OFFICIAL STATEMENT DATED NOVEMBER 4, 2019

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 7 AND 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 OPINION OF BOND COUNSEL.

The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (AGM Insured) . . . . "AA" (stable outlook)
Moody's Investors Service, Inc. (AGM Insured) . . . . "A2" (stable outlook)
Moody's Investors Service, Inc. (underlying) . . . . "A3"
See "BOND INSURANCE" and "RATINGS" herein

$4,060,000
WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
(A Political Subdivision of the State of Texas located within Harris County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2019

The $4,060,000 West Harris County Municipal Utility District No. 7 Unlimited Tax Refunding Bonds, Series 2019 (the "Bonds") are obligations of West Harris County Municipal Utility District No. 7 (the "District") and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, the City of Houston, Texas, nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

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

Interest on the Bonds will accrue from December 1, 2019, and will be payable on March 1 and September 1 of each year commencing March 1, 2020 (three-month interest payment), until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("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 owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Paying Agent," "Registrar" or the "Paying Agent/Registrar").

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Municipal Corp. ("AGM" or the "Insurer").

MATURITY SCHEDULE
(Due September 1)
CUSIP Prefix (a): 953084

$3,315,000 Serial Bonds

Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)	Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
$ 40,000	2020	3.00%	1.46%	JA9	$ 65,000	2025(c)	3.00%	1.86	JF8
15,000	2021	3.00	1.50	JB7	****	****			
100,000	2022	3.00	1.55	JC5	925,000	2030(c)	2.25	2.56	JL5
105,000	2023	3.00	1.60	JD3	955,000	2031(c)	3.00	2.25	JM3
110,000	2024	3.00	1.66	JE1	1,000,000	2032(c)	3.00	2.34	JN1

$365,000 Term Bonds, Due September 1, 2027(c)(d), CUSIP Suffix JH4(a), Interest Rate 2.00% (Yield 2.15%)(b)
$380,000 Term Bonds, Due September 1, 2029(c)(d), CUSIP Suffix JK7(a), Interest Rate 3.00% (Yield 2.05%)(b)

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (defined herein), nor the Underwriters (defined herein) take any responsibility for the accuracy of CUSIP numbers.
(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters. Initial reoffering yields represent the initial offering price to the public, which has been established by the Underwriters for public offerings and which subsequently may be changed.
(c) The Bonds, including the Term Bonds, maturing on and after September 1, 2025, are subject to redemption prior to maturity at the option of the District, as a whole or in part, on September 1, 2024, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption.
(d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Redemption Provisions."

If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by DTC in accordance with its procedures.

The Bonds constitute the fifth series of refunding bonds issued by the District. The District has also previously issued six series of bonds for the purpose of acquiring and constructing a waterworks, wastewater and storm drainage system (the "System") to serve the District. The proceeds of the sale of the Bonds, together with certain legally available funds of the District, will be applied to refund certain maturities of the District's Series 2012 Refunding Bonds (defined herein) and to pay the costs of issuing the Bonds. See "PLAN OF FINANCING — Use of Bond Proceeds." THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. SEE "INVESTMENT CONSIDERATIONS." The Bonds, when issued, constitute valid and legally binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS — Source of Payment."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the Underwriters, subject among other things to the approval of the Attorney General of Texas and of Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriters' Counsel. Delivery of the Bonds in book-entry form is expected on or about December 18, 2019, at The Bank of New York Mellon Trust Company, N.A., in Dallas Texas.

SAMCO CAPITAL MARKETS **RBC CAPITAL MARKETS**

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

All of the summaries of the statutes, resolutions, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information, copies of which are available from Bond Counsel upon payment of duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or that they will be realized.

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.

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 the delivery of the Bonds to the Underwriters (hereinafter defined) and thereafter only as specified herein. See "OFFICIAL STATEMENT - Updating of Official Statement."

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters has reviewed the information in this Official Statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. and RBC Capital Markets, LLC ("RBC") (together referred to herein as the "Underwriter" or the "Underwriters"), have agreed to purchase the Bonds pursuant to a bond purchase agreement (the "Bond Purchase Agreement') from the District for $4,094,868.10 (an amount equal to the principal amount of the Bonds, less an Underwriters' discount of $31,465.00, plus a net original issue premium on the Bonds of $66,333.10), plus accrued interest on the Bonds to the date of delivery. The obligation of the Underwriters to purchase the Bonds is subject to certain conditions contained in the Bond Purchase Agreement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others a price lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

RBC has provided the following information for inclusion in this Official Statement: RBC and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriters on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after a bona fide offering of the Bonds is made by the Underwriters at the yields specified on the cover page. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

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

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

On June 27, 2019, S&P announced it had affirmed AGM's insurance financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

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

Capitalization of AGM

At June 30, 2019:

- The policyholders' surplus of AGM was approximately $2,530 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,082 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,853 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the consolidated net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 (filed by AGL with the SEC on March 1, 2019);

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

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2019 (filed by AGL with the SEC on August 8, 2019); and

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

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

Miscellaneous Matters

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

BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

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

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

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 Underwriters have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

RATINGS

The Bonds are expected to receive insured ratings of "AA" (stable outlook) from S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and "A2" (stable outlook) from Moody's Investors Service, Inc. ("Moody's") based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody's is "A3".

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

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

OFFICIAL STATEMENT SUMMARY

The following information is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is made for all purposes.

THE BONDS

The Issuer . . . . West Harris County Municipal Utility District No. 7 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."

The Issuer . . . . $4,060,000 West Harris County Municipal Utility District No. 7 Unlimited Tax Refunding Bonds, Series 2019 (the "Bonds"), are dated December 1, 2019. $3,315,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2020 through 2025, both inclusive, and 2030 through 2032, both inclusive, in the principal amounts set forth on the cover page of this Official Statement. $745,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2027 and 2029 (collectively, the "Term Bonds"), in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds accrues from December 1, 2019, at the rates for each maturity set forth on the cover page of this Official Statement, and is payable on March 1, 2020 (three-month interest period), and on each September 1 and March 1 thereafter until maturity or redemption. The Bonds, including the Term Bonds, scheduled to mature on and after September 1, 2025, are subject to redemption, in whole or in part from time to time, at the option of the District on September 1, 2024, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. In addition to being subject to optional redemption, the Term Bonds are also subject to mandatory sinking fund redemption on September 1 in the years and in the amounts as is more completely described in this Official Statement under the caption "THE BONDS - Redemption Provisions," which amounts are subject to reduction by prior cancellation and optional redemption. The Bonds are issued pursuant to a bond order (the "Bond Order") adopted by the Board of Directors of the District. The Bonds are issued in fully registered form only, transferrable only upon presentation to the Registrar. The Bonds are issued in the denomination of $5,000 each, or integral multiples thereof. See "THE BONDS - General" and - "Redemption Provisions."

Book-Entry-Only System . . . . The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").

Source of Payment . . . . Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment," "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments," and "TAX DATA - Tax Rate Calculations." The Bonds are obligations solely of the District, and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, Texas, nor the City of Houston, Texas, is pledged to the payment of the principal of and interest on the Bonds.

Payment Record and District Bankruptcy . . . . The District has previously issued six series of bonds for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District and four series of refunding bonds to refund bonds issued by the District. The District defaulted on its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1983 (the "Series 1983 Bonds") and Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1985 (the "Series 1985 Bonds"), filed bankruptcy and adjusted its debt. Pursuant to such bankruptcy, the Series 1983 Bonds and the Series 1985 Bonds were amended by the District (the "Amended Bonds"). Home construction and development were recommenced in 1994. In 1999 the District issued its Unlimited Tax and Revenue Refunding Bonds, Series 1999 (the "Series 1999 Refunding Bonds") to currently refund all of the Amended Bonds. Claims due to other creditors were thereafter paid in accordance with the Plan (defined herein), and, no Claim payable from taxes levied by the District or revenues generated by the System remains outstanding under the Plan. See "DISTRICT BANKRUPTCY." The District issued its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2000 (the "Series 2000 Bonds"); Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2005 (the "Series 2005 Bonds"); Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"); and Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2016 (the "Series 2016 Bonds") to finance components of the System. The District has also issued its Unlimited Tax and Revenue Refunding Bonds, Series 2007 (the "Series 2007 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") to refund a portion of the outstanding bonds of the District. Collective reference is made in this Official Statement to all of such debt obligations heretofore issued by the District as the "Prior Bonds." The District has made all payments on the Prior Bonds when due since the issuance of the Amended Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been preciously retired by the District was $20,325,000 (the "Outstanding Bonds"). Upon issuance of the Bonds, the total of the principal amount of the Outstanding Bonds, less the portions thereof previously retired by the District, and less the Refunded

Bonds (collectively, the "Remaining Outstanding Bonds") will be $16,425,000, and the total of the District's direct bonded indebtedness, including the Bonds, will be $20,485,000.

Authority for Issuance	The Bonds are being issued under the Authority of Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1207, Texas Government Code, as amended. At elections held within the District on November 6, 1979, April 4, 1981, and September 3, 1983, voters of the District authorized a total of $20,000,000 bonds for constructing the System, of which $970,000 bonds remain authorized but unissued. At an election held within the District on November 8, 2011, voters of the District authorized a total of $14,000,000 bonds for acquisition or construction of the System and for refunding purposes. The Bonds constitute the third issuance of bonds from the November 8, 2011, authorization. After sale of the Bonds, a total of $7,500,000 in principal amount of unlimited tax bonds for constructing the System and for refunding purposes will remain authorized but unissued from the November 8, 2011, authorization. The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."
Use of Proceeds	Proceeds of the sale of the Bonds, together with certain funds that are lawfully available to the District for such purpose, will be applied to refund $3,900,000 of the principal amount of the Series 2012 Refunding Bonds (collectively, the "Refunded Bonds"). The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Bonds are being issued to reduce the District's debt service payments and result in present value debt service savings to the District.
Qualified Tax-Exempt Obligations	In the Bond Order, the District has designated the Bonds as "qualified tax-exempt obligations" for financial institutions pursuant to Section 265(b) of the Internal Revenue Code. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions."
Municipal Bond Insurance	Assured Guaranty Municipal Corp. ("AGM"). See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS."
Municipal Bond Rating	S&P Global Ratings (AGM insured) "AA" (stable outlook). Moody's Investors Service, Inc. (AGM insured) "A2" (stable outlook). Moody's Investors Service, Inc. (Underlying)..."A3." See "BOND INSURANCE" and "RATINGS."
Paying Agent/Registrar	The Paying Agent/Registrar of the Bonds is The Bank of New York Mellon Trust Company, N.A., with its principal corporate trust office and its principal payment office currently in Dallas, Texas.

Legal and Tax Opinions	Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel. See "THE DISTRICT - Management of the District," "LEGAL MATTERS" and "TAX MATTERS."
Verification Agent	Robert Thomas, CPA, LLC. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS."

THE DISTRICT

Description	West Harris County Municipal Utility District No. 7 was created by the Texas Water Commission, now the Texas Commission on Environmental Quality (the "TCEQ"), on July 6, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District contains approximately 494.06 acres of land. The District is located entirely within Harris County, Texas, approximately 23 miles west of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction of the City of Houston and within the Katy Independent School District. The District is bounded on the south by Franz Road, on the east by Sundown Glen Subdivision (West Harris County Municipal Utility District No. 17), and on the north by Clay Road. The District is located approximately 2 miles north of Interstate Highway 10 on Franz Road at the intersection with Westgreen Boulevard. See "THE DISTRICT - Authority" and - "Description," "AERIAL PHOTOGRAPH OF THE DISTRICT," and "APPENDIX A - LOCATION MAP."
Development and Home Construction	The development of the entirety of the developable land located within the District is complete. Land within the District has been developed primarily for single-family residential usage. As of October 1, 2019, the District contained a total of 1,723 single-family lots, on all of which lots homes have been constructed and conveyed to homeowners. The development of such 1,723 single-family residential lots (approximately 361.0 total acres) is complete in Raintree Village, Sections 1 through 13. All of such lots have been provided water supply and distribution, wastewater collection and treatment and storm drainage facilities (the "System") and street paving. Approximately 30.2 acres of land within the District are comprised of an amenities complex, including a clubhouse, pool, and two tennis courts, that has been completed to serve the development, parks and commercial development. The Katy Independent School District owns an approximately 26 acre tract of land located within the District on which it has constructed an elementary school and an approximately 10 acre tract of land located in the District on which it has constructed a maintenance facility and campus police office, which tracts and the improvements constructed thereon are not subject to taxation by the District or any other entity. The balance of the land located within the District consists of streets and drainage rights-of-way, District plant sites and other acreage not available for development.

The District financed the cost of acquiring and constructing components of the System which serve Raintree Village, Sections 1 through 13 and other facilities with the proceeds of the sale of the Prior Bonds. The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See "THE BONDS - "Authority for Issuance," and - "Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - "Future Debt," and "THE SYSTEM."

INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTIONS OF THE OFFICIAL STATEMENT ENTITLED "INVESTMENT CONSIDERATIONS" AND "DISTRICT BANKRUPTCY."

SELECTED FINANCIAL INFORMATION

2019 Assessed Valuation (As of January 1, 2019) See “TAX DATA” and “TAXING PROCEDURES.”		$326,419,267(a)
Direct Debt		
Remaining Outstanding Bonds	$16,425,000	
The Bonds	4,060,000	
Total		$ 20,485,000(b)
Estimated Overlapping Debt		$ 17,273,222
Total Direct and Estimated Overlapping Debt		$ 37,758,222(c)
Direct Debt Ratio : as a percentage of 2019 Assessed Valuation		6.28%
Direct and Estimated Overlapping Debt Ratio : as a percentage of 2019 Assessed Valuation		11.57%
Debt Service Fund Balance Estimated Upon Delivery of the Bonds		$ 1,456,795(c)
General Fund Balance at October 8, 2019		$ 3,436,442
2019 Tax Rate per $100 of Assessed Valuation		
Debt Service Tax	$0.43	
Maintenance Tax	0.18	
Total Tax		$0.61(d)
Average Percentage of Total Tax Collections (2008-2018) As of September 30, 2019.		99.71%
Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2020-2042)		$ 1,304,953
Maximum Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2032)		$ 1,480,381
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2020-2042) at 95% Tax Collections Based Upon 2019 Assessed Valuation ($326,419,267)		$0.43(b)(d)
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2032) at 95% Tax Collections Based Upon 2019 Assessed Valuation ($326,419,267)		$0.48(b)(d)

Number of Single Family Residences as of October 1, 2019 1,723

(a) As of January 1, 2019, and comprises the District's 2019 tax roll. All property in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $13,388,574, which total is included in the amount of $326,419,267. The Appraisal District has proposed the valuation of such protested properties to be $14,157,645. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $5,181,212, which total is also included in the amount of $326,419,267. The District is unable to predict the amount of the District's final 2019 Assessed Valuation. Such final 2019 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2019. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) See "DISTRICT DEBT." The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

(d) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the District's Debt Service Fund. Such fund balance reflects the payment by the District of its debt service payments due for 2019, and the contribution by the District of $9,000 to the refunding of the Refunded Bonds. The initial payment on the Bonds, consisting of a three-month interest payment due thereon, will be due March 1, 2020.

(e) The District has levied a debt service tax in the amount of $0.43 per $100 of Assessed Valuation along with a maintenance tax of $0.18 per $100 of Assessed Valuation for 2019. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2018 tax levies of units of government which levy taxes against the property located within the District, plus the District's 2019 tax rate, is $2.86177 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District.

$4,060,000
WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 7
UNLIMITED TAX REFUNDING BONDS
SERIES 2019

INTRODUCTION

This Official Statement of West Harris County Municipal Utility District No. 7 (the "District") is provided to furnish information with respect to the sale by the District of its $4,060,000 Unlimited Tax Refunding Bonds, Series 2019 (the "Bonds"). The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended, pursuant to an order (the "Bond Order") adopted by the Board of Directors (the "Board") of the District, and pursuant to an election held within the District on November 8, 2011, authorizing issuance of bonds for construction of the System and for refunding purposes.

There follow in this Official Statement descriptions of the Bonds, the use of proceeds of the Bonds, the Bond Order and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon payment of the costs of duplication therefor. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

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 authorizing the issuance of the Bonds. A copy of the Bond Order may be obtained from the District upon request.

The Bonds are dated and accrue interest, at the rates shown on the cover hereof, from December 1, 2019, with interest payable on March 1, 2020 (three-month interest payment) and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. $3,315,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2020 through 2025, both inclusive, and 2030 through 2032, both inclusive, in the principal amounts set forth on the cover page of this Official Statement. $745,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2027 and 2029 (collectively, the "Term Bonds"), in the principal amounts set forth on the cover page of this Official Statement. The Bonds are issued in fully registered form only, transferrable only upon presentation to the Registrar. The Bonds are issued in the denomination of $5,000 each, or integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar (hereinafter defined) directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described below under "Book-Entry-Only System."

Payment Record and District Bankruptcy

The District has issued six series of bonds for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District and four series of refunding bonds to refund bonds issued by the District. The District defaulted on its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1983 (the "Series 1983 Bonds") and Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1985 (the "Series 1985 Bonds"), filed bankruptcy and adjusted its debt. Pursuant to such bankruptcy, the Series 1983 Bonds and the Series 1985 Bonds were amended by the District (the "Amended Bonds"). Home construction and development were recommenced in 1994. In 1999 the District issued its Unlimited Tax and Revenue Refunding Bonds, Series 1999 (the "Series 1999 Refunding Bonds") to currently refund all of the Amended Bonds. Claims due to other creditors were thereafter paid in accordance with the Plan (defined herein), and, no Claim payable from taxes levied by the District or revenues generated by the System remains outstanding under the Plan. See "DISTRICT BANKRUPTCY." The District issued its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2000 (the "Series 2000 Bonds"); Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2005 (the "Series 2005 Bonds"); Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"); and Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2016 (the "Series 2016 Bonds") to finance components of the System. The District has also issued its Unlimited Tax and Revenue Refunding Bonds, Series 2007 (the "Series 2007 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") to refund a portion of the outstanding bonds of the District. Collective reference is made in this Official Statement to all of such debt obligations heretofore issued by the District as the "Prior Bonds." The District has made all payments on the Prior Bonds when due since the issuance of the Amended Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been preciously retired by the District was $20,325,000 (the "Outstanding Bonds"). Upon issuance of the Bonds, the total of the principal amount of the Outstanding Bonds, less the portions thereof previously retired by the District, and less the Refunded Bonds (collectively, the "Remaining Outstanding Bonds") will be $16,425,000, and the total of the District's direct bonded indebtedness, including the Bonds, will be $20,485,000.

Book-Entry-Only System

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

Use of Certain Terms in Other Sections of this Official Statement

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

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 calendar month (whether or not a business day) preceding such interest payment date.

Assignments, Transfers and Exchanges

In the event the book-entry-only system is discontinued, the Bonds may be transferred, registered and assigned only on the registration books kept by The Bank of New York Mellon Trust Company, N.A., currently in Dallas, Texas (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"), at the principal payment office of the Registrar, and such registration and transfer shall be without expense or service charge to the owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. At any time after the date of delivery of the Bonds to the Initial Purchaser (the "Initial Delivery"), any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner not more than three business days after the receipt of the request in proper form to transfer, exchange or replace the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date.

Redemption Provisions

Optional Redemption

The Bonds, including the Term Bonds, that mature on and after September 1, 2025, shall be subject to redemption and payment prior to their scheduled maturities at the option of the District, in whole or from time to time in part, on September 1, 2024, or on any date thereafter, at a redemption price equal to the principal amount thereof, plus accrued interest to the date of redemption.

If fewer than all of the Bonds are optionally redeemed at any time, the particular maturities and amounts of Bonds to be redeemed shall be selected by the District in denominations of $5,000 or any integral multiple thereof within any one maturity. If fewer than all of the Bonds within a certain maturity are to be redeemed, the Paying Agent/Registrar shall designate the Bonds within such maturity to be redeemed by method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). In the event the book-entry-only system is discontinued, the Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Paying Agent/Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Mandatory Redemption

The Term Bonds are subject to mandatory sinking fund redemption by the District by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to scheduled maturity on September 1 in the years and in the amounts set forth below, subject to reduction by the amount of any prior optional redemption or cancellation, at a redemption price of par plus accrued interest to the date of redemption:

$365,000 Term Bonds Maturing on September 1, 2027

Mandatory Redemption Dates	Principal Amount
September 1, 2026	$180,000
September 1, 2027 (maturity)	185,000

$380,000 Term Bonds Maturing on September 1, 2029

Mandatory Redemption Dates	Principal Amount
September 1, 2028	$190,000
September 1, 2029 (maturity)	190,000

On or before 30 days prior to each Mandatory Redemption date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form), the Term Bonds or portions of Term Bonds of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Order. The principal amount of Term Bonds of a particular maturity to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced, at the option of the District, by the principal amount of Term Bonds of such maturity, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Notice of any redemption will be given by the Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register.

Replacement of Bonds

The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds at the principal payment office of the Registrar, currently in Dallas, Texas, or receipt of satisfactory evidence by the Registrar and the District of such destruction, loss or theft, and receipt by the District and the Registrar of security or indemnity to hold them harmless. The District and the Registrar may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Source of Payment

The Bonds, when issued, will constitute valid and binding obligations of the District, and the principal thereof and interest thereon, together with the principal of and interest on the Remaining Outstanding Bonds (hereinafter defined) and such additional tax bonds of the District, if any, as hereafter may be issued, are payable from and are secured by the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy a tax sufficient to pay principal of and interest on the Remaining Outstanding Bonds and the Bonds, with full allowance being made for delinquencies, costs of levy and collection, and Registrar and Harris County Appraisal District fees. Tax proceeds, after deduction for collection costs, will be placed in the Debt Service Fund and used solely to pay principal of and interest on the Bonds, the Remaining Outstanding Bonds, and on additional bonds payable from taxes which may be issued. See “TAX DATA.”

Authority for Issuance

At elections held within the District on November 6, 1979, April 4, 1981, and September 3, 1983, voters of the District authorized a total of $20,000,000 bonds for constructing the System, of which $970,000 bonds remain authorized but unissued. At an election held within the District on November 8, 2011, voters of the District authorized a total of $14,000,000 bonds for acquisition or construction of the System and for refunding purposes. The Bonds constitute the second issuance of bonds from the November 8, 2011, authorization. After sale of the Bonds, a total of $7,500,000 in principal amount of unlimited tax bonds for constructing the System and for refunding purposes will remain authorized but unissued from the November 8, 2011, authorization. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and Chapter 1207, Texas Government Code, as amended.

Issuance of Additional Debt

The District may issue additional bonds with the approval of the Texas Commission on Environmental Quality (the “TCEQ”), necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District's voters have authorized the issuance of $20,000,000 unlimited tax and revenue bonds for acquisition or construction of water supply and distribution, wastewater collection and treatment and storm drainage facilities (the “System”) to serve the District, and could authorize additional amounts. $970,000 unlimited tax and revenue bonds for acquisition or construction of the System remain authorized but unissued from such authorization. The District's voters also have authorized $14,000,000 in unlimited tax bonds for acquisition or construction of the System and for refunding purposes. Following the issuance of the Bonds, $7,500,000 unlimited tax bonds for acquisition or construction of the System and for refunding purposes will remain authorized but unissued from the 2011 authorization.

The Bond Order imposes no limitation on the amount of additional bonds which may be issued by the District (if authorized by the District's voters and approved by the TCEQ). Any additional bonds issued by the District may be on a parity with the Bonds. The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See - “Authority for Issuance” above, “INVESTMENT CONSIDERATIONS - Future Debt” and “THE SYSTEM.”

Additional unlimited tax bonds will be required to provide water, sanitary sewer and drainage facilities and services to the remaining undeveloped land within the District's boundaries. If additional bonds are issued in the future and property values have not increased proportionally, such issuance may increase gross debt/property value ratios and thereby adversely affect the investment quality or security of the Bonds and the Remaining Outstanding Bonds.

The District is also authorized by law to engage in fire-fighting activities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue bonds payable from taxes for fire-fighting activities, the following actions would be required: (i) preparation of a detailed master plan; (ii) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District; (iii) approval of the master plan and bonds by the TCEQ; and (iv) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election at this time for such purposes.

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (i) preparation of a detailed park plan; (ii) authorization of park bonds by the qualified voters in the District; (iii) approval of the park project and bonds by the TCEQ; and (iv) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

The District expressly reserves the right to issue in one or more installments the following: (1) bonds payable solely from net revenues of the District's water and sewer system for the purpose of completing, repairing, improving, extending, enlarging or replacing such system, and such bonds may be payable from and equally secured by a lien on and pledge of said net revenues on a parity with the pledge on any previously issued bonds secured by net revenues to the extent net revenues are used to pay the principal of and interest on such bonds; (2) inferior lien bonds and to pledge the net revenues of such system to the payment thereof, such pledge to be subordinate in all respects to the lien of previously issued revenue bonds and any previously issued or subsequently issued bonds which are on a parity with the Bonds; and (3) special project bonds for the purchase, construction, improvement, extension, replacement, enlargement or repair of water, sewer and/or drainage facilities necessary under a contract or contracts with persons, corporations, municipal corporations, political subdivisions or other entities, such special project bonds to be payable from and secured by the proceeds of such contract or contracts.

Issuance of additional bonds or other subsequently authorized bonds could affect the investment quality or security of the Bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

Defeasance

The District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal of and interest on the Bonds, and the Bonds will be deemed to have been paid and no longer outstanding, when either (1) principal and interest due on the Bonds (whether at maturity, redemption or otherwise) shall have been paid or caused to have been paid in accordance with the terms of the Bonds; or, (2) the District shall have deposited with the Paying Agent/Registrar or a successor registrar moneys or investments as permitted by law, which, together with interest earned on or profits to be realized from such investments, will be sufficient to pay interest or redemption price to maturity or to the date fixed for redemption of the Bonds. Upon such deposit, the Bonds shall no longer be regarded as outstanding and unpaid. However, if the maturity date on the Bonds shall not have then arrived, provision shall be made by the District for payment to the Registered Owners of the Bonds at the date of maturity or at a date fixed for redemption in full the amount to which the Registered Owners would be entitled by way of principal, interest and redemption price to the date of maturity or redemption as provided in the Bond Order, and further provided written notice thereof shall have been given as provided in the Bond Order.

Annexation and Consolidation

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Amendments

The District has reserved the right to amend the Bond Order without the consent of the Registered Owners as may be required (a) by the provisions of the Bond Order, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Order, or (c) in connection with any other change not to the prejudice of the holders of the Bonds, but may not otherwise amend the terms of the Bonds or of the Bond Order without the consent of the holders of the Bonds.

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Based on recent Texas court decisions, it is unclear whether §49.066 Texas Water Code effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "Bankruptcy Limitation to Registered Owners' Rights" below.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

The District may not be placed into bankruptcy involuntarily.

PLAN OF FINANCING

Use of Bond Proceeds

Proceeds of the sale of the Bonds, together with certain funds that are lawfully available to the District for such purpose, will be applied to refund $3,900,000 of the principal amount of the Series 2012 Refunding Bonds (collectively, the "Refunded Bonds"). The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Bonds are being issued to reduce the District's debt service payments and result in present value debt service savings to the District.

Refunded Bonds

The principal amounts and maturity dates (or mandatory sinking fund redemption dates, if applicable) of the Refunded Bonds are set forth below.

Maturity Date September 1	Series 2012 Refunding Bonds Principal Amount Refunded
2022	$ 85,000
2023	90,000
2024	95,000
2025	50,000
2026	165,000
2027	170,000
2028	175,000
2029	180,000
2030	915,000
2031	960,000
2032	1,015,000
Redemption Date:	12/19/19

Aggregate Principal Amount of Refunded Bonds $3,900,000

Payment of the Refunded Bonds

The Refunded Bonds, and the interest due thereon, are to be paid on the redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as paying agent for the Refunded Bonds (the "Paying Agent for the Refunded Bonds").

The Bond Order provides that from the proceeds of the sale of the Bonds and other available funds of the District, the District will deposit with the Paying Agent for the Refunded Bonds the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Paying Agent for the Refunded Bonds in a segregated payment account (the "Payment Account"). At the time of delivery of the Bonds, Robert Thomas, CPA, LLC, will verify to the District, the Paying Agent for the Refunded Bonds and the Financial Advisor that the monies held in the Payment Account are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS." By the deposit of the cash with the Paying Agent for the Refunded Bonds and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior order of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts so deposited, and the amounts so deposited in the Payment Account will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

The Non-Refunded Bonds (Remaining Outstanding Bonds)

The District has previously issued six series of bonds for the purpose of acquiring and constructing a waterworks, sanitary sewer and storm drainage system (the "System") to serve the District and four series of refunding bonds to refund bonds issued by the District. The District defaulted on its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1983 (the "Series 1983 Bonds") and Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1985 (the "Series 1985 Bonds"), filed bankruptcy and adjusted its debt. Pursuant to such bankruptcy, the Series 1983 Bonds and the Series 1985 Bonds were amended by the District (the "Amended Bonds"). Home construction and development were recommenced in 1994. In 1999 the District issued its Unlimited Tax and Revenue Refunding Bonds, Series 1999 (the "Series 1999 Refunding Bonds") to currently refund all of the Amended Bonds. Claims due to other creditors were thereafter paid in accordance with the Plan (defined herein), and, no Claim payable from taxes levied by the District or revenues generated by the System remains outstanding under the Plan. See "DISTRICT BANKRUPTCY." The District issued its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2000 (the "Series 2000 Bonds"); Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2005 (the "Series 2005 Bonds"); Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"); and Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2016 (the "Series 2016 Bonds") to finance components of the System. The District has also issued its Unlimited Tax and Revenue Refunding Bonds, Series 2007 (the "Series 2007 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") to refund a portion of the outstanding bonds of the District. Collective reference is made in this Official Statement to all of such debt obligations heretofore issued by the District as the "Prior Bonds." The District has made all payments on the Prior Bonds when due since the issuance of the Amended Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been preciously retired by the District was $20,325,000 (the "Outstanding Bonds"). Upon issuance of the Bonds, the total of the principal amount of the Outstanding Bonds, less the portions thereof previously retired by the District, and less the Refunded Bonds (collectively, the "Remaining Outstanding Bonds") will be $16,425,000, and the total of the District's direct bonded indebtedness, including the Bonds, will be $20,485,000.

The principal amounts and maturity dates (or mandatory sinking fund redemption dates, if applicable) of the Remaining Outstanding Bonds as of the date of the issuance of the Bonds are as follows.

NON-REFUNDED BONDS (REMAINING OUTSTANDING BONDS)

Maturity Date September 1	Series 2012 Principal Amount	Series 2014 Principal Amount	Series 2015 Refunding Principal Amount	Series 2016 Principal Amount
2020	$ 85,000	$ 25,000	$ 530,000	$ 25,000
2021	80,000	25,000	545,000	25,000
2022		25,000	560,000	25,000
2023		25,000	585,000	25,000
2024		25,000	610,000	25,000
2025		25,000	30,000	600,000
2026		25,000	530,000	25,000
2027		50,000	555,000	25,000
2028		50,000	580,000	25,000
2029		50,000	605,000	25,000
2030		50,000		25,000
2031		50,000		25,000
2032		50,000		25,000
2033		650,000		125,000
2034		700,000		125,000
2035		725,000		125,000
2036		775,000		125,000
2037		825,000		125,000
2038		850,000		150,000
2039		900,000		150,000
2040				1,100,000
2041				1,125,000
2042				1,180,000
	$165,000	$5,900,000	$5,130,000	$5,230,000

Total Principal Amount of Non-Refunded Bonds (Remaining Outstanding Bonds) $16,425,000

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds will be applied as follows:

SOURCES OF FUNDS:

Principal Amount of Bonds	$4,060,000.00
District Contribution	9,000.00
Plus: Net Original Issue Premium	66,333.10
Accrued Interest	5,251.70
Total Sources of Funds	$4,140,584.80

USES OF FUNDS:

Deposit with Paying Agent for the Refunded Bonds	$3,944,148.75
Deposit Accrued Interest to Debt Service Fund	5,251.70
Expenses:	
Underwriters' Discount	31,465.00
Municipal Bond Insurance and Other Issuance Expenses	159,719.35
Total Uses of Funds	$4,140,584.80

DISTRICT BANKRUPTCY

The District defaulted on the debt service payments due on its Series 1983 Bonds and Series 1985 Bonds on March 1, 1991. On March 17, 1992, the District filed an application with Texas Natural Resource Conservation Commission, predecessor to the TCEQ, requesting authorization to file a petition in bankruptcy under Chapter 9 of the United States Bankruptcy Code. At a hearing held on June 10, 1992, the TCEQ approved the District's application and the District filed a voluntary petition in the United States Bankruptcy Court for the Southern District of Texas, Case No. 92-45173-H4-9 for relief under Chapter 9 of the Bankruptcy Code. On February 9, 1993, the District filed a plan of adjustment of its debts with the Bankruptcy Court, which plan provided, among other things, that as of the effective date of the plan, the remaining outstanding Series 1983 and 1985 Bonds would be amended and modified (the "Amended Bonds") as set forth in the plan. On April 2, 1993, the Bankruptcy Court signed the confirmation order approving the Plan of Adjustment of the District (the "Plan"), and the Plan became effective on May 2, 1993 (the "Effective Date"). Home construction and development were recommenced in 1994, and in 1999 the District issued its $6,500,000 Unlimited Tax and Revenue Refunding Bonds, Series 1999 (the "Series 1999 Refunding Bonds") to refund all of the Amended Bonds. Claims due to other creditors were thereafter paid in accordance with the Plan, and, no Claim payable from taxes levied by the District or revenues generated by the System remains outstanding under the Plan.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Harris County, Texas, the City of Houston, or any political subdivision other than the District, will be secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. Therefore, the ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial proportion of the assessed valuation of the property located within the District is attributable to the current market value of single-family residences that have been constructed within the District. The market value of such homes is related to general economic conditions affecting the demand for residences. The market value of residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability, the level of residential foreclosures, and the prosperity and demographic characteristics of the urban center toward which the sale and resale of such residences 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. Further declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the assessed valuation of homes within the District. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the assessed valuation of homes within the District. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although, as is described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION" (i) the District currently contains a total of 1,723 fully developed single-family residential lots, and (ii) as of October 1, 2019, the District contained 1,723 single-family homes, all of which have been sold to homeowners, the District is essentially built out, and there is no active home building program within the District.

National Economy: There has been a significant downturn in new housing construction in the United States, and a decline in national housing market values. Although, as is stated above under "Economic Factors," and as described in this Official Statement under the caption "DEVELOPMENT AND HOME CONSTRUCTION" (i) the District currently contains a total of 1,723 fully developed single-family residential lots, and (ii) as of October 1, 2019, the District contained 1,723 single-family homes, all of which have been sold to homeowners, the District is essentially built out, and there is no active home building program within the District. The District cannot predict what impact, if any, a downturn in the local housing market and a continued downturn in the national housing and financial markets may have on the Houston market generally and the District specifically, or the maintenance of assessed values in the District.

District Bankruptcy: In the mid to late 1980's, the Houston metropolitan area, including the vicinity of the District, experienced increases in unemployment, business failures and unleased office space. Articles in the media reported an oversupply of homes for sale and numerous foreclosures in the Houston suburbs. These factors adversely affected the demand for new and used suburban residences. The general oversupply of homes, in turn, adversely impacted prices for homes and lots and, consequently, property values in the Houston metropolitan area declined. **THE DISTRICT DEFAULTED ON ITS SERIES 1983 BONDS AND SERIES 1985 BONDS, FILED BANKRUPTCY AND ADJUSTED ITS DEBT. Pursuant to such bankruptcy, the Series 1983 Bonds and the Series 1985 Bonds were amended by the District (the "Amended Bonds"). Home construction and development were recommenced in 1994. In 1999 the District issued its Unlimited Tax and Revenue Refunding Bonds, Series 1999 (the "Series 1999 Refunding Bonds") to refund all of the Amended Bonds. No bankruptcy claim payable from taxes levied by the District or revenues generated by the System remains outstanding. SEE "DISTRICT BANKRUPTCY" and "DEVELOPMENT AND HOME CONSTRUCTION."** The District issued its Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2000 (the "Series 2000 Bonds"); Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2005 (the "Series 2005 Bonds"); Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"); and Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2016 (the "Series 2016 Bonds") to finance components of the System. The District has also issued its Unlimited Tax and Revenue Refunding Bonds, Series 2007 (the "Series 2007 Refunding Bonds"); Unlimited Tax Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds") to refund a portion of the outstanding bonds of the District. Collective reference is made in this Official Statement to all of such debt obligations heretofore issued by the District as the "Prior Bonds." The District has made all payments on the Prior Bonds when due since the issuance of the Amended Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been preciously retired by the District was $20,325,000 (the "Outstanding Bonds"). Upon issuance of the Bonds, the total of the principal amount of the Outstanding Bonds, less the portions thereof previously retired by the District, and less the Refunded Bonds (collectively, the "Remaining Outstanding Bonds") will be $16,425,000, and the total of the District's direct bonded indebtedness, including the Bonds, will be $20,485,000.

Maximum Impact on District Tax Rates: Assuming no further development or home construction, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2019 Assessed Valuation of property located within the District (see "TAX DATA") is $326,419,267. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds will be $1,480,381 (2032) and the Average Annual Debt Service Requirements will be $1,304,953 (2020 through 2042, inclusive). Assuming no increase to nor decrease from the 2019 Assessed Valuation, no use of other legally available District funds on hand other than debt service tax receipts, and the issuance of no bonds by the District in addition to the Bonds and the Prior Bonds, tax rates of $0.48 and $0.43 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively, on the Bonds and the Remaining Outstanding Bonds. See "TAX DATA - Tax Rate Calculations."

The District has levied a debt service tax of $0.43 per $100 of Assessed Valuation and a maintenance tax of $0.18 per $100 of Assessed Valuation for 2019. As is illustrated above, the District's 2019 debt service tax rate will be sufficient to pay the Average Annual Debt Service Requirements but not the Maximum Annual Debt Service Requirement of the Bonds and the Remaining Outstanding Bonds, assuming taxable values within the District at the level of the 2019 Assessed Valuation, assuming that the District will have a tax collection rate of 95%, no use of other legally available District funds on hand other than debt service tax receipts and the issuance of no bonds by the District in addition to the Bonds and the Prior Bonds. However, the District's Debt Service Fund balance is estimated to be approximately $1,456,795 upon delivery of the Bonds. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Remaining Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS" that is appended to this Official Statement. Moreover, the District had, as of September 30, 2019, total annual tax collections averaging 99.71% for the years 2008 through 2018. Therefore, the District expects to be able to pay debt service on the Remaining Outstanding Bonds and the Bonds without increasing the total of its debt service tax plus its maintenance tax above the total $0.61 per $100 of Assessed Valuation debt service plus maintenance tax that the District has levied in 2019. See "THE BONDS - Source of Payment" and "TAXING PROCEDURES." However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt," and "THE SYSTEM."

As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2018 tax levies of all units of government which levy taxes against the property located within the District and the District's 2019 tax levy is $2.86177 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District. To the extent that such composite tax rates are not competitive with competing developments, the growth or maintenance of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. Increases in the District's tax rate to substantially higher levels than the total rate of $0.61 per $100 of Assessed Valuation which the District levied in 2019 may have an adverse impact upon the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process.

One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. See "THE BONDS - Registered Owners' Remedies and Bankruptcy," "TAX DATA - Estimated Overlapping Taxes," and "TAXING PROCEDURES."

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, (c) market conditions limiting the proceeds from a foreclosure sale of taxable property or (d) the taxpayer's right to redeem the property within two years of foreclosure for residential homestead and agricultural use property and within six (6) months of foreclosure for other 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. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Based on recent Texas court decisions, it is unclear whether §49.066 Texas Water Code effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. Certain traditional legal remedies also may not be available.

The enforceability of the rights and remedies of the Registered Owners may be further 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. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies and Bankruptcy."

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

The District reserved in the Bond Order the right to issue the remaining $970,000 authorized waterworks and sewer system combination unlimited tax and revenue bonds, $7,500,000 unlimited tax bonds for acquisition or construction of the System and for refunding purposes, and such additional bonds as may hereafter be approved by the voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above for waterworks, wastewater and drainage facilities which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The issuance of such bonds for waterworks, wastewater and drainage facilities is also subject to TCEQ authorization.

If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds and the Remaining Outstanding Bonds. The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See "THE BONDS - Authority for Issuance" and - Issuance of Additional Debt" and "THE SYSTEM."

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

Air Quality Issues

Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-Brazoria area ("HGB Area")-Harris, Galveston, Brazoria, Chambers, Fort Bend, Waller, Montgomery and Liberty Counties-has been designated a nonattainment area under three separate federal ozone standards: the one-hour (124 parts per billion ("ppb")) and eight-hour (84 ppb) standards promulgated by the EPA in 1997 (the "1997 Ozone Standards"); the tighter, eight-hour ozone standard of 75 ppb promulgated by the EPA in 2008 (the "2008 Ozone

Standard"), and the EPA's most-recent promulgation of an even lower, 70 ppb eight-hour ozone standard in 2015 (the "2015 Ozone Standard"). While the State of Texas has been able to demonstrate steady progress and improvements in air quality in the HGB Area, the HGB Area remains subject to CAA nonattainment requirements.

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

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

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

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

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

Water Supply & Discharge Issues

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

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

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

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

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

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

In 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 been 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.

Changes in Tax Legislation

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

Tropical Weather Events

The Houston area, including the District, is subject to occasional severe tropical weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's Operator and Engineer, the District's System sustained damage from Hurricane Harvey consisting of deep manhole collapse and damage to a control panel at the wastewater treatment plant. In addition, approximately 100 homes within the District experienced structural flooding as a result of Hurricane Harvey. All of such damage has been repaired. Hurricane Harvey could have a material impact on the Houston region's economy. The District cannot predict what impact, if any, Hurricane Harvey will have on the assessed value of homes within 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 the District's tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood or other casualty insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District could be adversely affected.

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

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the Texas Water Commission (now the TCEQ) dated July 6, 1978, after a hearing upon a petition for creation. The creation of the District was confirmed at an election held within the District on November 6, 1979, by a vote of two (2) “For” to none (0) “Against.” The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, Vernon's Texas Codes Annotated. The District is subject to the continuing supervision of the TCEQ.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

Under certain limited circumstances the District also is authorized to construct, develop and maintain park and recreational facilities and to construct roads. In addition, the District is authorized to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and provide such facilities and services to the customers of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent on various matters from the City of Houston, within whose extraterritorial jurisdiction the District lies, the District has agreed to observe certain City of Houston requirements. These requirements limit the purposes for which the District may sell bonds to the acquisition and improvement of waterworks, wastewater, and drainage facilities; development of parks and recreational facilities, and engaging in fire-fighting activities; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of Houston of the District's construction plans and specifications.

Description

West Harris County Municipal Utility District No. 7 was created by the Texas Water Commission, now the Texas Commission on Environmental Quality (the "TCEQ"), on July 6, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District contains approximately 494.06 acres of land. The District is located entirely within Harris County, Texas, approximately 23 miles west of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction of the City of Houston and within the Katy Independent School District. The District is bounded on the south by Franz Road, on the east by Sundown Glen Subdivision (West Harris County Municipal Utility District No. 17), and on the north by Clay Road. The District is located approximately 2 miles north of Interstate Highway 10 on Franz Road at the intersection with Westgreen Boulevard. See "AERIAL PHOTOGRAPH OF THE DISTRICT," and "APPENDIX A - LOCATION MAP."

Management of the District

The District is governed by a Board of Directors (the "Board"), consisting of five directors, who have control over and management supervision of all affairs of the District. All of the Directors except Director Chadick reside in the District. The directors serve four-year staggered terms. Elections are held in even numbered years on the second Saturday in May. The current members and officers of the Board are listed below:

Name	Title	Term Expires in May
Bill Weldon	President	2022
Ellen Chadick	Vice President	2020
Tamara Vasek	Secretary	2022
Bryon Meyer	Director	2022
Walonda Hollins	Director	2020

Although the District does not have a general manager or any other full-time employees, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector

The District has engaged Utility Tax Service, LLC, the District's Tax Assessor/Collector. According to Utility Tax Service, LLC, it presently serves approximately 100 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris County Appraisal District and bills and collects such levy.

Bookkeeper

The District's bookkeeper is Municipal Business Services, Inc. Such firm acts as bookkeeper for approximately 27 utility districts.

Utility System Operator

The District's operator is Water District Management Co., Inc. According to Water District Management Co., Inc., it acts as operator for approximately 28 utility districts.

Auditor

As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audited financial statements are filed with the TCEQ. The financial statements of the District as of February 28, 2019, 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 consulting engineer for the District in connection with the design and construction of the System is Deden Services, LLC (the "Engineer").

Attorney

The District has engaged Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas as general counsel to the District and as bond counsel ("Bond Counsel") in connection with the issuance of the Bonds. See "LEGAL MATTERS."

Financial Advisor

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

DEVELOPMENT AND HOME CONSTRUCTION

The development of the entirety of the developable land located within the District is complete. Land within the District has been developed primarily for single-family residential usage. As of October 1, 2019, the District contained a total of 1,723 single-family lots, on all of which lots homes have been constructed and conveyed to homeowners. The development of such 1,723 single-family residential lots (approximately 361.0 total acres) is complete in Raintree Village, Sections 1 through 13. All of such lots have been provided water supply and distribution, wastewater collection and treatment and storm drainage facilities (the "System") and street paving.

Approximately 30.2 acres of land within the District are comprised of an amenities complex, including a clubhouse, pool, and two tennis courts, that has been completed to serve the development, parks and commercial development. The Katy Independent School District owns an approximately 26 acre tract of land located within the District on which it has constructed an elementary school and an approximately 10 acre tract of land located in the District on which it has constructed a maintenance facility and campus police office, which tracts and the improvements constructed thereon are not subject to taxation by the District or any other entity. The balance of the land located within the District consists of streets and drainage rights-of-way, District plant sites and other acreage not available for development.

The District financed the cost of acquiring and constructing components of the System which serve Raintree Village, Sections 1 through 13 and other facilities with the proceeds of the sale of the Prior Bonds. The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See "THE BONDS - "Authority for Issuance," and - "Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - "Future Debt," and "THE SYSTEM."

The following table reflects the status of residential development within the District as of October 1, 2019:

	Lots				Homes					
					Under Construction		Completed			
Subdivision	Fully Developed	Acres	Under Development	Acres	Sold*	Unsold	Sold*	Unsold	Models	Totals
Raintree Village										
Section 1	347	74.1			0	0	347	0	0	347
Section 2A	113	26.5			0	0	111	0	0	111
Section 2B	116	25.7			0	0	116	0	0	116
Section 3	192	39.3			0	0	192	0	0	192
Section 4	82	24.2			0	0	82	0	0	82
Section 5	229	46.8			0	0	229	0	0	229
Section 6	224	38.6			0	0	224	0	0	224
Section 7	55	17.1			0	0	55	0	0	55
Section 8	96	17.4			0	0	96	0	0	96
Section 9	96	18.9			0	0	96	0	0	96
Section 10	10	1.3			0	0	10	0	0	10
Section 11	72	12.1			0	0	72	0	0	72
Section 12	20	2.6			0	0	20	0	0	20
Section 13	75	16.4			0	0	75	0	0	75
Totals	1,723	361.0	0	0	0	0	1,723	0	0	1,723

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

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken October 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken October 2019)

DISTRICT DEBT

General

The following tables and calculations relate to the Bonds and the Remaining Outstanding Bonds. After issuance of the Bonds, the aggregate principal amount of the Remaining Outstanding Bonds will be $16,425,000, and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $20,485,000. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2019 Assessed Valuation (As of January 1, 2019) See "TAX DATA" and "TAXING PROCEDURES."		$326,419,267(a)
Direct Debt		
Remaining Outstanding Bonds	$16,425,000	
The Bonds	4,060,000	
Total		$ 20,485,000(b)
Estimated Overlapping Debt		$ 17,273,222
Total Direct and Estimated Overlapping Debt		$ 37,758,222(c)
Direct Debt Ratio : as a percentage of 2019 Assessed Valuation		6.28%
Direct and Estimated Overlapping Debt Ratio : as a percentage of 2019 Assessed Valuation		11.57%
Debt Service Fund Balance Estimated Upon Delivery of the Bonds		$ 1,456,795(c)
General Fund Balance at October 8, 2019		$ 3,436,442
2019 Tax Rate per $100 of Assessed Valuation		
Debt Service Tax	$0.43	
Maintenance Tax	0.18	
Total Tax		$0.61(d)

(a) As of January 1, 2019, and comprises the District's 2019 tax roll. All property in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $13,388,574, which total is included in the amount of $326,419,267. The Appraisal District has proposed the valuation of such protested properties to be $14,157,645. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $5,181,212, which total is also included in the amount of $326,419,267. The District is unable to predict the amount of the District's final 2019 Assessed Valuation. Such final 2019 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2019. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."

(b) The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See “THE BONDS - Authority for Issuance” and - “Issuance of Additional Debt,” “INVESTMENT CONSIDERATIONS - Future Debt” and “THE SYSTEM.”

(d) Neither Texas law nor the Bond Order requires the District to maintain any particular sum in the District's Debt Service Fund. Such fund balance reflects the payment by the District of its debt service payments due for 2019, and the contribution by the District of $9,000 to the refunding of the Refunded Bonds. The initial payment on the Bonds, consisting of a three-month interest payment due thereon, will be due March 1, 2020.

(e) The District has levied a debt service tax in the amount of $0.43 per $100 of Assessed Valuation along with a maintenance tax of $0.18 per $100 of Assessed Valuation for 2019. As is enumerated in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2018 tax levies of units of government which levy taxes against the property located within the District, plus the District’s 2019 tax rate, is $2.86177 per $100 of Assessed Valuation. Such aggregate levy is higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but is within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable with the District.

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following table indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the Assessed Valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain entities listed below may have issued additional bonds since the dates cited.

	Debt as of	Overlapping(a)	
	October 1, 2019	Percent	Amount
Harris County (i)	$2,028,859,361	0.0724%	$ 1,469,616
Harris County Department of Education	6,320,000	0.0724	4,578
Harris County Flood Control District	83,075,000	0.0724	60,176
Harris County Hospital District	57,300,000	0.0724	41,505
Port of Houston Authority	593,754,397	0.0724	430,089
Katy Independent School District	1,843,845,000	0.8280	15,267,258
Total Estimated Overlapping Debt			$ 17,273,222
Total Direct Debt (the District)			20,485,000
Total Direct & Estimated Overlapping Debt			$ 37,758,222

(i) Harris County Toll Road Bonds are considered to be self-supporting, and are therefore not included in this statement.

Debt Ratios

Direct Debt
: as a percentage of 2019 Assessed Valuation 6.28%

Direct and Estimated Overlapping Debt
: as a percentage of 2019 Assessed Valuation 11.57%

Debt Service Requirement Schedule

The following table sets forth the debt service requirements of the Remaining Outstanding Bonds and the principal and interest requirements of the Bonds.

Year	Current Total Debt Service Requirements	Less: Debt Service on Refunded Bonds	Plus: - The Bonds - Principal (Due 10/1)	Interest	Total New Debt Service Requirements
2019	$ 1,416,531				$ 1,416,531
2020	1,427,381	$ 147,163	$ 40,000	$ 83,409	1,403,628
2021	1,417,394	147,163	15,000	110,013	1,395,244
2022	1,416,894	232,163	100,000	109,563	1,394,294
2023	1,425,794	234,613	105,000	106,563	1,402,744
2024	1,427,831	236,800	110,000	103,413	1,404,444
2025	1,348,594	188,713	65,000	100,113	1,324,994
2026	1,366,456	302,025	180,000*	98,163	1,342,594
2027	1,392,481	301,250	185,000*	94,563	1,370,794
2028	1,391,081	300,300	190,000*	90,863	1,371,644
2029	1,388,069	298,738	190,000*	85,163	1,364,494
2030	1,483,869	1,026,988	925,000	79,463	1,461,344
2031	1,490,163	1,036,531	955,000	58,650	1,467,281
2032	1,504,713	1,054,331	1,000,000	30,000	1,480,381
2033	1,147,131				1,147,131
2034	1,160,881				1,160,881
2035	1,153,256				1,153,256
2036	1,168,694				1,168,694
2037	1,182,006				1,182,006
2038	1,193,194				1,193,194
2039	1,201,506				1,201,506
2040	1,206,506				1,206,506
2041	1,198,506				1,198,506
2042	1,218,350				1,218,350
	$31,727,281	$5,506,778	$4,060,000	$1,149,939	$31,430,441

Average Annual Requirements (2020-2042): $1,304,953
Maximum Annual Requirement (2032): $1,480,381

See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Maximum Impact on District Tax Rates" and "TAX DATA - Tax Rate Calculations" for a discussion of the District's projected tax rates and the effect of the Bonds thereon.

* Represents mandatory sinking fund payments on Term Bonds.

TAX DATA

Debt Service Tax

All taxable property located within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, sufficient to pay principal of and interest on the Remaining Outstanding Bonds, the Bonds and any future tax-supported bonds which may be issued from time to time as authorized. The Board covenants in the Bond Order to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. The District has levied a tax for debt service for 2019 at a rate of $0.43 per $100 of Assessed Valuation, plus a maintenance tax of $0.18 per $100 of Assessed Valuation. See - "Tax Rate Distribution" below.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On November 8, 2011, the District voters authorized the levy of such a maintenance tax in an amount not to exceed $0.50 per $100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Remaining Outstanding Bonds, the Bonds and any parity bonds which may be issued in the future. The District has levied a maintenance tax of $0.18 per $100 of Assessed Valuation for 2019.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount)
Maintenance:	$0.50 per $100 of Assessed Valuation

Historical Values and Tax Collection History

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

Tax Year	Assessed Valuation	Tax Rate(a)	Adjusted Levy	% Collections Current & Prior Years (b)	% Collections Year Ended 9/30
2008	$ 150,180,394	$ 0.93	$ 1,396,678	99.92%	2009
2009	139,020,947	0.92	1,278,993	99.92	2010
2010	138,842,061	0.90	1,249,578	99.93	2011
2011	141,146,178	0.90	1,270,316	99.89	2012
2012	139,744,956	0.90	1,257,705	99.90	2013
2013	143,791,791	0.90	1,294,126	99.89	2014
2014	167,555,754	0.85	1,424,224	99.71	2015
2015	199,333,609	0.84	1,674,402	99.77	2016
2016	252,723,130	0.77	1,945,968	99.52	2017
2017	304,191,879	0.67	2,038,086	99.46	2018
2018	306,448,012	0.64	1,961,267	98.92(c)	2019
2019	326,419,267(d)	0.61(e)	1,991,158	(e)	2020

(a) Per $100 of Assessed Valuation.

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

(c) As of September 30, 2019. In process of collection.

(d) Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $13,388,574, which total is included in the amount of $326,419,267. The Appraisal District has proposed the valuation of such protested properties to be $14,157,645. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $5,181,212, which total is also included in the amount of $326,419,267. The District is unable to predict the amount of the District's final 2019 Assessed Valuation. Such final 2019 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2019.

(e) Levied October 8, 2019.

Tax Rate Distribution

	2019	2018	2017	2016	2015
Debt Service	$0.43	$0.463	$0.50	$0.60	$0.66
Maintenance	0.18	0.177	0.17	0.17	0.18
Total	$0.61	$0.640	$0.67	$0.77	$0.84

Analysis of Tax Base

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

Type of Property	2019 Assessed Value	%	2018 Assessed Value	%	2017 Assessed Value	%
Land	$ 49,425,631	15.14%	$ 51,919,470	16.94%	$ 51,936,068	17.07%
Improvements	279,462,573	85.61	276,121,970	90.10	271,873,416	89.38
Personal Property	4,045,675	1.24	4,877,622	1.59	5,233,815	1.72
Uncertified	18,569,786	5.69	0	0.00	0	0.00
Exemptions	(25,084,398)	(7.68)	(26,471,050)	(8.64)	(24,851,420)	(8.17)
Total	$326,419,267*	100.00%	$306,448,012	100.00%	$304,191,879	100.00%

Type of Property	2016 Assessed Value	%	2015 Assessed Value	%
Land	$ 50,060,940	19.81%	$ 42,407,867	21.27%
Improvements	221,854,761	87.79	174,683,314	87.63
Personal Property	4,409,468	1.74	4,304,489	2.16
Exemptions	(23,602,039)	(9.34)	(22,062,061)	(11.07)
Total	$252,723,130	100.00%	$199,333,609	100.00%

* Such sum includes certain values which have not been certified by the Appraisal Review Board, including the value of certain properties which has been proposed by the Appraisal District but protested by the owners thereof to the Appraisal District and the value of certain properties not under protest but not yet certified. The Appraisal District's "Estimated Final Taxable Value with Hearing Loss" of such properties is $13,388,574, which total is included in the amount of $326,419,267. The Appraisal District has proposed the valuation of such protested properties to be $14,157,645. The Appraisal District's estimate of the total taxable value of taxable property not under protest and not yet included on the certified appraisal roll is $5,181,212, which total is also included in the amount of $326,419,267. The District is unable to predict the amount of the District's final 2019 Assessed Valuation. Such final 2019 Assessed Valuation will not be determined until the valuation of all taxable property located within the District is certified by the Appraisal Review Board for 2019.

Principal 2019 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2019. The information reflects the composition of property ownership reflected on the District's 2019 tax roll. See “DEVELOPER.”

Taxpayer	Type of Property	Assessed Valuation 2019 Tax Roll	% of 2019 Tax Roll
Johnston Matejek Development	Land and Improvements	$1,906,162	0.58%
Pamela R. Taylor LLC	Land and Improvements	1,587,752	0.49
Mercator Inc.	Land, Improvements and Personal Property	1,503,732	0.46
Centerpoint Energy	Personal Property	1,279,540	0.39
2002 Fry Road Westlake Plaza LP	Land and Improvements	1,100,292	0.34
Minh & Jian Huang Nguy	Land and Improvements	704,485	0.22
Centerpoint Energy Entex	Personal Property	613,570	0.19
MNA Properties LLC	Land and Improvements	575,644	0.18
Comcast of Houston, LLC	Personal Property	548,950	0.17
Hashem S. Aldahouk	Land	488,742	0.15
		$10,308,869	3.16%

Exemptions

The District has not authorized a general residential homestead exemption, but since 2001 it has adopted a $20,000 residential homestead exemption for persons 65 years of age or older or disabled persons. See “TAXING PROCEDURES.”

Tax Rate Calculations

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

Average Annual Debt Service Requirements (2020-2042)	$1,304,953
Tax Rate of $0.43 on the 2019 Assessed Valuation ($326,419,267) produces	$1,333,423
Maximum Annual Debt Service Requirement (2032)	$1,480,381
Tax Rate of $0.48 on the 2019 Assessed Valuation ($326,419,267) produces	$1,488,472

The District has levied a debt service tax of $0.43 per $100 of Assessed Valuation and a maintenance tax of $0.18 per $100 of Assessed Valuation for 2019. As is illustrated above, the District’s 2019 debt service tax rate will be sufficient to pay the Average Annual Debt Service Requirements but not the Maximum Annual Debt Service Requirement of the Bonds and the Remaining Outstanding Bonds, assuming taxable values within the District at the level of the 2019 Assessed Valuation, assuming that the District will have a tax collection rate of 95%, no use of other legally available District funds on hand other than debt service tax receipts and the issuance of no bonds by the District in addition to the Bonds and the Prior Bonds. However, the District's Debt Service Fund balance is estimated to be approximately $1,456,795 upon delivery of the Bonds. Although neither Texas law nor the Bond Order requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Remaining Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS" that is appended to this Official Statement. Moreover, the District had, as of September 30, 2019, total annual tax collections averaging 99.71% for the years 2008 through 2018. Therefore, the District expects to be able to pay debt service on the Remaining Outstanding Bonds and the Bonds without increasing the total of its debt service tax plus its maintenance tax above the total $0.61 per $100 of Assessed Valuation debt service plus maintenance tax that the District has levied in 2019. See "THE BONDS - Source of Payment" and "TAXING PROCEDURES." However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See "THE BONDS - Authority for Issuance," and - "Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of the District's 2019 tax levy plus the 2018 tax levies of all units of government which levy taxes against the property located within the District. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Taxing Jurisdiction	2018 Tax Rate/$100
Katy ISD	$1.51660
Harris County	0.41858
Harris County Department of Education	0.00519
Harris County Flood Control District	0.02877
Harris County Hospital District	0.17108
Port of Houston Authority	0.01155
Harris County Emergency Services District No. 48	0.10000
The District*	0.61000
TOTAL TAX RATE	$2.86177

* The District has levied a total tax of $0.61 per $100 of Assessed Valuation for 2019, consisting of a debt service tax of $0.43 per $100 of Assessed Valuation and a maintenance tax of $0.18 per $100 of Assessed Valuation.

TAXING PROCEDURES

Authority to Levy Taxes

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

Tax Code and County-wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Harris County Appraisal District ("HCAD" or the "Appraisal District") described below to assess taxes against tangible or intangible personal property not devoted to commercial or industrial use. Principal categories of exempt real 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; nonprofit cemeteries; and certain property owned by qualified charitable, religious, veterans, fraternal, or educational organizations. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older and of certain disabled persons to the extent deemed advisable by the Board. In addition, the District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the 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 disability for purpose of payment of disability insurance benefits under 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, to between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residence homestead. Additionally, and 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 (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. Katy ISD owns two tracts totalling approximately 36 acres which are exempt from taxation and will remain exempt from taxation unless sold to a tax-paying third party.

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

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

Agricultural, Open Space, Timberland and Inventory Deferment

The 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 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 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, including such taxes for a period of three (3) years to five (5) years for agricultural use, timberland or open space land prior to the loss of the designation. According to the District's Tax Assessor/Collector, as of January 1, 2019, no acres within the District were designated for agricultural use, open space inventory deferment or timberland.

Tax Abatement

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

Valuation of Property for Taxation

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

The Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition for review in State district court. In such event, the value of the property in question will be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to compel compliance with the Tax Code.

The Tax Code establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

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 resident homestead in the District in that year, subject to certain homestead exemptions.

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, which effectively restricts increases in the District's operation and maintenance tax rates by requiring rollback elections to reduce the operation and maintenance tax component of the District's total tax rate (collectively, the debt service tax rate, maintenance and operations tax rate and contract tax rate are the "total tax rate"). See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. SB 2 requires a reduction in the operation and maintenance tax component of the District's total tax rate if the District's total tax rate surpasses the thresholds for specific classes of districts in SB 2. 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 the current operation and maintenance tax rate or on the percentage of build-out that the district has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Low Tax Rate Districts." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed are classified herein as "Other 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.

Low Tax Rate Districts

Low Tax Rate Districts that adopt a total tax rate that would impose more than 1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold a rollback 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 Low Tax Rate District 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 tax year on a residence homestead appraised at the average appraised value of a resident 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, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback 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 Low Tax Rate District and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Low Tax Rate Districts.

Other Districts

Districts that do not meet the classification of a Low Tax Rate District or a Developed District are classified as Other Districts. The qualified voters of these districts, upon the Other District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If a rollback election is called and passes, the total tax rate for Other 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 tax year on a residence homestead appraised at the average appraised value of a resident homestead in the district in that year, subject to certain homestead exemptions.

The District

A determination as to a district's status as a Low Tax Rate District, Developed District or Other District will be made on an annual basis, at the time a district sets its tax rate, 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 rollback election calculation.

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

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

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

THE SYSTEM

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment and storm drainage facilities (collectively, the "System") have been designed in accordance with the criteria of various regulatory agencies including the City of Houston, Harris County, and the TCEQ. The construction and installation of the facilities must be made in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The total number of connections currently projected for the District at the full development of its current area of approximately 494.06 acres of land is 1,800 with a total estimated population of 6,030.

The District financed the District's cost of construction of the water distribution, wastewater collection, and storm drainage facilities serving the single-family residential lots developed as Raintree Village, Sections 1 through 13, the District's wastewater treatment facility, water supply facilities, outfall drainage channel and certain other facilities with portions of the proceeds of the sale of the Prior Bonds. The District has, with the issuance of the Prior Bonds, financed all of the water, sanitary sewer and drainage facilities that it expects to finance through issuance of bonds to complete the System. Therefore, the District does not currently expect to issue additional bonds for water, sanitary sewer and drainage facilities unless future repairs or upgrades to the System or annexation of land into the District necessitate such issuance. See "THE BONDS - Authority for Issuance," - "Issuance of Additional Debt," and "INVESTMENT CONSIDERATIONS - Future Debt." Descriptions of the District's water supply and wastewater treatment facilities follow.

Wastewater Treatment

The District currently provides wastewater treatment with a facility which contains 500,000 gallons-per-day ("g.p.d.") of capacity which the District financed with a portion of the proceeds of the sale of the Outstanding Bonds. According to the District's Engineer, the capacity in such facility is sufficient to provide service to all development within the District.

Water Supply

According to the District's Engineer, the water supply facilities of the District are sufficient to serve all development within the District. The District has water interconnection lines with Weston Municipal Utility District and Fry Road Municipal Utility District to provide the District with alternate sources of water in the event of emergency.

Storm Drainage and 100-Year Flood Plain

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

Storm water drainage for the District is accomplished by an outfall drainage channel improvement and storm sewer system. The District financed its cost of construction of an outfall drainage channel, including channel rectification both inside and outside the District, plus storm sewer facilities to serve Raintree Village, Sections 1 through 13 with portions of the proceeds of the sale of the Prior Bonds. According to the District's Engineer, the Federal Emergency Management Agency Flood Hazard Boundary Map was revised in June 2007. Prior to this revision, all improved property within the District was outside of the 100-year flood plain boundary. With the 2007 flood plain map revisions, portions of the District located in the vicinity of the drainage channels was mapped within the 100-year flood plain. All remaining sections to be developed are currently mapped outside of the 100-year flood plain.

Regulation

Construction and operation of the District's System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of several federal, state and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Harris County, the TCEQ and the U.S. Army Corps of Engineers. Harris County and the City of Houston also exercise regulatory jurisdiction over the District's System.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 2001, the Texas legislature created the West Harris County Regional Water Authority (the "Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District) and a small portion of Fort Bend County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District 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, user fees, rates, charges and special assessments as necessary to accomplish its purposes. The Authority currently charges the District, and other major groundwater users, a fee of $2.95 per 1,000 gallons of groundwater pumped. It is anticipated that said fee will increase in the future. The Authority has to date issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will issue substantially more bonds by the year 2030 to finance the Authority's project costs.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) have limited groundwater withdrawals to no more than 70% of the total water demand within the Authority's GRP beginning January 2010; (ii) limit groundwater withdrawals to no more than 30% of the total water demand within the Authority's GRP beginning January 2020; and (iii) limit groundwater withdrawals to no more than 20% of the total water demand within the Authority's GRP beginning January 2030. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a $9.00 per 1,000 gallons disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand within the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

The District cannot predict the amount or level of fees and charges which may be due the Authority in the future, but anticipates the need to pass such fees through to its customers: (i) through higher water rates and/or (ii) with portions of maintenance tax proceeds, if any. The District has not made improvements to the System to allow for conversion to surface water and has not been advised by the Authority of a date the Authority plans to provide surface water to 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.

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriter a transcript of certain certified proceedings had incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel ("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. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limit as to rate or amount, upon all taxable property located within the District and that interest on the Bonds is excludable from gross income for federal income tax purposes under the statues, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds, and except as to certain Registered Owners as described under "TAX MATTERS" below. The opinion of Bond Counsel will be printed on the Bonds; however, errors or omissions in the printing of such legal opinion on the Bonds shall not affect the validity of the Bonds nor constitute cause for the failure or refusal by the Underwriter to accept delivery of and pay for the Bonds. Moreover, the statutes, regulations, rulings, and court decisions as to the excludability of interest on the Bonds from gross income on which such opinions are based are subject to change.

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captions "THE BONDS" (except for the information contained in the subheading "Book-Entry-Only-System"), "PLAN OF FINANCING - Refunded Bonds," and - "Payment of the Refunded Bonds," "TAXING PROCEDURES," "THE DISTRICT - Authority," and - "Attorney," "LEGAL MATTERS - Legal Opinions," "TAX

MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the law referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such party's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fees are contingent on the sale and delivery of the Bonds. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton, L.L.P., Houston, Texas.

No-Litigation Certificate

The District will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or, to the knowledge of the signatories, threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change

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

TAX MATTERS

Opinion

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, 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, Bond Counsel will express no opinion as to any other federal, state or local tax consequences of the purchase, ownership or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate and the verification report prepared by Robert Thomas, CPA, LLC, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

The Code and the regulations promulgated thereunder contain a number of requirements that must be satisfied subsequent to the issuance of the Bonds in order for interest on the Bonds to be, and to remain, excludable from gross income for federal income tax purposes. Failure to comply with such requirements may cause interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel is conditioned on compliance by the District with such requirements, and Bond Counsel has not been retained to monitor compliance with these requirements subsequent to the issuance of the Bonds.

Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel's opinion is not a guarantee of a result. 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 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 District with respect to the Bonds or the property financed or refinanced with proceeds of the Bonds or the Refunded Bonds. No assurances can be given as to whether 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 Bond Counsel. If an Internal Revenue Service 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 Bonds

The initial public offering price for one or more maturities of the Bonds is less than the principal amount thereof or one or more periods for the payment of interest on the Bonds may not be equal to the accrual period or be in excess of one year (the "Original Issue Discount Bonds"). In such event, the difference between (i) the "stated redemption price at maturity" of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond would constitute original issue discount. The "stated redemption price at maturity" means the sum of all payments to be made on the Bonds less the amount of all periodic interest payments. Periodic interest payments are payments which are made during equal accrual periods (or during any unequal period if it is the initial or final period) and which are made during accrual periods which do not exceed one year.

Under existing law, any owner who has purchased such Original Issue Discount Bond in the initial public offering 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 accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such 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 ended 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 of 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 statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase tax-exempt obligations.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIAL PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM 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 minimus* 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 Internal Revenue Code of 1986, as amended (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 expects to designate 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 ACCURACY OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of certain computations included in the schedules provided on behalf of the District relating to (a) computation of the adequacy of the amounts to be held by the Paying Agent for the Refunded Bonds in the Payment Account to pay, when due, the principal or redemption price of and interest on the Refunded Bonds, (b) the computation of the yield on the Refunding Bonds, and (c) the mathematical computations related to certain requirements of City of Houston Ordinance No. 97-416 were verified by Robert Thomas, CPA. The computations were independently verified by Robert Thomas, CPA based solely upon assumptions and information supplied on behalf of the District, and the District. Robert Thomas, CPA has restricted its procedures to verifying the arithmetical accuracy of certain computations and has not made any study or evaluation of the assumptions and information upon which the computations are based and, accordingly, has not expressed an opinion on the data used, the reasonableness of the assumptions, or the achievability of future events.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the District's Engineer, the Appraisal District, the District's Tax Assessor/Collector and other sources believed to be reliable. The District, however, makes no representation as to the accuracy or completeness of the information derived from sources other than the District. The summaries of the statutes, orders, agreements and engineering and other related documents and reports set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries are not purported to be complete statements of such provisions and reference is made to such documents for further information.

The financial statements of the District as of February 28, 2019, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report herein.

Experts

The information contained in this Official Statement relating to engineering and to the description of the System generally and, in particular, that engineering information included in the sections captioned "THE DISTRICT" and "THE SYSTEM" has been provided by the District's Engineer, Deden Services, LLC and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB, but in no case less than 25 days after the "end of the underwriting period."

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA" (except for the subcaption entitled "Tax Rate Calculations") and in "APPENDIX B" (Independent Auditor's Report and Financial Statements). The District will update and provide this information to the MSRB within six months after the end of each fiscal year ending in or after 2020.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the District's audit is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements within the required time, and audited financial statements when and if the audit report becomes 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 February 28. Accordingly, it must provide updated information by August 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

Event Notices

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

Availability of Information

The District has agreed to provide the foregoing information only to the MSRB in an electronic format and accompanied by identifying information as prescribed by the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB through its EMMA system at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of certain 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 Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance With Prior Undertakings

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

This Official Statement was approved by the Board of Directors of West Harris County Municipal Utility District No. 7 as of the date shown on the first page hereof.

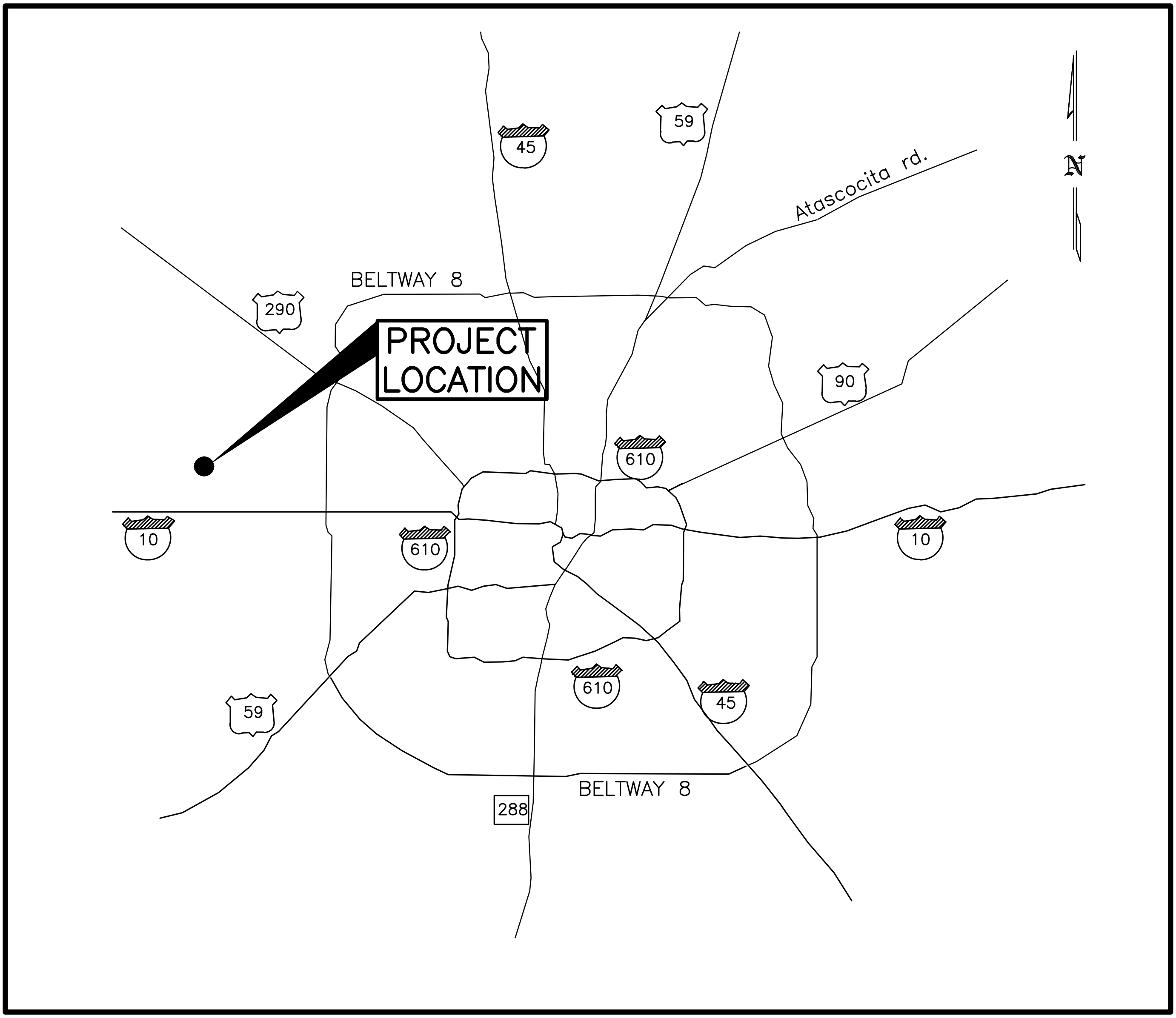
/s/ Bill Weldon
President, Board of Directors
West Harris County Municipal Utility District No. 7

ATTEST:

/s/ Tamara Vasek
Secretary, Board of Directors
West Harris County Municipal Utility District No. 7

APPENDIX A

LOCATION MAP



LOCATION MAP

APPENDIX B

WEST HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 7

HARRIS COUNTY, TEXAS

INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS

FEBRUARY 28, 2019

West Harris County Municipal Utility District No. 7

Harris County, Texas

Independent Auditor's Report and Financial Statements

February 28, 2019

BKD
CPAs & Advisors

West Harris County Municipal Utility District No. 7
February 28, 2019

Contents

BKD
CPAs & Advisors

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Independent Auditor's Report

Board of Directors
West Harris County Municipal Utility District No. 7
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of West Harris County Municipal Utility District No. 7 (the District), as of and for the year ended February 28, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 February 28, 2019, 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
August 27, 2019

West Harris County Municipal Utility District No. 7

Management's Discussion and Analysis

February 28, 2019

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

	2019	2018
Current and other assets	$ 7,495,814	$ 7,270,889
Capital assets	9,611,422	9,971,261
Total assets	17,107,236	17,242,150
Deferred outflows of resources	213,369	228,675
Total assets and deferred outflows of resources	$ 17,320,605	$ 17,470,825
Long-term liabilities	$ 20,973,623	$ 21,723,617
Other liabilities	483,087	427,195
Total liabilities	21,456,710	22,150,812
Net position:		
Net investment in capital assets	(10,419,061)	(10,703,028)
Restricted	2,531,004	2,505,288
Unrestricted	3,751,952	3,517,753
Total net position	$ (4,136,105)	$ (4,679,987)

The total net position of the District increased by $543,882, or about 12 percent. The majority of the increase in net position is related to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as a long-term liability 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.

Summary of Changes in Net Position

	2019	2018
Revenues:		
Property taxes	$ 1,960,598	$ 2,040,967
Charges for services	1,495,543	1,508,991
Other revenues	247,011	285,453
Total revenues	3,703,152	3,835,411
Expenses:		
Services	2,007,411	1,700,284
Depreciation	359,839	359,839
Conveyance of capital assets	-	25,645
Debt service	792,020	860,766
Total expenses	3,159,270	2,946,534
Change in net position	543,882	888,877
Net position, beginning of year	(4,679,987)	(5,568,864)
Net position, end of year	$ (4,136,105)	$ (4,679,987)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended February 28, 2019, were $6,858,607, an increase of $352,264 from the prior year.

The general fund's fund balance increased by $399,561 primarily due to property taxes, service, and penalty and interest revenues in excess of operating expenditures, and due to an insurance reimbursement received in the current year.

The debt service fund's fund balance increased by $27,360 because property tax revenues generated exceeded bond principal and interest requirements.

The capital projects fund's fund balance decreased by $74,657 due to capital outlay expenditures incurred for emergency sanitary sewer repairs.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax and penalty and interest revenues being greater than anticipated and water service revenues, regional water fee revenues and expenditures, and repairs and maintenance and other expenditures being less than anticipated. In addition, capital outlay expenditures were not budgeted. The fund balance as of February 28, 2019, was expected to be $3,422,612 and the actual end-of-year fund balance was $3,720,673.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2019	2018
Land and improvements	$ 921,587	$ 921,587
Water facilities	2,231,018	2,351,353
Wastewater facilities	6,458,817	6,698,321
Total capital assets	$ 9,611,422	$ 9,971,261

During the current year, there were no additions to capital assets.

Debt

The changes in the debt position of the District during the fiscal year ended February 28, 2019, are summarized as follows:

Long-term debt payable, beginning of year	$ 21,723,617
Decreases in long-term debt	(749,994)
Long-term debt payable, end of year	$ 20,973,623

At February 28, 2019, the District had $8,630,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District and for refunding purposes.

The District's bonds carry an underlying rating of "BBB+" from Standard & Poor's (S&P) and "A3" from Moody's Investors Service. The Series 2014, 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 must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. 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.

West Harris County Municipal Utility District No. 7

Statement of Net Position and Governmental Funds Balance Sheet

February 28, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 234,630	$ 821,125	$ 1,979	$ 1,057,734	$ -	$ 1,057,734
Certificates of deposit	349,525	86,634	-	436,159	-	436,159
Short-term investments	3,260,052	1,568,982	803,011	5,632,045	-	5,632,045
Receivables:						
Property taxes	31,279	87,791	-	119,070	-	119,070
Service accounts	212,560	-	-	212,560	-	212,560
Accrued penalty and interest	-	-	-	-	35,050	35,050
Accrued interest	2,083	1,113	-	3,196	-	3,196
Interfund receivable	41,120	10,927	-	52,047	(52,047)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	921,587	921,587
Infrastructure	-	-	-	-	8,689,835	8,689,835
Total assets	4,131,249	2,576,572	804,990	7,512,811	9,594,425	17,107,236
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	213,369	213,369
Total assets and deferred outflows of resources	$ 4,131,249	$ 2,576,572	$ 804,990	$ 7,512,811	$ 9,807,794	$ 17,320,605

West Harris County Municipal Utility District No. 7

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

February 28, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 164,489	$ -	$ -	$ 164,489	$ -	$ 164,489
Unclaimed bond payments	-	114,717	-	114,717	-	114,717
Customer deposits	184,090	-	-	184,090	-	184,090
Due to others	19,791	-	-	19,791	-	19,791
Interfund payable	10,927	1,181	39,939	52,047	(52,047)	-
Long-term liabilities:						
Due within one year	-	-	-	-	635,000	635,000
Due after one year	-	-	-	-	20,338,623	20,338,623
Total liabilities	379,297	115,898	39,939	535,134	20,921,576	21,456,710
Deferred Inflows of Resources						
Deferred property tax revenues	31,279	87,791	0	119,070	(119,070)	0
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	2,372,883	-	2,372,883	(2,372,883)	-
Water, sewer and drainage	-	-	765,051	765,051	(765,051)	-
Unassigned	3,720,673	-	-	3,720,673	(3,720,673)	-
Total fund balances	3,720,673	2,372,883	765,051	6,858,607	(6,858,607)	0
Total liabilities, deferred inflows of resources and fund balances	$ 4,131,249	$ 2,576,572	$ 804,990	$ 7,512,811		
Net position:						
Net investment in capital assets					(10,419,061)	(10,419,061)
Restricted for debt service					2,495,724	2,495,724
Restricted for capital projects					35,280	35,280
Unrestricted					3,751,952	3,751,952
Total net position					$ (4,136,105)	$ (4,136,105)

West Harris County Municipal Utility District No. 7

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

Year Ended February 28, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 547,379	$ 1,435,394	$ -	$ 1,982,773	$ (22,175)	$ 1,960,598
Water service	455,506	-	-	455,506	-	455,506
Sewer service	645,969	-	-	645,969	-	645,969
Regional water fee	394,068	-	-	394,068	-	394,068
Penalty and interest	78,739	29,594	-	108,333	(825)	107,508
Tap connection and inspection fees	16,352	-	-	16,352	-	16,352
Investment income	59,183	25,570	16,225	100,978	-	100,978
Other income	-	-	-	-	22,173	22,173
Total revenues	2,197,196	1,490,558	16,225	3,703,979	(827)	3,703,152
Expenditures/Expenses						
Service operations:						
Regional water fee	408,749	-	-	408,749	-	408,749
Professional fees	144,537	7,920	-	152,457	-	152,457
Contracted services	415,193	35,795	-	450,988	-	450,988
Utilities	88,554	-	-	88,554	-	88,554
Repairs and maintenance	705,300	-	-	705,300	101,674	806,974
Other expenditures	86,535	6,933	-	93,468	-	93,468
Tap connections	6,221	-	-	6,221	-	6,221
Capital outlay	105,702	-	90,882	196,584	(196,584)	-
Depreciation	-	-	-	-	359,839	359,839
Debt service:						
Principal retirement	-	620,000	-	620,000	(620,000)	-
Interest and fees	-	792,550	-	792,550	(530)	792,020
Total expenditures/expenses	1,960,791	1,463,198	90,882	3,514,871	(355,601)	3,159,270
Excess (Deficiency) of Revenues Over Expenditures	236,405	27,360	(74,657)	189,108	354,774	
Other Financing Sources						
Insurance proceeds	163,156	-	-	163,156	(163,156)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	399,561	27,360	(74,657)	352,264	(352,264)	
Change in Net Position					543,882	543,882
Fund Balances/Net Position						
Beginning of year	3,321,112	2,345,523	839,708	6,506,343	-	(4,679,987)
End of year	$ 3,720,673	$ 2,372,883	$ 765,051	$ 6,858,607	$ 0	$ (4,136,105)

West Harris County Municipal Utility District No. 7
Notes to Financial Statements
February 28, 2019

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

West Harris County Municipal Utility District No. 7 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective May 24, 1978, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended February 28, 2019, include collections during the current period or within 60 days of year-end related to the 2018 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended February 28, 2019, the 2018 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45

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.

Unclaimed Bond Payments

Unclaimed bond payments are unclaimed principal and interest payments from the District's Series 1983 and Series 1985 bonds that were refunded with the Series 1999 refunding bonds.

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.	$ 9,611,422
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	119,070
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	35,050

Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	$	213,369
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(20,973,623)
Adjustment to fund balances to arrive at net position.	$	(10,994,712)

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

Change in fund balances.	$	352,264
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 depreciation and conveyed capital assets exceeded capital outlay expenditures and noncapitalized expenses in the current year.		(428,085)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.		620,000
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.		(827)
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.		530
Change in net position of governmental activities.	$	543,882

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 February 28, 2019, 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 TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

At February 28, 2019, the District had the following investments and maturities.

Type	Amortized Cost	Maturities in Years: Less Than 1	1-5	6-10	More Than 10
BOT Short-term Cash Fund II	$ 47,516	$ 47,516	$ -	$ -	$ -
JPMorgan Prime Money Market Fund	26,328	26,328	-	-	-
TexPool	5,558,201	5,558,201	-	-	-
	$ 5,632,045	$ 5,632,045	$ 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 money market funds and external investment pool are presented as investments with a maturity of less than one year because they are 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 February 28, 2019, the District's investments in TexPool and the money market funds were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheet at February 28, 2019, as follows:

Carrying value:	
Deposits	$ 1,493,893
Investments	5,632,045
Total	$ 7,125,938

Included in the following statement of net position captions:

Cash	$ 1,057,734
Certificates of deposit	436,159
Short-term investments	5,632,045
Total	$ 7,125,938

Investment Income

Investment income of $100,978 for the year ended February 28, 2019, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended February 28, 2019, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 921,587	$ 0	$ 921,587
Capital assets, depreciable:			
Water production and distribution facilities	4,192,723	-	4,192,723
Wastewater collection and treatment facilities	8,223,233	-	8,223,233
Total capital assets, depreciable	12,415,956	0	12,415,956
Less accumulated depreciation:			
Water production and distribution facilities	(1,841,370)	(120,335)	(1,961,705)
Wastewater collection and treatment facilities	(1,524,912)	(239,504)	(1,764,416)
Total accumulated depreciation	(3,366,282)	(359,839)	(3,726,121)
Total governmental activities, net	$ 9,971,261	$ (359,839)	$ 9,611,422

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended February 28, 2019, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	$ 21,580,000	$ 620,000	$ 20,960,000	$ 635,000
Less discounts on bonds	305,682	8,367	297,315	-
Add premiums on bonds	335,141	24,203	310,938	-
	21,609,459	635,836	20,973,623	635,000
Due to developers	114,158	114,158	-	-
Total governmental activities long-term liabilities	$ 21,723,617	$ 749,994	$ 20,973,623	$ 635,000

General Obligation Bonds

	Refunding Series 2012	Series 2014
Amounts outstanding, February 28, 2019	$4,145,000	$5,925,000
Interest rates	2.000% to 3.875%	4.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2019/2032	September 1, 2019/2039
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2019	September 1, 2021

	Refunding Series 2015	Series 2016
Amounts outstanding, February 28, 2019	$5,635,000	$5,255,000
Interest rates	2.00% to 4.00%	3.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2019/2029	September 1, 2019/2042
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2024	September 1, 2023

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

Annual Debt Service Requirements

The District has been paying the amount due March 1 within the fiscal year preceding this due date, and the following schedule has been prepared assuming this practice will be followed in future years. The schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at February 28, 2019.

Year	Principal	Interest	Total
2020	$ 635,000	$ 771,956	$ 1,406,956
2021	665,000	752,388	1,417,388
2022	675,000	732,144	1,407,144
2023	695,000	711,344	1,406,344
2024	725,000	686,812	1,411,812
2025-2029	3,835,000	3,019,064	6,854,064
2030-2034	4,750,000	2,167,849	6,917,849
2035-2039	4,525,000	1,240,843	5,765,843
2040-2043	4,455,000	294,115	4,749,115
Total	$ 20,960,000	$ 10,376,515	$ 31,336,515

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, and are further payable from and secured by a lien on and a pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

Bonds voted	$ 34,000,000
Bonds sold	25,370,000

Note 5: Significant Bond Order and Commission Requirements

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 February 28, 2019, the District levied an ad valorem debt service tax at the rate of $0.4630 per $100 of assessed valuation, which resulted in a tax levy of $1,418,760 on the taxable valuation of $306,427,838 for the 2018 tax year. The interest and principal requirements to be paid from the tax revenues and existing resources are $1,416,531 of which $390,766 has been paid and $1,025,765 is due September 1, 2019.

Note 6: Maintenance Taxes

At an election held November 8, 2011, voters authorized a maintenance tax not to exceed $0.50 per $100 valuation on all property within the District subject to taxation. During the year ended February 28, 2019, the District levied an ad valorem maintenance tax at the rate of $0.1770 per $100 of assessed valuation, which resulted in a tax levy of $542,377 on the taxable valuation of $306,427,838 for the 2018 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of February 28, 2019, the Authority was billing the District \$2.95 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

Note 8: Risk Management

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

Required Supplementary Information

West Harris County Municipal Utility District No. 7

Budgetary Comparison Schedule – General Fund

Year Ended February 28, 2019

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 500,000	$ 547,379	$ 47,379
Water service	515,000	455,506	(59,494)
Sewer service	665,000	645,969	(19,031)
Regional water fee	450,000	394,068	(55,932)
Penalty and interest	35,000	78,739	43,739
Tap connection and inspection fees	-	16,352	16,352
Investment income	25,000	59,183	34,183
Total revenues	2,190,000	2,197,196	7,196
Expenditures			
Service operations:			
Regional water fee	450,000	408,749	41,251
Professional fees	112,000	144,537	(32,537)
Contracted services	397,000	415,193	(18,193)
Utilities	90,000	88,554	1,446
Repairs and maintenance	911,000	705,300	205,700
Other expenditures	128,500	86,535	41,965
Tap connections	-	6,221	(6,221)
Capital outlay	-	105,702	(105,702)
Total expenditures	2,088,500	1,960,791	127,709
Excess of Revenues Over Expenditures	101,500	236,405	134,905
Other Financing Sources			
Insurance proceeds	-	163,156	163,156
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	101,500	399,561	298,061
Fund Balance, Beginning of Year	3,321,112	3,321,112	-
Fund Balance, End of Year	$ 3,422,612	$ 3,720,673	$ 298,061

West Harris County Municipal Utility District No. 7

Notes to Required Supplementary Information

February 28, 2019

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 2019.

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

West Harris County Municipal Utility District No. 7

Other Schedules Included Within This Report

February 28, 2019

(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

West Harris County Municipal Utility District No. 7

Schedule of Services and Rates

Year Ended February 28, 2019

1. Services provided by the District:

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

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

___ Other ___

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 17.50	7,000	N	$ 3.00	7,001	to	15,000
				$ 3.50	15,001	to	No Limit
Wastewater:	$ 30.79	0	Y				
Regional water fee:	$ 3.25	0	N	$ 3.25	1	to	No Limit

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

Total charges per 10,000 gallons usage (including fees): Water $ 59.00 Wastewater $ 30.79

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,728	1,714	x1.0	1,714
1"	5	5	x2.5	13
1 1/2"	3	3	x5.0	15
2"	14	14	x8.0	112
3"	-	-	x15.0	-
4"	3	3	x25.0	75
6"	4	4	x50.0	200
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,757	1,743		2,129
Total wastewater	1,736	1,722	x1.0	1,722

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

Gallons pumped into the system:	149,524
Gallons billed to customers:	133,009
Water accountability ratio (gallons billed/gallons pumped):	88.95%

*"ESFC" means equivalent single-family connections

West Harris County Municipal Utility District No. 7

Schedule of General Fund Expenditures

Year Ended February 28, 2019

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 19,700	
Legal	104,327	
Engineering	20,510	
Financial advisor	-	144,537
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		408,749
Contracted Services		
Bookkeeping	10,564	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	98,748	109,312
Utilities		88,554
Repairs and Maintenance		705,300
Administrative Expenditures		
Directors' fees	7,500	
Office supplies	48,269	
Insurance	14,785	
Other administrative expenditures	15,981	86,535
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	105,702	105,702
Tap Connection Expenditures		6,221
Solid Waste Disposal		305,881
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 1,960,791

West Harris County Municipal Utility District No. 7

Schedule of Temporary Investments

February 28, 2019

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 50052	0.30%	06/17/19	$ 99,525	$ 2
No. 41207	0.55%	06/10/19	100,000	9
No. 41108	2.15%	05/07/19	150,000	2,072
TexPool	2.46%	Demand	3,260,052	-
			3,609,577	2,083
Debt Service Fund				
Certificate of Deposit				
No. 6762752598	2.38%	08/15/19	86,634	1,113
BOT Short-term Cash Fund II	2.22%	Demand	47,516	-
JPMorgan Prime Money Market Fund	1.42%	Demand	26,328	-
TexPool	2.46%	Demand	1,495,138	-
			1,655,616	1,113
Capital Projects Fund				
TexPool	2.46%	Demand	803,011	0
Totals			$ 6,068,204	$ 3,196

West Harris County Municipal Utility District No. 7

Analysis of Taxes Levied and Receivable

Year Ended February 28, 2019

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 36,410	$ 104,835
Additions and corrections to prior years' taxes	(129)	(410)
Adjusted receivable, beginning of year	36,281	104,425
2018 Original Tax Levy	500,586	1,309,443
Additions and corrections	41,791	109,317
Adjusted tax levy	542,377	1,418,760
Total to be accounted for	578,658	1,523,185
Tax collections: Current year	(523,584)	(1,369,602)
Prior years	(23,795)	(65,792)
Receivable, end of year	$ 31,279	$ 87,791
Receivable, by Years		
2018	$ 18,792	$ 49,158
2017	3,535	10,397
2016	2,342	8,268
2015	1,695	6,215
2014	1,337	4,646
2013	1,154	1,154
2012	640	640
2011	672	840
2010	250	651
2009	295	789
2008	177	919
2007	164	895
2006	78	1,021
2005	74	1,078
2004	74	1,120
Receivable, end of year	$ 31,279	$ 87,791

West Harris County Municipal Utility District No. 7

Analysis of Taxes Levied and Receivable (Continued)

Year Ended February 28, 2019

	2018	2017	2016	2015
Property Valuations				
Land	$ 51,896,632	$ 51,711,038	$ 49,914,649	$ 39,241,364
Improvements	276,101,339	271,825,703	220,936,810	171,647,581
Personal property	4,341,969	4,772,126	3,796,052	3,659,398
Exemptions	(25,912,102)	(23,966,242)	(22,447,140)	(20,970,440)
Total property valuations	$ 306,427,838	$ 304,342,625	$ 252,200,371	$ 193,577,903
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.4630	$ 0.5000	$ 0.6000	$ 0.6600
Maintenance tax rates*	0.1770	0.1700	0.1700	0.1800
Total tax rates per $100 valuation	$ 0.6400	$ 0.6700	$ 0.7700	$ 0.8400
Tax Levy	$ 1,961,137	$ 2,039,096	$ 1,941,943	$ 1,626,054
Percent of Taxes Collected to Taxes Levied**	96%	99%	99%	99%

*Maximum tax rate approved by voters: $0.50 on November 8, 2011

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

West Harris County Municipal Utility District No. 7

Schedule of Long-term Debt Service Requirements by Years

February 28, 2019

	Refunding Series 2012		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 80,000	$ 152,900	$ 232,900
2021	85,000	150,731	235,731
2022	80,000	148,363	228,363
2023	85,000	145,887	230,887
2024	90,000	143,206	233,206
2025	95,000	140,256	235,256
2026	50,000	137,869	187,869
2027	165,000	134,138	299,138
2028	170,000	128,275	298,275
2029	175,000	122,019	297,019
2030	180,000	115,363	295,363
2031	915,000	94,259	1,009,259
2032	960,000	57,931	1,017,931
2033	1,015,000	19,665	1,034,665
Totals	$ 4,145,000	$ 1,690,862	$ 5,835,862

The District pays the amount due March 1 prior to that date. This schedule is prepared assuming this practice will continue in the future.

West Harris County Municipal Utility District No. 7

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

February 28, 2019

	Series 2014		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 25,000	$ 261,000	$ 286,000
2021	25,000	259,875	284,875
2022	25,000	258,875	283,875
2023	25,000	257,875	282,875
2024	25,000	256,875	281,875
2025	25,000	255,875	280,875
2026	25,000	254,750	279,750
2027	25,000	253,500	278,500
2028	50,000	251,625	301,625
2029	50,000	249,125	299,125
2030	50,000	246,625	296,625
2031	50,000	244,125	294,125
2032	50,000	241,625	291,625
2033	50,000	239,125	289,125
2034	650,000	221,625	871,625
2035	700,000	190,937	890,937
2036	725,000	161,094	886,094
2037	775,000	129,219	904,219
2038	825,000	95,219	920,219
2039	850,000	59,094	909,094
2040	900,000	20,250	920,250
Totals	$ 5,925,000	$ 4,408,313	$ 10,333,313

The District pays the amount due March 1 prior to that date. This schedule is prepared assuming this practice will continue in the future.

West Harris County Municipal Utility District No. 7

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

February 28, 2019

	Refunding Series 2015		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 505,000	$ 196,425	$ 701,425
2021	530,000	180,900	710,900
2022	545,000	164,775	709,775
2023	560,000	148,200	708,200
2024	585,000	128,100	713,100
2025	610,000	104,200	714,200
2026	30,000	91,400	121,400
2027	530,000	80,200	610,200
2028	555,000	58,500	613,500
2029	580,000	35,800	615,800
2030	605,000	12,100	617,100
Totals	$ 5,635,000	$ 1,200,600	$ 6,835,600

The District pays the amount due March 1 prior to that date. This schedule is prepared assuming this practice will continue in the future.

West Harris County Municipal Utility District No. 7

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

February 28, 2019

	Series 2016		
Due During Fiscal Years Ending February 28	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 25,000	$ 161,631	$ 186,631
2021	25,000	160,882	185,882
2022	25,000	160,131	185,131
2023	25,000	159,382	184,382
2024	25,000	158,631	183,631
2025	25,000	157,882	182,882
2026	600,000	148,506	748,506
2027	25,000	139,131	164,131
2028	25,000	138,382	163,382
2029	25,000	137,631	162,631
2030	25,000	136,882	161,882
2031	25,000	136,131	161,131
2032	25,000	135,381	160,381
2033	25,000	134,631	159,631
2034	125,000	132,381	257,381
2035	125,000	128,631	253,631
2036	125,000	124,881	249,881
2037	125,000	121,131	246,131
2038	125,000	117,381	242,381
2039	150,000	113,256	263,256
2040	150,000	108,756	258,756
2041	1,100,000	90,006	1,190,006
2042	1,125,000	55,928	1,180,928
2043	1,180,000	19,175	1,199,175
Totals	$ 5,255,000	$ 3,076,740	$ 8,331,740

The District pays the amount due March 1 prior to that date. This schedule is prepared assuming this practice will continue in the future.

West Harris County Municipal Utility District No. 7

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

February 28, 2019

Due During Fiscal Years Ending February 28	Annual Requirements For All Series: Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	$ 635,000	$ 771,956	$ 1,406,956
2021	665,000	752,388	1,417,388
2022	675,000	732,144	1,407,144
2023	695,000	711,344	1,406,344
2024	725,000	686,812	1,411,812
2025	755,000	658,213	1,413,213
2026	705,000	632,525	1,337,525
2027	745,000	606,969	1,351,969
2028	800,000	576,782	1,376,782
2029	830,000	544,575	1,374,575
2030	860,000	510,970	1,370,970
2031	990,000	474,515	1,464,515
2032	1,035,000	434,937	1,469,937
2033	1,090,000	393,421	1,483,421
2034	775,000	354,006	1,129,006
2035	825,000	319,568	1,144,568
2036	850,000	285,975	1,135,975
2037	900,000	250,350	1,150,350
2038	950,000	212,600	1,162,600
2039	1,000,000	172,350	1,172,350
2040	1,050,000	129,006	1,179,006
2041	1,100,000	90,006	1,190,006
2042	1,125,000	55,928	1,180,928
2043	1,180,000	19,175	1,199,175
Totals	$ 20,960,000	$ 10,376,515	$ 31,336,515

West Harris County Municipal Utility District No. 7

Changes in Long-term Bonded Debt

Year Ended February 28, 2019

	Bond Issues				
	Refunding Series 2012	Series 2014	Refunding Series 2015	Series 2016	Totals
Interest rates	2.000% to 3.875%	4.00% to 5.00%	2.00% to 4.00%	3.00% to 3.25%	
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Maturity dates	September 1, 2019/2032	September 1, 2019/2039	September 1, 2019/2029	September 1, 2019/2042	
Bonds outstanding, beginning of current year	$ 4,220,000	$ 5,950,000	$ 6,130,000	$ 5,280,000	$ 21,580,000
Retirements, principal	75,000	25,000	495,000	25,000	620,000
Bonds outstanding, end of current year	$ 4,145,000	$ 5,925,000	$ 5,635,000	$ 5,255,000	$ 20,960,000
Interest paid during current year	$ 154,744	$ 262,250	$ 211,425	$ 162,381	$ 790,800

Paying agent's name and address:

Series 2012 - 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 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	$ 34,000,000	0	0
Amount issued	$ 25,370,000	0	0
Remaining to be issued	$ 8,630,000	0	0

Debt service fund cash and temporary investment balances as of February 28, 2019:	$ 2,476,741
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,305,688

West Harris County Municipal Utility District No. 7

Comparative Schedule of Revenues and Expenditures – General Fund

Three Years Ended February 28, 2019, 2018 and 2017, One Year Ended February 29, 2016, and One Year Ended February 28, 2015

	Amounts				
	2019	2018	2017	2016	2015
General Fund					
Revenues					
Property taxes	$ 547,379	$ 527,073	$ 427,954	$ 344,595	$ 333,773
Water service	455,506	470,955	514,716	432,064	378,455
Sewer service	645,969	652,109	677,503	587,481	508,242
Regional water fee	394,068	385,927	360,154	277,912	237,203
Penalty and interest	78,739	65,830	132,739	65,615	69,225
Tap connection and inspection fees	16,352	-	188,280	210,868	148,250
Investment income	59,183	26,707	10,979	3,651	1,370
Total revenues	2,197,196	2,128,601	2,312,325	1,922,186	1,676,518
Expenditures					
Service operations:					
Regional water fee	408,749	392,143	392,095	289,866	246,425
Professional fees	144,537	112,287	108,072	89,364	85,823
Contracted services	415,193	393,014	407,437	363,203	281,194
Utilities	88,554	80,746	105,451	115,346	111,771
Repairs and maintenance	705,300	745,728	704,577	440,940	430,881
Other expenditures	86,535	84,149	450,334	97,990	76,560
Tap connections	6,221	-	82,704	77,955	51,668
Capital outlay	105,702	7,700	-	-	10,010
Capital lease payments	-	-	-	15,439	30,878
Total expenditures	1,960,791	1,815,767	2,250,670	1,490,103	1,325,210
Excess of Revenues Over Expenditures	236,405	312,834	61,655	432,083	351,308
Other Financing Sources					
Interfund transfers in	-	-	-	154,352	-
Developer advances received	-	-	100,000	-	-
Insurance proceeds	163,156	-	-	-	-
Total other financing sources	163,156	0	100,000	154,352	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	399,561	312,834	161,655	586,435	351,308
Fund Balance, Beginning of Year	3,321,112	3,008,278	2,846,623	2,260,188	1,908,880
Fund Balance, End of Year	$ 3,720,673	$ 3,321,112	$ 3,008,278	$ 2,846,623	$ 2,260,188
Total Active Retail Water Connections	1,743	1,743	1,742	1,713	1,401
Total Active Retail Wastewater Connections	1,722	1,712	1,735	1,699	1,392

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
24.9 %	24.8 %	18.5 %	17.9 %	19.9 %
20.7	22.1	22.3	22.5	22.6
29.4	30.6	29.3	30.5	30.3
18.0	18.1	15.6	14.5	14.2
3.6	3.1	5.7	3.4	4.1
0.7	-	8.1	11.0	8.8
2.7	1.3	0.5	0.2	0.1
100.0	100.0	100.0	100.0	100.0
18.6	18.4	16.9	15.1	14.7
6.6	5.3	4.7	4.6	5.1
18.9	18.5	17.6	18.9	16.8
4.0	3.8	4.6	6.0	6.7
32.1	35.0	30.5	22.9	25.7
3.9	3.9	19.4	5.1	4.6
0.3	-	3.6	4.1	3.1
4.8	0.4	-	-	0.6
-	-	-	0.8	1.8
89.2	85.3	97.3	77.5	79.1
10.8 %	14.7 %	2.7 %	22.5 %	20.9 %

West Harris County Municipal Utility District No. 7

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Three Years Ended February 28, 2019, 2018 and 2017, One Year Ended February 29, 2016, and One Year Ended February 28, 2015

	Amounts				
	2019	2018	2017	2016	2015
Debt Service Fund					
Revenues					
Property taxes	$ 1,435,394	$ 1,566,032	$ 1,513,000	$ 1,260,547	$ 1,074,343
Penalty and interest	29,594	29,479	22,855	21,069	16,686
Investment income	25,570	11,633	3,984	1,161	519
Total revenues	1,490,558	1,607,144	1,539,839	1,282,777	1,091,548
Expenditures					
Current:					
Professional fees	7,920	11,382	11,037	3,722	9,532
Contracted services	35,795	34,471	30,833	27,438	25,643
Other expenditures	6,933	6,595	6,836	6,372	3,333
Debt service:					
Principal retirement	620,000	585,000	560,000	100,000	95,000
Interest and fees	792,550	809,794	703,933	988,212	1,126,493
Bond issuance costs	-	-	-	276,906	-
Debt defeasance	-	-	-	118,000	-
Total expenditures	1,463,198	1,447,242	1,312,639	1,520,650	1,260,001
Excess (Deficiency) of Revenues Over Expenditures	27,360	159,902	227,200	(237,873)	(168,453)
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	6,640,000	-
Payment to escrow agent	-	-	-	(6,746,291)	-
Premium on debt issued	-	-	-	389,905	-
Total other financing sources	0	0	0	283,614	0
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	27,360	159,902	227,200	45,741	(168,453)
Fund Balance, Beginning of Year	2,345,523	2,185,621	1,958,421	1,912,680	2,081,133
Fund Balance, End of Year	$ 2,372,883	$ 2,345,523	$ 2,185,621	$ 1,958,421	$ 1,912,680

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
96.3 %	97.5 %	98.3 %	98.3 %	98.4 %
2.0	1.8	1.5	1.6	1.5
1.7	0.7	0.2	0.1	0.1
100.0	100.0	100.0	100.0	100.0
0.5	0.7	0.7	0.3	0.9
2.4	2.1	2.0	2.1	2.3
0.5	0.4	0.4	0.5	0.3
41.6	36.4	36.4	7.8	8.7
53.1	50.4	45.7	77.0	103.2
-	-	-	21.6	-
-	-	-	9.2	-
98.1	90.0	85.2	118.5	115.4
1.9 %	10.0 %	14.8 %	(18.5) %	(15.4) %

West Harris County Municipal Utility District No. 7

Board Members, Key Personnel and Consultants

Year Ended February 28, 2019

Complete District mailing address:	West Harris County Municipal Utility District No. 7 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	
District business telephone number:	713.652.6500	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		May 9, 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
Teresa Rogers	Elected 05/16-05/20	$ 1,800	$ 0	President
Ellen Chadick	Elected 05/16-05/20	1,050	0	Vice President
Bill Weldon	Elected 05/18-05/22	1,800	0	Secretary
Bryon Meyer	Appointed 05/18-05/22	1,200	0	Director
Tamara Vasek	Elected 05/18-05/22	1,650	0	Director

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

West Harris County Municipal Utility District No. 7

Board Members, Key Personnel and Consultants (Continued)

Year Ended February 28, 2019

Consultants	Date Hired	Fees and Expense Reimbursements	Title
Michael Arterburn, RTA	05/03/11	$ 24,392	Tax Assessor/ Collector
BKD, LLP	05/14/86	19,700	Auditor
Deden Services, LLC	07/06/95	2,730	Engineer
Harris County Appraisal District	Legislative Action	14,532	Appraiser
Municipal Business Services, Inc.	03/29/79	10,231	Bookkeeper
Rathmann & Associates, L.P.	05/06/03	0	Financial Advisor
Smith, Murdaugh, Little & Bonham, L.L.P.	03/29/79	107,052	Attorney/ Delinquent Tax Attorney
Water District Management Co., Inc.	09/08/15	776,199	Operator
Investment Officer			
Bob L. Ideus	09/07/99	N/A	Bookkeeper

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

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