitan area in stages of development comparable with the District.

Landowner Obligation to the District

There are no commitments from or obligations of the Developers or any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds, continued development of taxable property within the District will increase or maintain its taxable value. See “THE DEVELOPERS.”

Tax Collections Limitations

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

Registered Owners’ Remedies and Bankruptcy Limitations

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

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

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $43,000,000 principal amount of unlimited tax bonds for acquiring or constructing drainage and detention facilities and $43,000,000 of unlimited tax refunding bonds have been authorized by the District's voters. After the issuance of the Bonds, the District will have $41,477,281.32 principal amount of unlimited tax refunding bonds authorized but unissued. Additionally, the District has $13,480,000 of unlimited tax bonds for acquiring or constructing drainage and detention facilities authorized but unissued and voters may authorize the issuance of additional bonds secured by ad valorem taxes. 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. See "THE BONDS—Issuance of Additional Debt."

The District continues to owe funds related to construction of drainage improvements to the Developers and other property owners for advances made for the construction of District facilities. The District intends to issue additional bonds in order to reimburse the Developers and provide drainage to the entire District. The District does not employ any formula with respect to assessed valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Environmental Regulations

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

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

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

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

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

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

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

The HGB Area is currently designated as a "marginal" nonattainment area under the 2015 Ozone Standard, with an attainment deadline of August 3, 2021. For purposes of the 2015 Ozone Standard, the HGB Area consists of only six counties: Brazoria, Chambers, Fort Bend, Galveston, Harris, and Montgomery Counties.

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

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

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

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

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

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

In 2015, the EPA and 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 expanded the scope of the federal government’s CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of “waters of the United States” and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal will officially become final sixty days after its publication in the Federal Register.

On December 11, 2018, the EPA and USACE released a proposed replacement definition of “waters of the United States.” The proposed definition outlines six categories of waters that would be considered “waters of the United States,” including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not “waters of the United States,” such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies took comments on the proposal for 60 days after publication in the Federal Register, which occurred on February 14, 2019, but the proposed rule has not bee finalized.

Due to the pending rulemaking activity, there remains 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 additional permitting requirements.

Bond Insurance Risk Factors

The District has entered into an agreement with Build America Mutual Assurance Company (“BAM” or the “Insurer”) for the purchase of a municipal bond insurance policy (the “Policy”). At the time of entering into the 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 Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of “MUNICIPAL BOND RATING” and “MUNICIPAL BOND INSURANCE.”

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

Neither the District nor the Underwriter has made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment.

Future and Proposed Legislation

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

Marketability

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

Continuing Compliance with Certain Covenants

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

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 a municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company. Moody's Investors Service ("Moody's") has also assigned an underlying rating of "A1" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's, respectively.

There is no assurance that such ratings will continue for any given period of time or that they 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 rating 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 the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as APPENDIX B to this Official Statement.

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

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 June 30, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $525 million, $114 million and $411 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.

LEGAL MATTERS

Legal Opinions

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

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

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

Legal Review

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

TAX MATTERS

Opinion

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

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

State, Local and Foreign Taxes

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

Qualified Tax-Exempt Obligations

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

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

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

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

NO-LITIGATION CERTIFICATE

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

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

Underwriter

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

Consultants

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

Engineer: The information contained in this Official Statement relating to engineering and to the description of the system and, in particular that information included in the sections entitled "THE DISTRICT," "DRAINAGE SYSTEM" and "WATER AND WASTEWATER" has been provided by BGE, Inc., Consulting Engineers, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Tax Assessor Collector: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" has been provided by B&A Municipal Tax Service, LLC and is included herein in reliance upon the authority of such individual as an expert in assessing property values and collecting taxes.

Auditor: The financial statements of the District, as of November 30, 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 November 30, 2018 audited financial statements.

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

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," "TAX DATA," and "WATER AND WASTEWATER—Operating Statement" (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 Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Specified Event Notices

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

Availability of Information from the MSRB

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

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

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of NorthPointe Water Control and Improvement Districtas of the date shown on the cover page.

/s/ Vanessa F. Bissey-Beard
President, Board of Directors

ATTEST:

/s/ Eric T. Thomas
Secretary, Board of Directors

APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended November 30, 2018

NorthPointe Water Control and Improvement District

Harris County, Texas

Independent Auditor's Report and Financial Statements

November 30, 2018

BKD

CPAs & Advisors

NorthPointe Water Control and Improvement District
November 30, 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
NorthPointe Water Control and Improvement District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of NorthPointe Water Control and Improvement District (the District), as of and for the year ended November 30, 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 November 30, 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
April 11, 2019

NorthPointe Water Control and Improvement District

Management's Discussion and Analysis

November 30, 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 assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

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	$ 6,371,338	$ 7,882,020
Capital assets	24,106,678	23,679,616
Total assets	30,478,016	31,561,636
Deferred outflows of resources	489,067	531,945
Total assets and deferred outflows of resources	$ 30,967,083	$ 32,093,581
Long-term liabilities	$ 20,648,979	$ 23,549,796
Other liabilities	187,171	245,416
Total liabilities	20,836,150	23,795,212
Deferred inflows of resources	3,160,176	3,064,516
Net position:		
Net investment in capital assets	3,972,131	2,620,594
Restricted	1,482,614	1,507,150
Unrestricted	1,516,012	1,106,109
Total net position	$ 6,970,757	$ 5,233,853

The total net position of the District increased by $1,736,904 or about 33 percent. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. 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.

NorthPointe Water Control and Improvement District

Management's Discussion and Analysis (Continued)

November 30, 2018

Summary of Changes in Net Position

	2018	2017
Revenues:		
Property taxes	$ 3,066,773	$ 2,974,042
Other revenues	794,576	108,955
Total revenues	3,861,349	3,082,997
Expenses:		
Services	783,002	829,148
Debt service	670,676	701,577
Conveyance of capital assets	670,767	412,203
Total expenses	2,124,445	1,942,928
Change in net position	1,736,904	1,140,069
Net position, beginning of year	5,233,853	4,093,784
Net position, end of year	$ 6,970,757	$ 5,233,853

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended November 30, 2018, were $3,166,771, a decrease of $1,549,898 from the prior year.

The general fund's fund balance increased by $440,786 as a result of property tax revenues being greater than service operation expenditures.

The debt service fund's fund balance decreased by $35,749 because bond principal and interest requirements were greater than property tax revenues generated.

The capital projects fund's fund balance decreased by $1,954,935 primarily due to the District repaying its developers for facilities located within the District's boundaries.

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 investment income and professional fees and other expenditures being higher than anticipated, as well as other income and repairs and maintenance and capital outlay expenditures being lower than anticipated. The fund balance as of November 30, 2018, was expected to be $1,426,310 and the actual end-of-year fund balance was $1,513,205.

NorthPointe Water Control and Improvement District
Management's Discussion and Analysis (Continued)
November 30, 2018

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

	2018	2017
Land and improvements	$ 23,951,310	$ 23,679,616
Construction process	155,368	-
	$ 24,106,678	$ 23,679,616

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

Construction in process related to 2018 drainage project	$ 155,368
Enclave at NorthPointe Earth Movement, Phase II	215,964
Final grading to detention pond for Boudreaux Town Center	181,405
Total additions to capital assets	$ 552,737

Developers within the District have constructed drainage 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 November 30, 2018, a liability for developer-constructed capital assets of $843,204 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended November 30, 2018, are summarized as follows:

Long-term debt payable, beginning of year	$ 23,549,796
Increases in long-term debt	843,204
Decreases in long-term debt	(3,744,021)
Long-term debt payable, end of year	$ 20,648,979

At November 30, 2018, the District had $13,480,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the drainage system within the District.

The District's bonds carry underlying ratings of "BBB+" from Standard & Poor's (S&P) and "A1" from Moody's Investors Service. The Series 2010 refunding bonds carry a "AA" rating from S&P by virtue of bond insurance issued by Assured Guaranty Corp. The Series 2012 refunding and 2014 refunding bonds carry a "AA" rating from S&P by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2012A, 2015A, 2015 refunding and 2016 bonds carry a "AA" rating from S&P by virtue of bond insurance issued by Build America Mutual Assurance Company.

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 may be annexed by the City without the District's consent. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

NorthPointe Water Control and Improvement District

Statement of Net Position and Governmental Funds Balance Sheet

November 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 17,015	$ 248,819	$ 48,075	$ 313,909	$ -	$ 313,909
Certificates of deposit	1,150,000	1,360,000	-	2,510,000	-	2,510,000
Short-term investments	194,073	70,140	280,829	545,042	-	545,042
Property tax receivable	1,077,103	1,886,045	-	2,963,148	-	2,963,148
Accrued interest	9,478	13,194	-	22,672	-	22,672
Interfund receivable	220,139	-	-	220,139	(220,139)	-
Due from others	16,567	-	-	16,567	-	16,567
Capital assets:						
Land and improvements	-	-	-	-	23,951,310	23,951,310
Construction in process	-	-	-	-	155,368	155,368
Total assets	2,684,375	3,578,198	328,904	6,591,477	23,886,539	30,478,016
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	489,067	489,067
Total assets and deferred outflows of resources	$ 2,684,375	$ 3,578,198	$ 328,904	$ 6,591,477	$ 24,375,606	$ 30,967,083

NorthPointe Water Control and Improvement District

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

November 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 13,904	$ 4,608	$ 1,035	$ 19,547	$ -	$ 19,547
Accrued interest payable	-	-	-	-	151,613	151,613
Retainage payable	-	-	10,707	10,707	-	10,707
Due to others	5,304	-	-	5,304	-	5,304
Interfund payable	-	75,478	144,661	220,139	(220,139)	-
Long-term liabilities:						
Due within one year	-	-	-	-	1,460,000	1,460,000
Due after one year	-	-	-	-	19,188,979	19,188,979
Total liabilities	19,208	80,086	156,403	255,697	20,580,453	20,836,150
Deferred Inflows of Resources						
Deferred property tax revenues	1,151,962	2,017,047	0	3,169,009	(8,833)	3,160,176
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	1,481,065	-	1,481,065	(1,481,065)	-
Drainage	-	-	172,501	172,501	(172,501)	-
Unassigned	1,513,205	-	-	1,513,205	(1,513,205)	-
Total fund balances	1,513,205	1,481,065	172,501	3,166,771	(3,166,771)	0
Total liabilities, deferred inflows of resources and fund balances	$ 2,684,375	$ 3,578,198	$ 328,904	$ 6,591,477		
Net position:						
Net investment in capital assets					3,972,131	3,972,131
Restricted for debt service					1,335,478	1,335,478
Restricted for capital projects					147,136	147,136
Unrestricted					1,516,012	1,516,012
Total net position					$ 6,970,757	$ 6,970,757

NorthPointe Water Control and Improvement District

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

Year Ended November 30, 2018

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 1,041,677	$ 2,027,763	$ -	$ 3,069,440	$ (2,667)	$ 3,066,773
Penalty and interest	-	13,103	-	13,103	(2,861)	10,242
Investment income	22,581	32,999	9,321	64,901	-	64,901
Other income	53,740	54,905	-	108,645	610,788	719,433
Total revenues	1,117,998	2,128,770	9,321	3,256,089	605,260	3,861,349
Expenditures/Expenses						
Service operations:						
Professional fees	160,200	5,455	-	165,655	40,015	205,670
Contracted services	27,110	56,330	-	83,440	500	83,940
Utilities	225	-	-	225	-	225
Repairs and maintenance	414,930	-	-	414,930	-	414,930
Other expenditures	65,782	12,168	287	78,237	-	78,237
Capital outlay	8,965	-	1,963,969	1,972,934	(1,972,934)	-
Conveyance of capital assets	-	-	-	-	670,767	670,767
Debt service:						
Principal retirement	-	1,450,000	-	1,450,000	(1,450,000)	-
Interest and fees	-	640,566	-	640,566	30,110	670,676
Total expenditures/expenses	677,212	2,164,519	1,964,256	4,805,987	(2,681,542)	2,124,445
Excess (Deficiency) of Revenues Over Expenditures	440,786	(35,749)	(1,954,935)	(1,549,898)	1,549,898	
Change in Net Position					1,736,904	1,736,904
Fund Balances/Net Position						
Beginning of year	1,072,419	1,516,814	2,127,436	4,716,669	-	5,233,853
End of year	$ 1,513,205	$ 1,481,065	$ 172,501	$ 3,166,771	$ 0	$ 6,970,757

NorthPointe Water Control and Improvement District

Notes to Financial Statements

November 30, 2018

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

NorthPointe Water Control and Improvement District (the District) was created as Westbourne Water Control and Improvement District by an order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective May 28, 1986, in accordance with the Texas Water Code, Chapter 51. The name of the District was changed to NorthPointe Water Control and Improvement District effective March 10, 1995. The District operates in accordance with Chapters 49 and 51 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 drainage facilities and to provide such facilities and services to landowners of the District.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. 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. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2017 on the 2017 levy.

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 November 30, 2018, the tax levied in October 2018 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending November 30, 2019. 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.

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.	$	24,106,678
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.		8,833
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.		489,067
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(151,613)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(20,648,979)
Adjustment to fund balances to arrive at net position.	$	3,803,986

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 of the following items.

Change in fund balances.	$	(1,549,898)
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 conveyed capital assets and noncapitalized costs in the current period.		1,261,652
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.		1,450,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.		605,260
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.		(30,110)
Change in net position of governmental activities.	$	1,736,904

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 November 30, 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 November 30, 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	$ 545,042	$ 545,042	$ 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 November 30, 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 November 30, 2018, as follows.

Carrying value:		
Deposits	$	2,823,909
Investments		545,042
Total	$	3,368,951

Included in the following statement of net position captions:

Cash	$	313,909
Certificates of deposit		2,510,000
Short-term investments		545,042
Total	$	3,368,951

Investment Income

Investment income of $64,901 for the year ended November 30, 2018, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of November 30, 2018:

- Pooled investments of $545,042 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 November 30, 2018, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Retirements	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	$ 23,679,616	$ 397,369	$ 125,675	$ 23,951,310
Construction in process	-	155,368	-	155,368
Total capital assets, non-depreciable	$ 23,679,616	$ 552,737	$ 125,675	$ 24,106,678

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended November 30, 2018, were as follows.

NorthPointe Water Control and Improvement District

Notes to Financial Statements

November 30, 2018

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 21,190,000	$ -	$ 1,450,000	$ 19,740,000	$ 1,460,000
Less discounts on bonds	116,271	-	4,111	112,160	-
Add premiums on bonds	187,485	-	9,550	177,935	-
	21,261,214	0	1,455,439	19,805,775	1,460,000
Due to developers	2,288,582	843,204	2,288,582	843,204	-
Total governmental activities long-term liabilities	$ 23,549,796	$ 843,204	$ 3,744,021	$ 20,648,979	$ 1,460,000

General Obligation Bonds

	Refunding Series 2010	Refunding Series 2012
Amounts outstanding, November 30, 2018	$1,395,000	$4,075,000
Interest rates	2.00% to 4.25%	2.00% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2019/2027	September 1, 2019/2030
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2018	September 1, 2019

	Series 2012A	Refunding Series 2014
Amounts outstanding, November 30, 2018	$2,550,000	$2,030,000
Interest rates	2.00% to 3.70%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2019/2037	September 1, 2019/2024
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2019	September 1, 2021

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

	Series 2015A	Refunding Series 2015
Amounts outstanding, November 30, 2018	$3,230,000	$3,005,000
Interest rates	2.000% to 3.625%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2019/2037	September 1, 2019/2031
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2022	September 1, 2022

	Series 2016
Amount outstanding, November 30, 2018	$3,455,000
Interest rates	1.50% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2019/2037
Interest payment dates	March 1/ September 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 November 30, 2018.

Year	Principal	Interest	Total
2019	$ 1,460,000	$ 606,454	$ 2,066,454
2020	1,480,000	573,766	2,053,766
2021	1,500,000	535,679	2,035,679
2022	1,520,000	496,055	2,016,055
2023	1,545,000	452,391	1,997,391
2024-2028	7,560,000	1,510,015	9,070,015
2029-2033	2,950,000	559,220	3,509,220
2034-2037	1,725,000	153,565	1,878,565
Total	$ 19,740,000	$ 4,887,145	$ 24,627,145

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	$ 43,000,000
Bonds sold	29,520,000
Refunding bonds voted	43,000,000
Refunding bond authorization used	1,299,551*

*The District has issued $16,745,000 of refunding bonds; however, of such amount, $1,299,551 has been applied to the voter-authorized bonds and the remaining $15,445,449 has been issued pursuant to Chapter 1207 of the Texas Government Code.

Due to Developers

Developers of the District have constructed drainage facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developers for these construction costs, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $843,204.

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 November 30, 2018, the District levied an ad valorem debt service tax at the rate of $0.17500 per $100 of assessed valuation, which resulted in a tax levy of $2,011,021 on the taxable valuation of $1,149,154,420 for the 2018 tax year. The interest and principal requirements to be paid from the tax revenues are $2,066,454. The District will utilize available debt service fund resources to satisfy the requirements.

B. During the prior year, the Commission required the District to escrow $1,751,447 from the proceeds of its Series 2016 bonds. During the current year, the entire amount was released from escrow.

Note 6: Maintenance Taxes

At an election held January 17, 1987, voters authorized a maintenance tax not to exceed $1.00 per $100 valuation on all property within the District subject to taxation. During the year ended November 30, 2018, the District levied an ad valorem maintenance tax at the rate of $0.1000 per

$100 of assessed valuation, which resulted in a tax levy of $1,149,155 on the taxable valuation of $1,149,154,420 for the 2018 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: 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.

Required Supplementary Information

NorthPointe Water Control and Improvement District

Budgetary Comparison Schedule – General Fund

Year Ended November 30, 2018

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 1,034,891	$ 1,041,677	$ 6,786
Other income	46,350	53,740	7,390
Investment income	11,120	22,581	11,461
Total revenues	1,092,361	1,117,998	25,637
Expenditures			
Service operations:			
Professional fees	115,500	160,200	(44,700)
Contracted services	27,000	27,110	(110)
Utilities	300	225	75
Repairs and maintenance	499,150	414,930	84,220
Other expenditures	46,520	65,782	(19,262)
Capital outlay	50,000	8,965	41,035
Total expenditures	738,470	677,212	61,258
Excess of Revenues Over Expenditures	353,891	440,786	86,895
Fund Balance, Beginning of Year	1,072,419	1,072,419	-
Fund Balance, End of Year	$ 1,426,310	$ 1,513,205	$ 86,895

NorthPointe Water Control and Improvement District

Notes to Required Supplementary Information

November 30, 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 not 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

NorthPointe Water Control and Improvement District
Other Schedules Included Within This Report
November 30, 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 12-24

[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

NorthPointe Water Control and Improvement District

Schedule of Services and Rates

Year Ended November 30, 2018

1. Services provided by the District:

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

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

___ Other The District does not provide water and sewer service.

NorthPointe Water Control and Improvement District
Schedule of General Fund Expenditures
Year Ended November 30, 2018

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 18,700	
Legal	80,165	
Engineering	61,335	
Financial advisor	-	160,200
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		-
Contracted Services		
Bookkeeping	20,706	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	6,404	27,110
Utilities		225
Repairs and Maintenance		414,930
Administrative Expenditures		
Directors' fees	11,400	
Office supplies	3,031	
Insurance	4,003	
Other administrative expenditures	47,348	65,782
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	8,965	8,965
Tap Connection Expenditures		-
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 677,212

NorthPointe Water Control and Improvement District
Schedule of Temporary Investments
November 30, 2018

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit:				
No. 1003025988	2.00%	07/06/19	$ 100,000	$ 805
No. 1003058319	1.05%	12/12/18	100,000	1,015
No. 500330	2.35%	07/12/19	100,000	908
No. 498436	2.00%	06/12/19	100,000	937
No. 593	2.75%	10/24/19	100,000	279
No. 83205211	1.20%	01/22/19	100,000	812
No. 66000727	2.05%	04/23/19	150,000	1,862
No. 9009010131	1.30%	03/15/19	100,000	922
No. 9009003869	2.40%	08/09/19	100,000	736
No. 80001080	1.10%	02/20/19	100,000	749
No. 0123046627	2.47%	09/24/19	100,000	453
Texas CLASS	2.46%	Demand	194,073	-
			1,344,073	9,478
Debt Service Fund				
Certificates of Deposit:				
No. 499632	2.35%	07/06/19	100,000	946
No. 83209221	1.35%	04/13/19	240,000	2,051
No. 66000724	1.60%	04/12/19	240,000	2,441
No. 6757875231	1.28%	02/20/19	300,000	2,610
No. 9009004194	2.20%	07/05/19	240,000	2,126
No. 0123046813	1.98%	04/12/19	240,000	3,020
Texas CLASS	2.46%	Demand	70,140	-
			1,430,140	13,194
Capital Projects Fund				
Texas CLASS	2.46%	Demand	280,829	0
Totals			$ 3,055,042	$ 22,672

NorthPointe Water Control and Improvement District

Analysis of Taxes Levied and Receivable

Year Ended November 30, 2018

		Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year		$ 979,218	$ 1,909,011
Additions and corrections to prior year's taxes		1,552	704
Adjusted receivable, beginning of year		980,770	1,909,715
2018 Original Tax Levy		1,129,677	1,976,935
Additions and corrections to current years' taxes		19,478	34,086
Adjusted tax levy		1,149,155	2,011,021
Total to be accounted for		2,129,925	3,920,736
Tax collections:	Current year	(74,859)	(131,002)
	Prior years	(977,963)	(1,903,689)
Receivable, end of year		$ 1,077,103	$ 1,886,045
Receivable, by Years			
2018		$ 1,074,296	$ 1,880,019
2017		1,962	3,821
2016		624	1,639
2015		160	400
2014		25	65
2013		22	61
2012		14	40
Receivable, end of year		$ 1,077,103	$ 1,886,045

NorthPointe Water Control and Improvement District
Analysis of Taxes Levied and Receivable (Continued)
Year Ended November 30, 2018

	2018	2017	2016	2015
Property Valuations				
Land	$ 226,772,780	$ 225,292,720	$ 194,382,942	$ 180,223,994
Improvements	1,033,075,997	960,225,982	896,435,019	749,805,762
Personal property	10,698,526	11,050,475	11,596,235	9,265,255
Exemptions	(121,392,883)	(102,098,973)	(97,554,915)	(91,895,032)
Total property valuations	$ 1,149,154,420	$ 1,094,470,204	$ 1,004,859,281	$ 847,399,979
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.1750	$ 0.1850	$ 0.2100	$ 0.2500
Maintenance tax rates*	0.1000	0.0950	0.0800	0.1000
Total tax rates per $100 valuation	$ 0.2750	$ 0.2800	$ 0.2900	$ 0.3500
Tax Levy	$ 3,160,176	$ 3,064,517	$ 2,914,092	$ 2,965,888
Percent of Taxes Collected to Taxes Levied**	7%	99%	99%	99%

*Maximum tax rate approved by voters: $1.00 on January 17, 1987

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

NorthPointe Water Control and Improvement District

Schedule of Long-term Debt Service Requirements by Years

November 30, 2018

Due During Fiscal Years Ending November 30	Refunding Series 2010 Principal Due September 1	Interest Due March 1, September 1	Total
2019	$ 125,000	$ 55,762	$ 180,762
2020	135,000	51,700	186,700
2021	140,000	46,300	186,300
2022	150,000	40,700	190,700
2023	155,000	34,700	189,700
2024	160,000	28,500	188,500
2025	170,000	22,100	192,100
2026	175,000	15,300	190,300
2027	185,000	7,863	192,863
Totals	$ 1,395,000	$ 302,925	$ 1,697,925

NorthPointe Water Control and Improvement District

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

November 30, 2018

	Refunding Series 2012		
Due During Fiscal Years Ending November 30	Principal Due September 1	Interest Due March 1, September 1	Total
2019	$ 355,000	$ 129,159	$ 484,159
2020	355,000	120,283	475,283
2021	370,000	109,634	479,634
2022	375,000	98,534	473,534
2023	385,000	87,284	472,284
2024	395,000	75,733	470,733
2025	405,000	63,390	468,390
2026	410,000	50,228	460,228
2027	425,000	36,288	461,288
2028	435,000	21,413	456,413
2029	85,000	6,187	91,187
2030	80,000	3,000	83,000
Totals	$ 4,075,000	$ 801,133	$ 4,876,133

NorthPointe Water Control and Improvement District

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

November 30, 2018

	Series 2012A		
Due During Fiscal Years Ending November 30	Principal Due September 1	Interest Due March 1, September 1	Total
2019	$ 25,000	$ 89,458	$ 114,458
2020	25,000	88,957	113,957
2021	25,000	88,395	113,395
2022	25,000	87,770	112,770
2023	25,000	87,107	112,107
2024	25,000	86,395	111,395
2025	130,000	85,645	215,645
2026	140,000	81,615	221,615
2027	145,000	77,065	222,065
2028	155,000	72,207	227,207
2029	165,000	66,860	231,860
2030	170,000	61,085	231,085
2031	180,000	55,135	235,135
2032	190,000	48,655	238,655
2033	200,000	41,625	241,625
2034	215,000	34,225	249,225
2035	225,000	26,270	251,270
2036	235,000	17,945	252,945
2037	250,000	9,250	259,250
Totals	$ 2,550,000	$ 1,205,664	$ 3,755,664

NorthPointe Water Control and Improvement District

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

November 30, 2018

	Refunding Series 2014		
Due During Fiscal Years Ending November 30	Principal Due September 1	Interest Due March 1, September 1	Total
2019	$ 315,000	$ 52,775	$ 367,775
2020	330,000	46,475	376,475
2021	330,000	39,050	369,050
2022	340,000	30,800	370,800
2023	350,000	21,450	371,450
2024	365,000	10,950	375,950
Totals	$ 2,030,000	$ 201,500	$ 2,231,500

NorthPointe Water Control and Improvement District

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

November 30, 2018

	Series 2015A		
Due During Fiscal Years Ending November 30	Principal Due September 1	Interest Due March 1, September 1	Total
2019	$ 250,000	$ 90,650	$ 340,650
2020	250,000	85,650	335,650
2021	250,000	80,650	330,650
2022	250,000	75,650	325,650
2023	250,000	70,650	320,650
2024	250,000	63,150	313,150
2025	250,000	55,650	305,650
2026	250,000	48,150	298,150
2027	230,000	40,650	270,650
2028	100,000	33,750	133,750
2029	100,000	30,750	130,750
2030	100,000	27,750	127,750
2031	100,000	24,500	124,500
2032	100,000	21,250	121,250
2033	100,000	17,750	117,750
2034	100,000	14,250	114,250
2035	100,000	10,750	110,750
2036	100,000	7,250	107,250
2037	100,000	3,625	103,625
Totals	$ 3,230,000	$ 802,475	$ 4,032,475

NorthPointe Water Control and Improvement District

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

November 30, 2018

	Refunding Series 2015		
Due During Fiscal Years Ending November 30	Principal Due September 1	Interest Due March 1, September 1	Total
2019	$ 140,000	$ 103,388	$ 243,388
2020	135,000	99,188	234,188
2021	135,000	95,138	230,138
2022	130,000	91,088	221,088
2023	130,000	87,188	217,188
2024	125,000	81,987	206,987
2025	335,000	76,987	411,987
2026	340,000	63,587	403,587
2027	350,000	49,987	399,987
2028	360,000	39,487	399,487
2029	360,000	28,687	388,687
2030	370,000	17,887	387,887
2031	95,000	3,087	98,087
Totals	$ 3,005,000	$ 837,686	$ 3,842,686

NorthPointe Water Control and Improvement District

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

November 30, 2018

	Series 2016		
Due During Fiscal Years Ending November 30	Principal Due September 1	Interest Due March 1, September 1	Total
2019	$ 250,000	$ 85,262	$ 335,262
2020	250,000	81,513	331,513
2021	250,000	76,512	326,512
2022	250,000	71,513	321,513
2023	250,000	64,012	314,012
2024	250,000	56,513	306,513
2025	250,000	49,012	299,012
2026	250,000	44,013	294,013
2027	250,000	39,013	289,013
2028	250,000	33,387	283,387
2029	155,000	27,762	182,762
2030	100,000	23,500	123,500
2031	100,000	20,750	120,750
2032	100,000	18,000	118,000
2033	100,000	15,000	115,000
2034	100,000	12,000	112,000
2035	100,000	9,000	109,000
2036	100,000	6,000	106,000
2037	100,000	3,000	103,000
Totals	$ 3,455,000	$ 735,762	$ 4,190,762

NorthPointe Water Control and Improvement District

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

November 30, 2018

	Annual Requirements For All Series		
Due During Fiscal Years Ending November 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2019	$ 1,460,000	$ 606,454	$ 2,066,454
2020	1,480,000	573,766	2,053,766
2021	1,500,000	535,679	2,035,679
2022	1,520,000	496,055	2,016,055
2023	1,545,000	452,391	1,997,391
2024	1,570,000	403,228	1,973,228
2025	1,540,000	352,784	1,892,784
2026	1,565,000	302,893	1,867,893
2027	1,585,000	250,866	1,835,866
2028	1,300,000	200,244	1,500,244
2029	865,000	160,246	1,025,246
2030	820,000	133,222	953,222
2031	475,000	103,472	578,472
2032	390,000	87,905	477,905
2033	400,000	74,375	474,375
2034	415,000	60,475	475,475
2035	425,000	46,020	471,020
2036	435,000	31,195	466,195
2037	450,000	15,875	465,875
Totals	$ 19,740,000	$ 4,887,145	$ 24,627,145

NorthPointe Water Control and Improvement District

Changes in Long-term Bonded Debt

Year Ended November 30, 2018

	Refunding Series 2010	Refunding Series 2012	Series 2012A	Bond Refunding Series 2014
Interest rates	2.00% to 4.25%	2.00% to 3.75%	2.00% to 3.70%	2.00% to 3.00%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2019/2027	September 1, 2019/2030	September 1, 2019/2037	September 1, 2019/2024
Bonds outstanding, beginning of current year	$ 1,520,000	$ 4,425,000	$ 2,575,000	$ 2,340,000
Retirements, principal	125,000	350,000	25,000	310,000
Bonds outstanding, end of current year	$ 1,395,000	$ 4,075,000	$ 2,550,000	$ 2,030,000
Interest paid during current year	$ 59,825	$ 136,158	$ 89,957	$ 58,975

Paying agent's name and address:

Series 2010 - 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 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 - 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 - 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

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	$ 43,000,000	0	$ 43,000,000
Amount of voter-authorized issued bonds	$ 29,520,000	0	$ 1,299,551 *
Voter authorized but unissued bonds	$ 13,480,000	0	$ 41,700,449

Debt service fund cash and temporary investment balances as of November 30, 2018:	$ 1,678,959
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,296,166

*The District has issued $16,745,000 of refunding bonds; however, of such amount, $1,299,551 has been applied to the voter-authorized bonds and the remaining $15,445,449 has been issued pursuant to Chapter 1207 of the Texas Government Code.

Issues

Series 2015A	Refunding Series 2015	Series 2016	Totals
2.000% to 3.625%	2.00% to 4.00%	1.50% to 3.00%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	
September 1, 2019/2037	September 1, 2019/2031	September 1, 2019/2037	
$ 3,480,000	$ 3,145,000	$ 3,705,000	$ 21,190,000
250,000	140,000	250,000	1,450,000
$ 3,230,000	$ 3,005,000	$ 3,455,000	$ 19,740,000
$ 95,650	$ 106,188	$ 89,013	$ 635,766

NorthPointe Water Control and Improvement District

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended November 30,

	Amounts				
	2018	2017	2016	2015	2014
General Fund					
Revenues					
Property taxes	$ 1,041,677	$ 819,677	$ 896,783	$ 727,254	$ 563,129
Investment income	22,581	12,868	6,691	4,707	3,810
Other income	53,740	43,351	37,005	47,290	33,950
Total revenues	1,117,998	875,896	940,479	779,251	600,889
Expenditures					
Service operations:					
Professional fees	160,200	127,391	89,225	84,330	96,726
Contracted services	27,110	27,563	25,304	38,295	22,560
Utilities	225	325	286	312	201
Repairs and maintenance	414,930	523,197	513,253	380,717	310,716
Other expenditures	65,782	45,100	42,838	35,896	36,993
Capital outlay	8,965	412,203	-	-	-
Total expenditures	677,212	1,135,779	670,906	539,550	467,196
Excess (Deficiency) of Revenues Over Expenditures	440,786	(259,883)	269,573	239,701	133,693
Fund Balance, Beginning of Year	1,072,419	1,332,302	1,062,729	823,028	689,335
Fund Balance, End of Year	$ 1,513,205	$ 1,072,419	$ 1,332,302	$ 1,062,729	$ 823,028
Total Active Retail Water Connections	N/A	N/A	N/A	N/A	N/A
Total Active Retail Wastewater Connections	N/A	N/A	N/A	N/A	N/A

Percent of Fund Total Revenues				
2018	2017	2016	2015	2014
93.2 %	93.6 %	95.4 %	93.3 %	93.7 %
2.0	1.5	0.7	0.6	0.6
4.8	4.9	3.9	6.1	5.7
100.0	100.0	100.0	100.0	100.0
14.3	14.5	9.4	10.8	16.1
2.4	3.1	2.7	4.9	3.8
0.0	0.1	0.0	0.0	0.0
37.1	59.7	54.6	48.9	51.7
5.9	5.2	4.6	4.6	6.2
0.8	47.1	-	-	-
60.5	129.7	71.3	69.2	77.8
39.5 %	(29.7) %	28.7 %	30.8 %	22.2 %

NorthPointe Water Control and Improvement District

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended November 30,

	Amounts				
	2018	2017	2016	2015	2014
Debt Service Fund					
Revenues					
Property taxes	$ 2,027,763	$ 2,151,550	$ 2,242,308	$ 1,904,619	$ 1,604,871
Penalty and interest	13,103	10,756	11,455	12,805	25,006
Investment income	32,999	19,242	10,075	6,903	6,071
Other income	54,905	15,582	1,246	298	2,363
Total revenues	2,128,770	2,197,130	2,265,084	1,924,625	1,638,311
Expenditures					
Current:					
Professional fees	5,455	4,037	1,800	2,788	2,445
Contracted services	56,330	54,746	72,938	67,991	60,454
Other expenditures	12,168	12,234	25,115	26,766	22,467
Debt service:					
Principal retirement	1,450,000	1,590,000	1,335,000	950,000	870,000
Interest and fees	640,566	653,075	618,659	480,421	624,695
Debt issuance costs	-	-	-	139,380	130,693
Total expenditures	2,164,519	2,314,092	2,053,512	1,667,346	1,710,754
Excess (Deficiency) of Revenues Over Expenditures	(35,749)	(116,962)	211,572	257,279	(72,443)
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	3,510,000	3,420,000
Deposit with escrow agent	-	-	-	(3,485,322)	(3,289,075)
Premium on debt issued	-	-	-	119,604	-
Total other financing sources	0	0	0	144,282	130,925
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(35,749)	(116,962)	211,572	401,561	58,482
Fund Balance, Beginning of Year	1,516,814	1,633,776	1,422,204	1,020,643	962,161
Fund Balance, End of Year	$ 1,481,065	$ 1,516,814	$ 1,633,776	$ 1,422,204	$ 1,020,643

Percent of Fund Total Revenues				
2018	2017	2016	2015	2014
95.3 %	97.9 %	99.0 %	99.0 %	98.0 %
0.5	0.5	0.5	0.7	1.5
1.6	0.9	0.4	0.3	0.4
2.6	0.7	0.1	0.0	0.1
100.0	100.0	100.0	100.0	100.0
0.3	0.2	0.1	0.1	0.1
2.6	2.5	3.2	3.5	3.7
0.6	0.5	1.1	1.4	1.4
68.1	72.4	58.9	49.4	53.1
30.1	29.7	27.3	25.0	38.1
-	-	-	7.2	8.0
101.7	105.3	90.6	86.6	104.4
(1.7) %	(5.3) %	9.4 %	13.4 %	(4.4) %

NorthPointe Water Control and Improvement District

Board Members, Key Personnel and Consultants

Year Ended November 30, 2018

Complete District mailing address:	NorthPointe Water Control and Improvement District 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):		May 16, 2018
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
Vanessa F. Bissey-Beard	Elected 05/16-05/20	$ 3,000	$ 202	President
Patricia Enstrom	Elected 05/16-05/20	2,850	196	Vice President
Eric T. Thomas	Elected 05/18-05/22	2,400	60	Secretary
Karl Beck	Elected 05/18-05/22	1,200	24	Assistant Secretary
Michael Keck	Elected 05/18-05/22	750	22	Assistant Secretary
Heath Carter	Elected 05/14-05/18	300	9	Term Expired
Richard L. Moore	Elected 05/14-05/18	900	20	Term Expired

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

NorthPointe Water Control and Improvement District
Board Members, Key Personnel and Consultants (Continued)
Year Ended November 30, 2018

Consultants	Date Hired	Fees and Expense Reimbursements	Title
B&A Municipal Tax Service, LLC	09/16	$ 39,972	Tax Assessor/ Collector
BGE, Inc.	10/17	109,650	Engineer
BKD, LLP	05/99	26,600	Auditor
Harris County Appraisal District	Legislative Action	22,787	Appraiser
Hilltop Securities Inc.	05/99	0	Former Financial Advisor
Masterson Advisors, LLC	06/18	0	Financial Advisor
Municipal Accounts & Consulting, L.P.	04/03	23,764	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/99	5,455	Tax Attorney
Schwartz, Page & Harding, L.L.P.	07/86	143,210	Attorney
Water District Management	04/00	6,569	Operator
Investment Officers			
Mark M. Burton and Ghia Lewis	02/03	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:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)