OFFICIAL STATEMENT DATED APRIL 29, 2020

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

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

NEW ISSUE – Book Entry Only

S&P Global Ratings (BAM Insured) ...."AA"
Moody's Investors Service, Inc. (Underlying).........."A3"

$3,515,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 468

(A Political Subdivision of the State of Texas Located within Harris County)

UNLIMITED TAX REFUNDING BONDS, SERIES 2020

Dated: June 1, 2020 **Due: September 1, as shown on inside cover hereof**

The $3,515,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds") are obligations solely of the Harris County Municipal Utility District No. 468 (the "District") and are not obligations of the State of Texas; Harris County, Texas; or any entity other than the District. Neither the full faith and credit nor the taxing power of the State of Texas; Harris County, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Interest on the Bonds will accrue from June 1, 2020, and is payable on March 1, 2021, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption, and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar, initially, Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"), to registered owners ("Registered Owners") as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each Interest Payment Date (the "Record Date").

The Bonds will be issued in fully registered form only, without coupons, in denominations of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds.

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS" on inside cover.

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

The Bonds constitute the third series of unlimited tax bonds to be issued by the District for the purpose of refunding bonds previously issued by the District. The Bonds, when issued, will constitute valid and binding obligations of the District, payable from the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of Payment."

The Bonds are subject to special investment considerations described herein. Bond purchasers are encouraged to read this entire Official Statement prior to making an investment decision. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by Coats Rose, P.C., Houston, Texas, Underwriter's Counsel. Delivery of the Bonds is expected on or about June 5, 2020.

SAMCO Capital Markets, Inc.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

$3,515,000 Unlimited Tax Refunding Bonds, Series 2020

$1,175,000 Serial Bonds

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 41421G (b)	Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (a)	CUSIP Number 41421G (b)
2021	$ 5,000	4.000%	1.500%	LT4	2025	$ 190,000	4.000%	2.000%	LE7
2022	175,000	4.000%	1.750%	LB3	2026	200,000	4.000%	2.070%	LF4
2023	170,000	4.000%	1.800%	LC1	2027	205,000	4.000%	2.140%	LG2
2024	10,000	4.000%	1.900%	LD9	2028	220,000	4.000%	2.200%	LH0

$2,340,000 Term Bonds

$710,000 Term Bond due September 1, 2031 (c)(d) Interest Rate: 2.250% (Price: $97.561) (a) CUSIP No. 41421G LL1 (b)

$505,000 Term Bond due September 1, 2033 (c)(d) Interest Rate: 2.500% (Price: $97.893) (a) CUSIP No. 41421G LN7 (b)

$1,125,000 Term Bond due September 1, 2037 (c)(d) Interest Rate: 3.000% (Price: $100.802) (a) CUSIP No. 41421G LS6 (b)

(a) The initial reoffering yields indicated represent the lower of the yields resulting when priced to maturity or the first call date. The initial yields at which the Bonds will be priced will be established by and will be the sole responsibility of the Underwriter. The yields may be changed at any time at the discretion of the Underwriter. Accrued interest from June 1, 2020, to the date of delivery of the Bonds is to be added to the price.

(b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.

(c) The Bonds maturing on and after September 1, 2030, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2029, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

(d) Subject to mandatory redemption as provided under "THE BONDS – Redemption Provisions – *Mandatory Redemption.*"

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 or the Underwriter.

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

All of the summaries of the statutes, orders, contracts, records, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027 for further information.

The Financial Advisor (herein defined) is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" and "APPENDIX B - Specimen Municipal Bond Insurance Policy".

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this "Official Statement" nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or the 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, other matters described in the Official Statement until delivery of the Bonds to the Underwriter and thereafter only as specified in "CONTINUING DISCLOSURE OF INFORMATION," and "OFFICIAL STATEMENT – Updating of Official Statement."

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SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. (referred to herein as the "Underwriter") has agreed to purchase the Bonds from the District for $3,581,606.15 (being the par amount of the Bonds, plus a net original issue premium on the Bonds of $98,788.65, and less an underwriter's discount of $32,182.50), plus accrued interest on the Bonds to the date of delivery. The Underwriter's obligation is to purchase all of the Bonds, if any Bonds are purchased.

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has 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 Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the sole responsibility of the Underwriter.

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Build America Mutual Assurance Company

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

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2019 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $534.9 million, $132.5 million and $402.4 million, respectively.

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

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

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

Additional Information Available from BAM

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

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit

Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

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

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

RATINGS

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P 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 such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

Moody's Investor Services, Inc. ("Moody's") has assigned an underlying credit rating of "A3" to the Bonds. An explanation of the ratings may be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. A security rating is not a recommendation to buy, sell, or hold securities. Furthermore, there is no assurance that such ratings will continue for any given period of time or that the ratings will not be revised downward or withdrawn entirely by Moody's, if, in its judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P and Moody's.

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OFFICIAL STATEMENT SUMMARY

The following material is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE BONDS

The Issuer	Harris County Municipal Utility District No. 468 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."
The Issue	The $3,515,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds"), are dated June 1, 2020, and mature on September 1 in the years and in the amounts as set forth on the inside cover page hereof. Interest on the Bonds accrues from June 1, 2020, at the rates per annum set forth on the inside cover page hereof and is payable on March 1, 2021, and on each September 1 and March 1 thereafter until maturity or earlier redemption. The Bonds are offered in fully registered form in integral multiples of $5,000 for any one maturity. See "THE BONDS."
Redemption Provisions	The Bonds that mature on September 1, 2030 and thereafter are subject to redemption, in whole or from time to time in part, at the option of the District on September 1, 2029, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*." The Bonds maturing on September 1, 2021, through September 1, 2028, are serial bonds. The Bonds maturing on September 1 in the years 2031, 2033 and 2037 are term bonds (the "Term Bonds), which have certain mandatory redemption provisions set out herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption.*"
Source of Payment	Principal and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied upon all taxable property within the District without legal limitation as to rate or amount. The Bonds are obligations solely of the District and are not obligations of the State of Texas; Harris County, Texas; or any other political subdivision or entity other than the District. See "THE BONDS – Source of Payment."
Authority for Issuance	The Bonds are issued pursuant to (i) Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54 of the Texas Water Code, Chapter 1207 of the Texas Government Code and the City of Houston Ordinance No. 97-416, (ii) an election held within the District, as referenced below, and (iii) a resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board"). At an election held within the District on November 7, 2006, voters in the District authorized the District's issuance of a total of $40,000,000 principal amount of unlimited tax refunding bonds for the refunding of bonds issued for the System (herein defined). From such voted authorization, the District has previously issued two series of bonds for the purpose of refunding the System. The Bonds

represent the District's third issuance of bonds from such voted authorization for the purpose of refunding of bonds issued for the System. Following the issuance of the Bonds, $38,610,000 principal amount of unlimited tax bonds for the refunding of such bonds, will remain authorized and unissued. See "THE BONDS – Authority for Issuance."

Payment Record.. The District has never defaulted on the timely payment of principal and interest on its prior bonded indebtedness.

Use of Proceeds .... A portion of the proceeds of the Bonds will be used to pay issuance costs of the Bonds and to refund $170,000 (the "Series 2011 Refunded Bonds") of the 4,135,000 Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds") and $3,260,000 (the "Series 2013 Refunded Bonds") of the 4,630,000 Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds"). The Series 2011 Refunded Bonds and the Series 2013 Refunded Bonds are collectively referred to as the "Refunded Bonds." The refunding of the Refunded Bonds is expected to result in an annual and net present value savings in the District's current annual debt service requirements. See "PLAN OF FINANCING."

Remaining Outstanding Bonds....................... In addition to the Series 2011 Bonds and the Series 2013 Bonds, the District has previously issued: $4,625,000 Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"); $7,335,000 Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"); $5,370,000 Unlimited Tax Road Bonds, Series 2014 (the "Series 2014 Road Bonds"); $13,215,000 Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"); $1,295,000 Unlimited Tax Road Bonds, Series 2015 (the "Series 2015 Road Bonds"); $1,985,000 Unlimited Tax Road Bonds, Series 2015A (the "Series 2015A Road Bonds"); $3,315,000 Unlimited Tax Park Bonds, Series 2016 (the "Series 2016 Park Bonds"); and $5,800,000 Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds") aggregating $49,095,000 in principal amount of unlimited tax bonds issued by the District. Excluding the Refunded Bonds, $34,360,000 principal amount of bonds previously issued will remain outstanding (the "Remaining Outstanding Bonds"). See "PLAN OF FINANCING."

Municipal Bond Insurance .... Build America Mutual Assurance Company. See "MUNICIPAL BOND INSURANCE."

Ratings... S&P Global Ratings (BAM Insured): "AA." Moody's Investors Service, Inc. (Underlying): "A3." See "RATINGS."

General & Bond Counsel.................................... Allen Boone Humphries Robinson LLP, Houston, Texas.

Underwriter's Counsel .... Coats Rose, P.C., Houston, Texas.

Financial Advisor.. Robert W. Baird & Co. Incorporated, Houston, Texas.

Engineer .... BGE, Inc., Houston, Texas.

Verification Agent .... Robert Thomas CPA, LLC, Certified Public Accountants, Verification Agent. See "THE DISTRICT – Special Consultant Related to Issuance of the Bonds" and See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

Escrow Agent .... The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "PLAN OF FINANCING – Escrow Agreement."

THE DISTRICT

General .... Harris County Municipal Utility District No. 468 (the "District") was created by the Texas Commission on Environmental Quality (the "TCEQ") on August 15, 2006, for the purpose of providing, operating, and maintaining water distribution, wastewater collection and storm drainage facilities (the "System") serving land within the District. The District operates pursuant to Chapters 49 and 54 of the Texas Water Code pursuant to Article XVI, Section 59 of the Texas Constitution. The District contains approximately 529 acres, is located entirely within Harris County and entirely within the extraterritorial jurisdiction of the City of Houston. See "THE DISTRICT – General."

Location .... The District is located in northwest Harris County, approximately 20 miles northwest of the City of Houston (the "City") central business district and is located entirely within the extraterritorial jurisdiction of the City. The District lies approximately 2 miles north of the intersection of Cypresswood Dr. and Texas State Highway 249, and approximately 4 miles south of the Grand Parkway. The District is generally bordered on the north by Louetta Road, on the south by Cypress Creek and on the west by State Highway 249. The eastern boundary of the District is approximately aligned parallel with and one mile east of State Highway 249. The District can be accessed by Texas State Highway 249 or by Cutten Road.

Developers .... Approximately 445 acres in the District originally were acquired by V&W Partners, Ltd., a Texas limited partnership ("V&W" or the "Developer") whose primary business is the investment and development of property located within and adjacent to the District. The general partner of V&W is V&W Management, L.L.C. whose members are Mischer Investments, L.P., a Texas limited partnership ("MILP"), and Kickerillo Building Company, a Texas limited partnership ("KBC"). The controlling interest in MILP is owned directly or indirectly by members of the Mischer family. The controlling interest in KBC is owned directly or indirectly by members of the Kickerillo family. Approximately 84 acres were originally purchased by Vintage Lakes Center, L.P., a Texas limited partnership ("Vintage Lakes Center"), whose general partner, Vintage Lakes Center Management, L.L.C. is controlled by the V&W Partners, and Interfin Vintage Lakes LP. Of the 84 acres, 40 acres have been developed into the 340,000 square foot Vintage Park retail center, which was acquired by Vintage Dunhill LLC ("Vintage Dunhill") in 2012. Vintage Dunhill is ultimately controlled by Dunhill Partners. Dunhill Partners is a commercial real estate brokerage and investment firm located in Dallas, Texas. Currently, Dunhill Partners owns and manages over 4 million square feet of retail properties. Additionally, approximately 16 acres were purchased by entities (Vintage Marketplace, Ltd and Vintage Marketplace II, Ltd.) owned and controlled by Read King Commercial Real Estate ("Read King"). See "THE DEVELOPERS." Alliance Realty Partners, LLC ("Alliance") and Sparrow Capital Partners LLC ("Sparrow") have recently developed within the District. Sparrow has developed 8.0 acres of Senior living. Alliance has developed 17.89 acres of multi-family with an additional 20.80 acres of detention. Detention is complete and both properties are building buildings. There is a remaining 14.0 acres in this area that V&W still owns.

Development within the District .... Development commenced within the District in June, 2005. As of March 1, 2020, the following commercial and retail improvements have been completed: a 342,000 square foot ("sf") retail center known as Vintage Park (41 acres) (of which approximately 95% is leased); an HEB grocery store (15 acres); a 34,000 sf medical office building (3.7 acres) (approximately 95% leased); a 72,000 sf Kelsey-Seybold Clinic (10.0 acres); an Amegy Bank (0.8532 acres), a Trustmark Bank (0.7235 acres), a Comerica Bank (0.8510 acres); a Compass Bank (0.8655 acres); a 123-room Westin Hotel (2.7 acres); a 130-room Hyatt Place Hotel (2.43 acres); Vintage Carwash (2.0 acres); St. Luke's Hospital (28 acres); First Texas Hospital (4.40 acres); a Black Walnut restaurant (1.50 acres); Reliant Rehab Hospital with 60 beds (4.0 acres); Sueba USA has completed a 362-unit apartment complex (24.9 acres) known as San Cierra, a 277-unit apartment complex (8.65 acres) known as San Antigua and a 241-unit apartment complex (8.78 acres) known as San Marino; McCann Realty has completed a 322-unit (13.86 acres) Retreat at Vintage Park apartments; U.S. Memory Care, LLC and America Development have completed a 70-unit assisted living and memory care facility (4.49 acres); and Brookdale Senior Living Solutions has completed The Solana Preserve at Vintage Park apartments (3.08 acres) and The Solana at Vintage Park (2.80 acres); the Shops at Chasewood (6.41 acres); Vintage Storage (5.27 acres); Davita Dialysis (1.73 acres); Aldi (1.79 acres); and Walgreens (1.68 acres). Approximately 11.22 acres have been developed by Vintage Marketplace, Ltd (an entity owned and controlled by Read King) as a retail shopping center including a Whole Foods Market. In addition to Whole Foods, over 90% of the development has been leased consisting of: Jersey Mike's Subs, Verts (Berlin inspired Kebap), Hand and Stone (Massage and Facial Spa), Nothing Bundt Cakes, Lovett Dental, Orange Theory Fitness, MOD Pizza, Torchy's Tacos, Pei Wei, Kriser's Natural Pet Store, 2 nail salons, a Sport Clips, The Halal Guys, Jon Kotsu, U'Maki Sushi Burrito, Bellagreen, Ambriza, Yogurtland. Additionally, there is an expansion in the area behind Whole Foods with a 2.51 acre office building called Offices at Vintage Marketplace. This is being developed by Read King.

Single-family and townhome development consists of 64.51 acres known as the developments of Vintage Royale and Vintage Di Vita. Development within Vintage Royale consists of Section 1 (39.62 acres – 94 townhome lots and 100 single-family lots), Section 2 (8.175 acres – 43 single-family lots), Section 3 (0.8791 acres – 14 townhome lots), and Section 4 (3.027 acres – 15 single-family lots). As of March 1, 2020, Vintage Royale (54.31 acres) has completed all 108 townhomes and all 158 single-family homes. Development in Vintage di Vita consists of 90 townhome lots on 10.2 acres. Vintage di Vita (10.2 acres) has 90 completed townhomes. Sparrow has developed 8.0 acres of Senior Living. Alliance has developed 17.89 acres of multi-family with an additional 20.80 acres of detention. The remaining land within the District consists of approximately 25.2 undeveloped but developable acres (utilities are available up to

	the perimeters), 110.3 undevelopable acres (comprising detention, plant sites, roads, pipelines and right of ways) and 81.8 acres for Kickerillo Mischer Preserve Park. See "DEVELOPMENT WITHIN THE DISTRICT."
Potential Impact of COVID-19	The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce, and financial markets globally and is widely expected to affect economic growth worldwide. While the potential impact on the District cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the District. See "INVESTMENT CONSIDERATIONS – Potential Impact of COVID-19."

INVESTMENT CONSIDERATIONS

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

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SELECTED FINANCIAL INFORMATION

(UNAUDITED)

2019 Taxable Assessed Valuation	$ 665,887,843	(a)
Direct Debt:		
The Remaining Outstanding Bonds	$ 34,360,000	
The Bonds	$ 3,515,000	
Total	$ 37,875,000	
Estimated Overlapping Debt	$ 38,012,411	(b)
Total Direct and Estimated Overlapping Debt	$ 75,887,411	(b)
Direct Debt Ratios:		
As a percentage of 2019 Taxable Assessed Valuation	5.69	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2019 Taxable Assessed Valuation	11.40	%
Debt Service Fund Balance (as of March 4, 2020)	$ 4,049,621	(c)
Capital Projects Fund Balance (as of March 4, 2020)	$ 341,650	
Operating Fund Balance (as of March 4, 2020)	$ 4,282,113	
2019 Tax Rate		
Road Debt Service	$0.09	
System Debt Service	$0.38	
Maintenance & Operation	$0.08	
Total	$0.55	
Average Annual Debt Service Requirement (2020–2041)	$ 2,242,174	(d)
Maximum Annual Debt Service Requirement (2031)	$ 3,230,936	(d)
Tax Rate per $100 of Taxable Value Required to Pay Average Annual Debt Service Requirement (2020–2041) at 95% Tax Collections		
Based on 2019 Taxable Assessed Valuation	$0.36	
Tax Rate per $100 of Taxable Value Required to Pay Maximum Annual Debt Service Requirement (2031) at 95% Tax Collections		
Based on 2019 Taxable Assessed Valuation	$0.52	

(a) Represents the taxable assessed value of all taxable property within the District as of January 1, 2019, provided by the Harris County Appraisal District ("HCAD"). See "TAX DATA" and "TAXING PROCEDURES."
(b) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
(c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund.
(d) Requirement of debt service on the Remaining Outstanding Bonds and the Bonds. See "DEBT SERVICE REQUIREMENTS."

INTRODUCTION

This Official Statement provides certain information in connection with the issuance by Harris County Municipal Utility District No. 468 (the "District") of its $3,515,000 Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1207, Texas Government Code, as amended, a resolution (the "Bond Resolution") adopted by the Board of Directors of the District ("Board"), and an election held in the District.

Included in this Official Statement are descriptions of the Bonds and certain information about the District and its finances. ALL DESCRIPTIONS OF DOCUMENTS CONTAINED HEREIN ARE SUMMARIES ONLY AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO EACH SUCH DOCUMENT. Copies of such documents may be obtained from the District at Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas, 77027 or during the offering period from the District's Financial Advisor, Robert W. Baird & Co., Incorporated, Attn: Jan Bartholomew, 1331 Lamar Street, Suite 1360, Houston, Texas 77010 upon payment of reasonable copying, mailing and handling charges.

THE BONDS

General

The Bonds will bear interest from June 1, 2020 and will mature on September 1 of the years and in the principal amounts, and will bear interest at the rates per annum, set forth on the inside cover page hereof. Interest on the Bonds will be paid on March 1, 2021, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until maturity or earlier redemption and will be calculated on the basis of a 360-day year composed of twelve 30-day months. Interest on the Bonds will be payable by check, dated as of the Interest Payment Date, and mailed by the Paying Agent/Registrar (herein defined) to Registered Owners (herein defined) as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding the Interest Payment Date (the "Record Date") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner. The Bonds will be issued in fully registered form only, without coupons, in the denomination of $5,000 or any integral multiple thereof, and when issued, will be registered in the name of Cede & Co., as registered owner ("Registered Owner") and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co., as the nominee of DTC, is the registered owner of the Bonds, principal of and interest on the Bonds will be payable by the paying agent to DTC, which will be solely responsible for making such payment to the beneficial owners of the Bonds. The initial paying agent for the Bonds is Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar").

Redemption Provisions

Optional Redemption

The Bonds that mature on September 1, 2030, and thereafter are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on September 1, 2029, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent payment date to the date fixed for redemption.

The Paying Agent/Registrar shall give written notice of redemption, by registered mail not less than thirty (30) days prior to the redemption date, to the Registered Owner of each bond but neither the failure to give such notice nor any defect therein shall affect the sufficiency of notice given to the Registered Owner as hereinabove stated. The Paying Agent/Registrar may provide written notice of redemption to DTC by facsimile.

The Bonds of a denomination larger than $5,000 may be redeemed in part ($5,000 or any multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal of the Bonds so surrendered. In the event of redemption of less than all of the Bonds, the particular Bonds to be redeemed shall be selected by the District; if less than all of the Bonds of a particular maturity are to be redeemed, the Paying Agent/Registrar is required to select the Bonds of such maturity to be redeemed by lot.

Mandatory Redemption

The Bonds maturing on September 1 in the years 2031, 2033 and 2037 (the "Term Bonds") are also subject to mandatory sinking fund redemption by the District by lot or other customary method of random selection prior to scheduled maturity on September 1 in the years ("Mandatory Redemption Dates") and in the amounts set forth below at a redemption price of par plus accrued interest to the date of redemption.

$710,000 Term Bond due September 1, 2031

Mandatory Redemption Date	Principal Amount
September 1, 2029	$ 230,000
September 1, 2030	235,000
September 1, 2031 (maturity)	245,000

$505,000 Term Bond due September 1, 2033

Mandatory Redemption Date	Principal Amount
September 1, 2032	$ 250,000
September 1, 2033 (maturity)	255,000

$1,125,000 Term Bond due September 1, 2037

Mandatory Redemption Date	Principal Amount
September 1, 2034	$ 270,000
September 1, 2035	275,000
September 1, 2036	285,000
September 1, 2037 (maturity)	295,000

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond 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 random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, 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.

Registration, Transfer and Exchange

In the event the Book-Entry-Only System (hereinafter defined) should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar or its corporate trust office and such transfer or exchange shall be without expenses or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the principal payment office of the Paying Agent/Registrar, or sent by the United States mail, first class, postage prepaid, to the new Registered Owner or his designee. 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 Registered Owner in not more than three business days after the receipt of the Bonds to be cancelled, and the written instrument of transfer or request for exchange duly executed by the Registered Owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of $5,000 for any one maturity and for a like aggregate principal amount as the Bond or Bonds surrendered for exchange or transfer. See "BOOK-ENTRY-ONLY SYSTEM" herein defined for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

Mutilated, Lost, Stolen or Destroyed Bonds

In the event the Book-Entry-Only System should be discontinued, the District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or on receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity to hold them harmless. Upon the issuance of a new bond the District may require payment of taxes, governmental charges and other expenses (including the fees and expenses of the Paying Agent/Registrar), bond printing and legal fees in connection with any such replacement.

Replacement of Paying Agent/Registrar

The Board has selected Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, as the initial Paying Agent/Registrar. The initial designated payment office for the Bonds is located in Houston, Texas.

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

Source of Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Bonds as the same becomes due and to pay each installment of the principal of the Bonds as the same matures, with full allowance being made for delinquencies and cost of collection. In the Bond Resolution, the District covenants that said taxes are irrevocably pledged to the payment of the interest and principal of the Bonds and any parity bonds hereinafter issued. The Bonds are obligations of the District and are not the obligations of the State of Texas; Harris County, Texas; or any other political subdivision or any entity other than the District.

Payment Record

The District has never defaulted on the timely payment of principal or interest on its prior bonded indebtedness.

Authority for Issuance

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended; Chapter 1207, Texas Government Code, as amended; and the City of Houston Ordinance No. 97-416.

At an election held within the District on November 7, 2006, voters in the District authorized the District's issuance of a total of $40,000,000 principal amount of unlimited tax refunding bonds for the refunding of bonds issued by the District for the System. From such voted authorization, the District has previously issued two series of bonds for the purpose of refunding of bonds for the System. The Bonds represent the District's third issuance of bonds from such voted authorization for the purpose of refunding of bonds issued for the System. Following the issuance of the Bonds, $38,610,000 principal amount for the refunding of such bonds, will remain authorized and unissued. See "DISTRICT DEBT – Unlimited Tax Bonds Authorized but Unissued."

Issuance of Additional Debt

The District may issue additional bonds. The District's voters have authorized the issuance of $40,000,000 principal amount of unlimited tax refunding bonds, $14,880,000 in unlimited tax road bonds for road purposes, $47,200,000 of unlimited tax bonds for water, wastewater and drainage facilities, $15,000,000 in unlimited tax park bonds for recreational facilities and could authorize additional amounts. Any additional bonds sold would be on a parity with or subordinate to the Bonds. Following issuance of the Bonds, $38,610,000 in unlimited tax refunding bonds, $6,230,000 principal amount of unlimited tax bonds for road improvements, $11,375,000 principal amount of unlimited tax bonds for the System and $11,685,000 principal amount of unlimited tax bonds for park and recreational facilities will remain authorized but unissued.

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount ultimately issued by the District. See "INVESTMENT CONSIDERATIONS - Future Debt."

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

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. See "INVESTMENT CONSIDERATIONS – Limitation to Registered Owners' Remedies."

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Section 49.186, Texas Water Code and Chapter 1204, Texas Government Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. The Bonds also are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose other, more stringent, requirements in order for the Bonds to be legal investments for such entity's funds or to be eligible to serve as collateral for their funds.

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York ("DTC"), while the Bonds are registered in its nominee's 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 believes the source of such information to be reliable, but takes no 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 Participant, (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.

DTC 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 required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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 purchase 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 Paying Agent/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.

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

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

A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to Tender/Remarketing Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records to Tender/Remarketing Agent. The requirement for physical delivery of Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to Tender/Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to District or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC. The information in the section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, 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 system, and (ii) except as described above, notices that are to be given to Registered Owners under the Bond Resolution will be given only to DTC.

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PLAN OF FINANCING

Use of Proceeds

Proceeds from the sale of the Bonds, together with other lawfully available District funds, will be used to achieve a debt service savings by refunding $170,000 (the "Series 2011 Refunded Bonds) principal amount of the District's $4,135,000 Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds") and $3,260,000 (the "Series 2013 Refunded Bonds") principal amount of the District's $4,630,000 of the Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds"). The Series 2011 Refunded Bonds and the Series 2013 Refunded Bonds are collectively referred to as the "Refunded Bonds." Proceeds from sale of the Bonds will also be used to pay costs of issuance of the Bonds. The sale of the Bonds and the refunding of the Refunded Bonds will result in an annual and net present value savings in the District's current annual debt service requirements.

The Refunded Bonds

The principal amounts and maturity dates of the Refunded Bonds are set forth as follows:

Unlimited Tax Bonds, Series 2011		Unlimited Tax Bonds, Series 2013	
Principal Amount	Maturity Date	Principal Amount	Maturity Date
$ 170,000	09/01/2022	$ 165,000	09/01/2023
$ 170,000		180,000 (a)	09/01/2025
		190,000 (a)	09/01/2026
		195,000 (b)	09/01/2027
		205,000 (b)	09/01/2028
		215,000 (c)	09/01/2029
		225,000 (c)	09/01/2030
		235,000 (c)	09/01/2031
		245,000 (d)	09/01/2032
		255,000 (d)	09/01/2033
		270,000 (d)	09/01/2034
		280,000 (d)	09/01/2035
		295,000 (d)	09/01/2036
		305,000 (d)	09/01/2037
		$ 3,260,000	

Series 2011 Redemption Date: June 5, 2020

Series 2013 Redemption Date: September 1, 2020

Total Principal Amount of the Refunded Bonds: $3,430,000

(a) Represents a term bond in the total principal amount of $370,000, scheduled to mature on September 1, 2026.
(b) Represents a term bond in the total principal amount of $400,000, scheduled to mature on September 1, 2028.
(c) Represents a term bond in the total principal amount of $675,000, scheduled to mature on September 1, 2031.
(d) Represents a term bond in the total principal amount of $1,650,000, scheduled to mature on September 1, 2037.

Remaining Outstanding Bonds

The District has previously issued eight (11) series of bonds supported by the proceeds of a continuing, direct ad valorem tax, unlimited as to rate or amount, levied annually by the District upon all taxable property located within the entirety of the District. Excluding the Refunded Bonds, $34,360,000 principal amount of unlimited tax bonds will remain outstanding (the "Remaining Outstanding Bonds").

The following table lists the principal amounts of the Remaining Outstanding Bonds.

Series	Original Principal Amount	Principal Outstanding as of March 1, 2020	Less: Refunded Bonds	Remaining Outstanding Bonds
U/L Tax Refunding Bonds, Series 2016	$ 5,800,000	$ 5,695,000	$ –	$ 5,695,000
U/L Tax Park Bonds, Series 2016	3,315,000	3,025,000	–	3,025,000
U/L Tax Road Bonds, Series 2015A	1,985,000	1,760,000	–	1,760,000
U/L Tax Road Bonds, Series 2015	1,295,000	1,145,000	–	1,145,000
U/L Tax Refunding Bonds, Series 2015	13,215,000	10,465,000	–	10,465,000
U/L Tax Road Bonds, Series 2014	5,370,000	4,675,000	–	4,675,000
U/L Tax Bonds, Series 2014	7,335,000	6,450,000	–	6,450,000
U/L Tax Bonds, Series 2013	4,630,000	3,890,000	(3,260,000)	630,000
U/L Tax Bonds, Series 2011	4,135,000	505,000	(170,000)	335,000
U/L Tax Bonds, Series 2010	4,625,000	180,000	–	180,000
U/L Tax Bonds, Series 2008	15,100,000	–	–	–
Total:	$ 66,805,000	$ 37,790,000	$ (3,430,000)	$ 34,360,000

Payment of 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 Paying Agent/Registrar, the paying agent for the Refunded Bonds. The Bond Resolution provides that, from the proceeds of the sale of the Bonds and other lawfully 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, Bond Counsel, and 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 MATHEMATICAL CALCULATIONS."

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 resolution 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 the amounts so deposited in the Payment Account, 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.

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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 the Bonds	$ 3,515,000.00
Net Premium	98,788.65
Debt Service Fund Transfer	19,000.00
Capital Project Fund Transfer	12,559.79
Accrued Interest on the Bonds	1,215.00
Total Sources of Funds	$ 3,646,563.44
USES OF FUNDS:	
Deposit for Payment of Refunded Bonds	$ 3,491,857.07
Deposit of Accrued Interest to Debt Service Fund	1,215.00
Issuance Expenses and Underwriter's Discount	152,705.48
Additional Proceeds	785.89
Total Uses of Funds	$ 3,646,563.44

Escrow Agreement

The District will enter into an escrow agreement (the "Escrow Agreement") with The Bank of New York Mellon Trust Company, N.A, Dallas, Texas (the "Escrow Agent") pursuant to which a portion of the proceeds of the Bonds will be invested in certain securities of the United States of America or agencies of the United States of America (the "Escrowed Obligations"), deposited, along with cash, in an escrow fund (the "Escrow Fund"), and applied to provide for scheduled payment of principal of and interest on the Refunded Bonds until their maturity or prior redemption. At the time of delivery of the Bonds, Robert Thomas CPA, LLC, will verify to the District, the Escrow Agent and the Underwriter that the Escrowed Obligations will mature at such times and yield interest in amounts that, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Pursuant to the Escrow Agreement, the Escrow Fund is irrevocably pledged for the payment of principal of and interest on the Refunded Bonds.

By the deposit of the Escrowed Obligations and cash with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the orders authorizing the issuance of the Refunded Bonds. In the opinion of Allen Boone Humphries Robinson LLP, Bond Counsel, as a result of such deposit, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed to be fully paid and no longer outstanding except for the purpose of being paid from the funds provided therefore in such Escrow Agreement.

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THE DISTRICT

General

The District is a limited-purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. See "INVESTMENT CONSIDERATIONS – Annexation and Consolidation." The District is vested with all the rights, privileges, authority and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered 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, among other things. The District is also empowered to finance certain road improvements, those shown in the County thoroughfare plan. The District may also provide solid waste collection and disposal service and operate and maintain recreational facilities. The District may operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the voters and the TCEQ. The District does not operate and/or maintain a fire department. The District is subject to the continuing supervision of the TCEQ.

Location

The District encompasses 529.14 acres and is located in northwest Harris County approximately 20 miles northwest of the City of Houston (the "City") central business district and is located entirely within the extraterritorial jurisdiction of the City. The District lies approximately 2 miles north of the intersection of Cypresswood Dr. and Texas State Highway 249. The District is generally bordered on the north by Louetta Road, on the south by Cypress Creek and on the west by Texas State Highway 249 and is approximately 4 miles south of the Grand Parkway. The eastern boundary of the District is approximately aligned parallel with and one mile east of Texas State Highway 249. The District can be accessed by State Highway 249 or by Cutten Road. See "LOCATION MAP."

Management of the District

- Board of Directors -

The District is governed by a board, consisting of five directors, which has control over and management supervision of all affairs of the District. Directors' terms are four years with elections held within the District on the second Saturday in May in each even numbered year. All of the directors own property in the District and Director Blair M. Frederick resides in the District.

Name	Position	Term Expires May
Kenneth P. Carter	President	2024
Lawrence Kupstas	Vice President	2022
Robert Moore	Secretary/Treasurer	2022
William T. Evans	Assistant Vice President	2024
Blair M. Frederick	Assistant Secretary	2022

- Consultants -

Tax Assessor/Collector - Land and improvements in the District are being appraised by the Harris County Appraisal District. The Tax Assessor/Collector for the District is Tax Tech, Inc.

Bookkeeper - The District contracts with Avanta Accounting Services as Bookkeeper for the District.

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

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. A copy of the District's audit prepared by McGrath & Co., PLLC for the fiscal year ended May 31, 2019 and a copy of the District's Management Response letter is included as "APPENDIX A" to this Official Statement.

Financial Advisor – Robert W. Baird & Co. ("the "Financial Advisor") is employed as Financial Advisor to the District in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information in this Official Statement.

Bond & General Counsel - The District has engaged Allen Boone Humphries Robinson LLP, Houston, Texas, as Bond Counsel in connection with the issuance of the District's Bonds. The fees of Bond Counsel are contingent upon the sale of and delivery of the Bonds. Allen Boone Humphries Robinson LLP, Houston, Texas, also serves as the District's general counsel.

Special Consultant Related to Issuance of the Bonds

Verification Agent: At the time of delivery of the Bonds, Robert Thomas CPA, LLC, will verify to the District, Bond Counsel and the Underwriter certain matters related to the issuance of the Bonds and the refunding of the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS."

THE DEVELOPER

The Role of a Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the Commission, as well as gas, telephone and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In certain instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a municipal utility district pursuant to the rules of the Commission. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

Description of the Developers

Each of the developers in this subsection is collectively referred to herein as the "Developers."

- V&W Partners, Ltd. -

The principal developer of land within the District is V&W Partners, Ltd., a Texas limited partnership ("V&W") whose primary business is the investment and development of property located within and adjacent to the District. The general partner of V&W is V&W Management, L.L.C., whose members are Mischer Investments, L.P., a Texas limited partnership ("MILP"), and Kickerillo Building Company, a Texas limited partnership ("KBC"). The controlling interest in MILP is owned directly or indirectly by members of the Mischer family. The controlling interest in KBC is owned directly or indirectly by members of the Kickerillo family. V&W originally acquired approximately 445 acres in the District, all of which has been developed.

- Vintage Dunhill LLC -

Vintage Dunhill LLC ("Vintage Dunhill") purchased the Vintage Park retail center from a previous developer in March, 2012. Vintage Dunhill is ultimately controlled by Dunhill Partners. Dunhill Partners is a commercial real estate brokerage and investment firm located in Dallas, Texas. Currently, Dunhill Partners owns and manages over 4 million square feet of retail properties. The Vintage Park retail center consists of 16 buildings including approximately 342,000 square feet of ground floor retail and medical space and 24,000 square feet of 2nd story office space. H-E-B Vintage Market anchors the center.

- Read King Commercial Real Estate-

Read King Commercial Real Estate ("Read King") purchased two tracts in the District totaling approximately 16 acres. Vintage Marketplace, Ltd., which is owned and operated by Read King, developed approximately 8 acres as a retail center, anchored by a Whole Food Market. Subsequently, Read King sold a majority interest in Vintage Marketplace, Ltd. Vintage Marketplace II, Ltd., which is owned and operated by Read King, owns an additional 8 acres, with plans to develop a portion of such land.

- Alliance Realty Partners, LLC –

Alliance Realty Partners, LLC ("Alliance") has developed 17.89 acres of multi-family with an additional 20.80 acres of detention. Detention is complete and both properties are constructing buildings.

- Sparrow Capital Partners, LLC -

Sparrow Capital Partners, LLC ("Sparrow") has developed 8.0 acres of Senior living.

DEVELOPMENT WITHIN THE DISTRICT

Development commenced within the District in June, 2005. As of March 1, 2020, the following commercial and retail improvements have been completed: a 342,000 square foot ("sf") retail center known as Vintage Park (41 acres) (of which approximately 95% is leased); an HEB grocery store (15 acres); a 34,000 sf medical office building (3.7 acres) (approximately 95% leased); a 72,000 sf Kelsey-Seybold Clinic (10.0 acres); an Amegy Bank (0.8532 acres), a Trustmark Bank (0.7235 acres), a Comerica Bank(0.8510 acres); a Compass Bank (0.8655 acres); a 123-room Westin Hotel (2.7 acres); a 130-room Hyatt Place Hotel (2.43 acres); Vintage Carwash (2.0 acres); St. Luke's Hospital (28.0 acres); First Texas Hospital (3.0 acres); a Black Walnut restaurant (0.87 acres); Reliant Rehab Hospital with 60 beds (4.0 acres); Sueba USA has completed a 362-unit apartment complex (24.9 acres) known as San Cierra, a 277-unit apartment complex (8.65 acres) known as San Antigua and a 241-unit apartment complex (8.7 acres) known as San Marino; McCann Realty has completed a 322-unit (13.86 acres) Retreat at Vintage Park apartments; U.S. Memory Care, LLC and America Development have completed a 70-unit assisted living and memory care facility (4.49 acres) known as U.S. Memory Care, and Brookdale Senior Living Solutions has completed The Solana Preserve at Vintage Park apartments (3.08 acres) and The Solana at Vintage Park (2.80 acres). Approximately 8 acres have been developed by Vintage Marketplace, Ltd (an entity owned and controlled by Read King) as a retail shopping center including a Whole Foods Market. In addition to Whole Foods, over 90% of the first phase of development has been leased consisting of: Jersey Mike's Subs, Verts (Berlin inspired Kebap), Hand In Stone (Massage and Facial Spa), Nothing Bundt Cakes, Lovett Dental, Orange Theory Fitness, MOD Pizza, Torchy's Tacos, Kriser's Natural Pet Store, a nail salon and a Sport Clips. Single-family and townhome development consists of 64.51 acres known as the developments of Vintage Royale and Vintage Di Vita. Development within Vintage Royale consists of Section 1 (39.62 acres – 94 townhome lots and 100 single-family lots), Section 2 (8.175 acres - 43 single-family lots), Section 3 (0.8791 acres - 14 townhome lots), and Section 4 (3.027 acres – 15 single-family lots). As of January 1, 2016, Vintage Royale (54.31 acres) all 108 townhomes have been completed and all 158 single-family homes have been completed. Development in Vintage di Vita consists of 90 townhome lots on 10.2 acres. Vintage di Vita has 90 completed townhomes. Alliance has developed 17.89 acres of multi-family with an additional 20.80 acres of detention. Detention is complete and both properties are constructing buildings. Sparrow has developed 8.0 acres of Senior living. The remaining land within the District consists of approximately 25.21 undeveloped but developable acres (utilities are available up to the perimeters), 110.2733 undevelopable acres (comprising detention, plant sites, roads, pipelines and right of ways) and 81.8 acres for the Kickerillo Mischer Preserve Park. The following is a detailed description of the improvements within the District.

Vintage Park –A 342,000 sf retail center (41 acres) which is approximately 95% leased. Tenants include HEB grocery store; a 34,000 sf medical office building; Kelsey-Seybold Clinic; Amegy Bank; Trustmark Bank; Comerica Bank; Compass Bank; Westin Hotel; Hyatt Place Hotel; Vintage Carwash, St.; St. Luke's Hospital; First Texas Hospital; Black Walnut restaurant; and Reliant Rehab Hospital.

Kelsey Seybold Clinic – 72,000 sf comprehensive multi-specialty care facility with more than 20 physicians complemented by services including on-site Magnetic Resonance Imaging (MRI), Computerized

Tomography (CT), digital X-ray and mammography services, laboratory and pharmacy, for a one-stop healthcare experience. Complete and open for business.

St. Luke's Episcopal Hospital – St. Luke's purchased 28 acres at the end of 2007. The hospital opened in late 2010. The St. Luke's hospital has 106 beds and comprises approximately 212,000 square feet. Under its current ownership structure, the St. Luke's Hospital is subject to ad valorem taxation under state law. The District can make no representation as to whether the hospital owner may change its corporate structure to allow the property to be exempt from ad valorem taxation or may sell the hospital to another owner that would cause the property to be exempt from ad valorem taxation.

Sueba Apartments – Sueba USA Corporation has developed three (3) apartment complexes in the District. The San Cierra apartments consist of 362 apartment units, a leasing office, clubroom, fitness center and pool, the San Antigua apartments consist of 277 apartment units, a leasing office, clubroom, fitness center, dog park, two (2) pools, conference center and coffee bar, and the San Marino apartments consists of 241 apartment units, a leasing office, clubroom, internet café, Starbucks coffee bar, fitness center, spa, dog park and a pool.

Medical Office Building – A 34,000 sf medical office building developed by Louetta Cutten LP is complete and open. Tenants include Allergy & Asthma Associates, Brassell Eyecare, Houston Center for Maternal – Fetal Medicine, Champions Women's Center, Venetian Laser & Skincare, and First Choice Emergency Room.

Reliant Rehabilitation Hospital – In 2012, Reliant Northwest Houston constructed a 65,000 square foot building with 60 private rehabilitation rooms all with flat screen televisions, oversized showers and bathrooms, personal desks, and wood floors.

U.S. Memory Care of Houston – An assisted living and memory care facility that offers residents apartment style amenities with access to 24-hour personalized care and supervision.

First Texas Hospital – A full-service boutique hospital.

Hyatt Place Vintage – A 130-room Pride Management, Inc. hotel that is set to open January 3, 2017.

The Solana at Vintage Park – An assisted living facility specializing in Alzheimer's and dementia care services developed by Brookdale Senior Living Solutions. This community consists of a fitness center, concierge service, an arts and crafts studio, walking paths, a beauty salon, pharmacy and therapy room.

The Solana Preserve at Vintage Park – An assisted living facility that offers residents independent living accommodations and resort-style amenities and services.

Future Development

Approximately 25.21 acres of developable land remain undeveloped. All of such land has water and sanitary sewer trunk lines to the perimeter. Additional water, sanitary sewer and drainage improvements may be necessary depending upon how such land is developed. The District can make no representation that any future development will occur within the District. In the event that future development does occur within the District, it is anticipated that the development costs will be financed through the sale of future bond issues.

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DEBT SERVICE REQUIREMENTS

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

Calendar Year	Outstanding Debt Service	Less: Refunded Debt Service	Plus: The Bonds Principal	Plus: The Bonds Interest	Total Debt Service
2020	$ 2,458,812	$ 64,122	–	–	$ 2,394,690
2021	3,081,846	128,244	$ 5,000	$ 136,688	3,095,290
2022	3,118,546	298,244	175,000	109,150	3,104,453
2023	3,127,409	286,444	170,000	102,150	3,113,115
2024	3,150,459	116,494	10,000	95,350	3,139,315
2025	3,151,259	296,494	190,000	94,950	3,139,715
2026	3,171,646	300,644	200,000	87,350	3,158,353
2027	3,184,086	299,469	205,000	79,350	3,168,968
2028	3,192,096	302,644	220,000	71,150	3,180,603
2029	3,217,256	305,469	230,000	62,350	3,204,138
2030	3,232,386	307,675	235,000	57,175	3,216,886
2031	3,243,568	309,519	245,000	51,888	3,230,936
2032	2,333,461	311,000	250,000	46,375	2,318,836
2033	1,586,213	311,200	255,000	40,125	1,570,138
2034	1,599,875	316,000	270,000	33,750	1,587,625
2035	1,610,800	315,200	275,000	25,650	1,596,250
2036	1,623,638	319,000	285,000	17,400	1,607,038
2037	1,622,638	317,200	295,000	8,850	1,609,288
2038	1,319,488	–	–	–	1,319,488
2039	191,200	–	–	–	191,200
2040	190,950	–	–	–	190,950
2041	190,550	–	–	–	190,550
Total	$49,598,181	$ 4,905,059	$ 3,515,000	$ 1,119,700	$49,327,821

Average Annual Debt Service Requirement (2020–2041) $2,242,174

Maximum Annual Debt Service Requirement (2031) $3,230,936

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DISTRICT DEBT

Assessed Valuation

2019 Taxable Assessed Valuation	$ 665,887,843	(a)
Direct Debt:		
The Remaining Outstanding Bonds	$ 34,360,000	
The Bonds	$ 3,515,000	
Total	$ 37,875,000	
Estimated Overlapping Debt	$ 38,012,411	(b)
Total Direct and Estimated Overlapping Debt	$ 75,887,411	(b)
Debt Service Fund Balance (as of March 4, 2020)	$ 4,049,621	(c)
Capital Projects Fund Balance (as of March 4, 2020)	$ 341,650	
Operating Fund Balance (as of March 4, 2020)	$ 4,282,113	
Direct Debt Ratios:		
As a percentage of 2019 Taxable Assessed Valuation	5.69	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of 2019 Taxable Assessed Valuation	11.40	%

(a) Certified Taxable Assessed Value within the District as provided by HCAD. See "TAX DATA" and "TAXING PROCEDURES."
(b) See "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement."
(c) Neither Texas Law nor the Bond Resolution requires that the District maintain any particular sum in the Debt Service Fund.

Unlimited Tax Bonds Authorized but Unissued

Date Authorization	Purpose	Bonds Authorized	Authorization Used	Authorized But Unissued
11/07/06	Water, Wastewater and Drainage	$ 47,200,000	$ 35,825,000	$ 11,375,000
11/07/06	Roads	14,880,000	8,650,000	6,230,000
11/07/06	Parks	15,000,000	3,315,000	11,685,000
11/07/06	Refunding	40,000,000	1,390,000 (a)	38,610,000

(a) Includes the Bonds.

Investment Authority and Investment Practices of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code (the "Act"). The District's goal is to preserve principal and maintain liquidity in a diversified portfolio while securing a competitive yield on its portfolio. Funds of the District are to be invested only in accordance with the Investment Policy. The Investment Policy states that the funds of the District may be invested in short term obligations of the U.S. or its agencies or instrumentalities, in certificates of deposits insured by the Federal Deposit Insurance Corporation ("FDIC") and secured by collateral authorized by the Act, and in TexPool and Texas Class, which are public funds investment pools rated in the highest rating category by a nationally recognized rating service.

Estimated Direct and Overlapping Debt Statement

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from several sources, including information contained in the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds since the dates stated in this table, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance and/or general revenue purposes in addition to taxes of debt service, and the tax burden for operation, maintenance and/or general purposes is not included in these figures.

Taxing Jurisdiction	Outstanding Debt February 29, 2020	Overlapping Percent	Overlapping Amount
Harris County	$ 1,885,182,125	0.14%	$ 2,593,655
Harris County Department of Education	6,320,000	0.14%	8,693
Harris County Flood Control	83,075,000	0.14%	116,753
Harris County Hospital District	55,005,000	0.14%	77,287
Klein ISD	1,098,240,000	2.91%	31,949,398
Lone Star College System	570,885,000	0.43%	2,461,838
Port of Houston Authority	572,569,397	0.14%	804,786
Total Estimated Overlapping Debt			$38,012,411
Direct Debt (a)			$37,875,000
Total Direct & Estimated Overlapping Debt (a)			$75,887,411

(a) Includes the Remaining Outstanding Bonds and the Bonds.

Debt Ratios

	Direct Debt (a)	Direct and Estimated Overlapping Debt (a)
2019 Taxable Assessed Valuation ($665,887,843)	5.69%	11.40%

(a) Includes the Remaining Outstanding Bonds and the Bonds.

TAX DATA

General

Taxable property within the District is subject to the assessment, levy and collection by the District of a continuing direct, annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds (and any future tax-supported bonds which may be issued from time to time as authorized). Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and generally become delinquent after January 31 of the following year. The Board covenants in the Bond Resolution 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. 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. In addition, the District has the power and authority to assess, levy and collect ad valorem taxes, in an amount not to exceed $1.00 per $100 of assessed valuation, for operation and maintenance purposes. The Board levied a 2019 tax rate of $0.080 per $100 of assessed valuation for operation and maintenance purposes, a system debt service tax rate of $0.380 per $100 of assessed valuation, and a road debt service tax rate of $0.090 per $100 of assessed valuation.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$1.50 per $100 Assessed Valuation.

Debt Service Tax

The Board covenants in the Bond Resolution to levy and assess, for each year that all of any part of the Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds.

In the Bond Resolution, the Road Debt Service Fund is confirmed, and the proceeds from all taxes levied, appraised and collected for payment of the Bonds authorized by the Bond Resolution shall be deposited, as collected.

The District also maintains a separate debt service fund for the System. Funds in the debt service fund for the System are not available to pay principal and interest on the Bonds and funds in the Road Debt Service Fund are not available to pay principal and interest on the Outstanding System Bonds.

Maintenance and Operations 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 vote of the District's electors. On November 7, 2006, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation. The District levied a maintenance tax for 2019 at the rate of $0.08 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds.

Tax Exemptions

For the 2019 tax year, the District adopted an exemption from ad valorem taxation of $20,000 of the approved value of residence homestead of individuals who are disabled or are sixty-five (65) years of age or older. The District also adopted a 20% general residential homestead exemption. See "TAXING PROCEDURES."

Additional Penalties

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

Historical Tax Collections

The following table illustrates the collection history of the District for the 2007–2019 tax years:

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	Collections Current Year	Current Year Ended 9/30	Collections 02/29/20
2007	$ 30,229,889	0.8500	$ 256,954	100.00%	2008	100.00%
2008	114,434,575	0.8500	972,694	98.84%	2009	100.00%
2009	192,626,976	0.8500	1,637,330	100.00%	2010	100.00%
2010	196,300,768	0.8500	1,668,557	99.65%	2011	99.76%
2011	254,451,759	0.8500	2,162,840	99.66%	2012	99.82%
2012	284,518,516	0.8500	2,418,408	99.63%	2013	99.92%
2013	356,700,228	0.8400	2,996,282	99.50%	2014	99.98%
2014	411,714,501	0.7900	3,252,545	99.30%	2015	99.94%
2015	492,992,797	0.7400	3,590,361	99.83%	2016	99.85%
2016	549,816,214	0.6650	3,656,278	99.98%	2017	99.76%
2017	593,933,638	0.5700	3,385,422	99.94%	2018	99.84%
2018	613,070,048	0.5500	3,371,885	99.85%	2019	99.87%
2019	665,887,843	0.5500	3,662,383	97.62% (b)	2020	97.62%

(a) Tax rate per $100 of taxable value. Includes a tax for maintenance and operation purposes. See "Tax Rate Distribution" below.
(b) In process of collections. As of February 29, 2020.

Tax Rate Distribution

	2019	2018	2017	2016	2015
WS&D Debt Service	$ 0.380	$ 0.390	$ 0.410	$ 0.465	$ 0.470
Road Debt Service	0.090	0.090	0.090	0.105	0.120
Maintenance	0.080	0.070	0.070	0.095	0.150
	$ 0.550	$ 0.550	$ 0.570	$ 0.665	$ 0.740

Taxable Assessed Valuation Summary

The following represents the type of property comprising the District's value for tax years 2015–2019:

Type of Property	2019 Assessed Taxable Valuation	2018 Assessed Taxable Valuation	2017 Assessed Taxable Valuation	2016 Assessed Taxable Valuation	2015 Assessed Taxable Valuation
Land	$ 148,117,429	$ 143,831,035	$ 138,166,997	$ 131,527,392	$ 126,969,778
Improvements	503,972,898	458,067,051	447,127,880	417,222,668	344,378,684
Personal Property	51,357,559	48,881,608	47,518,732	39,661,389	38,870,217
Exemptions	(37,560,043)	(37,709,646)	(38,879,971)	(38,595,235)	(25,034,701)
Total	$ 665,887,843	$ 613,070,048	$ 593,933,638	$ 549,816,214	$ 485,183,978

Principal Taxpayers

The following represents the principal taxpayers, type of property, and assessed values as of January 1, 2019.

Taxpayer	Type of Property	2019 Assessed Valuation
Vintage Dunhill LLC (a)	Land & Improvements	$ 83,449,000
WF&B Cutter Road Owner VIII LP	Land & Improvements	58,917,000
St. Lukes Hospital at the Vintage LLC (b)	Land & Improvements	55,384,610
San Antigua Investment LP	Land & Improvements	38,496,230
MAA Vintage Park LLC	Land & Improvements	36,095,445
Sueba Development 143 LP	Land & Improvements	30,609,642
MPT of Houston Vintage AD LLC	Land & Improvements	30,561,528
FDG Vintage Park II Property LLC	Land & Improvements	26,747,537
HEB Grocery Co LP	Land & Improvements	24,128,366
HCRIX Houston LLC	Land & Improvements	22,581,295
Total		$ 406,970,653
Principal Taxpayers Total as Percentage of District 2019 Valuation		61.117%

(a) See "THE DEVELOPERS."
(b) Under its current ownership structure, the St. Luke's Hospital is subject to ad valorem taxation under state law. The District can make no representation as to whether the hospital owner may change its corporate structure to allow the property to be exempt from ad valorem taxation or may sell the hospital to another owner that would cause the property to be exempt from ad valorem taxation.

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation that would be required to meet certain debt service requirements on the Bonds and the Remaining Outstanding Bonds if no growth in the District occurs beyond the taxable assessed valuation as of January 1, 2019 ($665,887,843). The following further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirement (2020–2041) $2,242,174
Tax Rate of $0.36 on the 2019 Taxable Assessed Valuation produces $2,277,336

Maximum Annual Debt Service Requirement (2031) $3,230,936
Tax Rate of $0.52 on the 2019 Taxable Assessed Valuation produces $3,289,486

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, if ad valorem taxes levied by a taxing authority become delinquent, a lien is created upon the property which has been taxed. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt 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. Set forth below is a compilation of all 2019 taxes levied by such jurisdictions per $100 of assessed valuation. Such levies do not include local assessments for community associations, fire department contributions, charges for solid waste disposal, or any other dues or charges made by entities other than political subdivisions.

Taxing Jurisdiction	2019 Tax Rate
The District	$ 0.550000
Harris County	0.407130
Harris County Department of Education	0.005000
Harris County Flood Control District	0.027920
Harris County Hospital District	0.165910
Klein ISD	1.430000
Lone Star College System	0.107800
Port of Houston Authority	0.010740
Harris County Emergency Service District No. 11 (a)	(a)
Harris County Emergency Service District No. 16 (a)	0.049500
Estimated Total Tax Rate	$ 2.754000

(a) Harris County Emergency Service District No. 16 levied a total tax rate of $0.049500 for the 2019 tax year. A portion of the District is located within Harris County Emergency Service District No. 11 which levied a total tax rate of $0.034707 for the 2019 tax year.

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax on all taxable property within the District in an amount sufficient to pay the principal of and interest on 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 Resolution to levy such a tax from year-to-year as described more fully herein under "THE BONDS – Source of Payment." Under Texas law, the Board is also authorized to levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by its voters. See "TAX DATA – Tax Rate Limitation."

Property Tax Code and County-Wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized herein.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. HCAD has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The appraisal roll as approved by the Appraisal Review Board must be used by the District in establishing its tax roll and tax rate.

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. For the 2019 tax year, the District has granted a $20,000 exemption for residents who are disabled or 65 and older.

The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Residential Homestead Exemptions: The Property 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 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. For the 2019 tax year, the District granted a 20% general residential homestead exemption.

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

Tax Abatement

Harris County may designate all or part of the area within the District as a reinvestment zone. Thereafter, the County 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. As of September 1, 1999, each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. To date, Harris County has not designated any part of the area within the District as a reinvestment zone.

Valuation of Property for Taxation

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

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its 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 that such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation, and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use and taxes for the previous five years for open space land and timberland.

The Property Tax Code requires the HCAD to implement a plan for periodic reappraisal of property. The plan must provide for appraisal of all real property in the HCAD at least once every three years. It is not known what frequency of reappraisal will be utilized by the HCAD 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 HCAD 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 HCAD chooses formally to include such values on its appraisal roll.

Under current law, when requested by a local taxing unit, such as the District, the HCAD is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property. Effective January 1, 2020, this Section of the Property Tax Code has been repealed. Under the new law, rather than a reappraisal requested by a taxing unit, individuals in an area declared to be a disaster area by the Governor may apply for a temporary tax exemption for qualified property.

Tax Payment Installments after Disaster

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

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 of 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 HCAD to compel compliance with the Property Tax Code.

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda, which could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 classifies districts differently based on 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 "Special Taxing Units." 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 can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

Special Taxing Units

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

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 an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax 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 an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

The District

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property 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 state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "DISTRICT DEBT – Estimated Direct and Overlapping Debt Statement"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; 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 or by bankruptcy proceeding which restrict the collection of taxpayer debts. A taxpayer may redeem property within two years for residential and agricultural property and six months for commercial property and all other types of property after the purchaser's deed at the foreclosure sale is filed in the county records.

THE SYSTEM

General

The wastewater treatment facilities, the purchase, acquisition and construction of which have been financed by the District with the proceeds of the Bonds, have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over construction and operation of such facilities, including, among others, the TCEQ. According to the Engineer, the design of all such facilities has been approved by all governmental agencies, which have jurisdiction over the District.

Water System

North Harris County Regional Water Authority ("NHCRWA") owns and operates the 1,200 gallon per minute ("gpm") water well located at Water Plant No. 1 within the District. The water pumped from the onsite well is pumped to the NHCRWA water plant north of Louetta Road and then distributed back to the users in the Authority, including the District. The District also receives surface water pursuant to a contract with the NHCRWA. Thereby, the District has sufficient capacity to serve the ultimate development of the District.

The District's water supply system consists of a 500,000 gallon ground water storage tank, a 230,000 gallon ground water storage tank, four booster pumps with a combined capacity of 5,200 gpm, and two hydro-pneumatic tanks with a combined capacity of 50,000 gallons. Such facilities are sufficient to serve 2,600 equivalent single family connections ("ESFCs"). The District currently serves approximately 2,449 ESFCs.

The District has emergency water interconnects with Charterwood Municipal Utility District ("Charterwood MUD") and Harris County Municipal Utility District No. 286 ("HCMUD 286").

Wastewater System

The District currently receives wastewater treatment service from wastewater treatment capacity supplied by Charterwood MUD Regional Wastewater Treatment Plant ("WWTP"). The District entered into an agreement with Charterwood MUD for construction of a 1.05 million gallon per day ("mgd") expansion to the WWTP, giving it a total capacity of 1.65 mgd. This expansion was completed in 2009. The District has allocated 850,000 gpd of such capacity; the other 800,000 gpd of capacity is allocated to Charterwood MUD. The plant has enough capacity allocated to the District to serve the projected ultimate buildout of the District.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas Legislature created the North Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The groundwater well(s) located within the District are included within the Authority's GRP. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

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

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% (10% in Regulatory Area 1) of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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

Drainage System

Internal storm water collection lines have been constructed for drainage system improvements to serve the District's development. The District's drainage system consists of curbs and gutters with inlets and reinforced concrete storm sewers. The District's drainage system will convey flows to storm water detention basins. The detention basins ultimately drain to Cypress Creek.

Description of Detention Facilities

There are several existing and proposed detention facilities located within the District. A 29.2 acre dry detention pond site, located east of Cutten Road and south of Vintage Preserve Parkway ("VPP") provides detention for all District acreage east of Cutten Road, with the exception of the Vintage Royale Tract. Vintage Royale has an onsite detention pond and detention/amenity lake that provides detention for that tract. For all development located west of Pillot Gully, a 20 acre site adjacent to Pillot Gully and south of VPP has been constructed. The tract located south of VPP between Pillot Gully and Cutten Road, currently undeveloped, will contain an onsite dry detention pond that will drain to Pillot Gully.

100-year Flood Plain

The District is located within Federal Emergency Management Authority (FEMA) Flood Insurance Rate Maps (FIRMs) 48201C0240M, 48201C0245M, 48201C0430M and 48201C0435M, respectively, dated October 16,

2013. According to these maps, approximately 123 acres of the District lie within the 100-year flood plain. These areas have been or will be filled above the 100-year flood plain elevation, or will be used for detention, mitigation, drainage channels, or parkland. All areas currently within the boundaries of the 100-year flood plain that will be ultimately developed for residential or commercial use will be eventually removed from the 100-year flood plain by a Letter of Map Revision (LOMR-F).

Park System

In 2006, the District developed a Parks Master Plan and the voters approved $15,000,000 in unlimited tax bonds to pay for the construction of park and recreational facilities in the Parks Master Plan.

The Parks Master Plan identifies several regional and neighborhood park locations, including Kickerillo Mischer Preserve Park, and several miles of trails throughout and adjacent to the District. Each item is designed to add to the overall community green space and the overall pedestrian experience in relationship to the community as a whole.

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Historical Operations of the System

The following is a summary of the District's Operating Fund for the last 5 years. The figures for the fiscal years ending May 31, 2015 through May 31, 2019, were obtained from the District's annual financial reports, reference to which is hereby made. The District is required by statute to have a certified public accountant prepare and file an annual audit of its financial records with the TCEQ.

	UNAUDITED	Fiscal Year Ended May 31,				
Revenues	**2020 (a)**	**2019**	**2018**	**2017**	**2016**	**2015**
Water service	$ 700,000	$ 756,802	$ 676,622	$ 637,380	$ 613,208	$ 509,025
Sewer service	425,000	463,776	392,534	377,152	361,534	336,846
Property taxes	456,382	425,337	435,729	488,107	736,948	288,404
Penalties and interest	20,000	20,987	19,614	15,277	15,037	18,412
Chloramines conversion reimbursement	16,324	16,324	16,324	16,324	16,324	16,324
Tap connections	–	56,454	12,836	72,263	351,199	251,740
Regional Water Authority fees	979,650	779,758	660,855	529,236	431,727	358,674
City of Houston sales tax rebate	540,000	570,729	518,875	488,117	473,367	375,131
Investment earnings	25,000	68,117	33,421	12,406	3,681	9,943
Other revenue	10,125	30,667	10,043	10,575	12,636	1,097
Total	$ 3,172,481	$3,188,951	$2,776,853	$2,646,837	$3,015,661	$2,165,596
Expenditures						
Purchased services	$ 310,000	$ 295,572	$ 279,046	$ 249,567	$ 275,316	$ 240,013
Professional fees	214,500	179,908	143,128	145,967	204,506	249,070
Contracted services	506,400	451,775	400,423	348,929	422,662	250,244
Repairs and maintenance	206,000	796,330	693,662	548,005	531,031	541,497
Utilities	50,000	51,786	53,123	39,768	35,374	39,210
Regional water authority fees	933,000	856,914	751,652	577,259	485,866	401,091
Administration and other	432,889	51,757	44,198	50,472	49,509	36,931
Capital Outlay	150,000	–	220,040	114,450	69,676	188,350
Intergovernmental	–	–	–	–	11,573	–
Total	$ 2,802,789	$2,681,042	$2,585,272	$2,074,417	$2,085,513	$1,946,406
NET REVENUES (Deficit)	$ 369,692	$ 507,909	$ 191,581	$ 572,420	$ 930,148	$ 219,190
Other financing sources (uses)	$ –	$ –	$ –	$ –	$ –	$ –
Beginning fund balance	3,843,773	3,335,864	3,144,283	2,571,863	1,641,715	–
Ending fund balance	$ 4,213,465	$3,843,773	$3,335,864	$3,144,283	$2,571,863	$ 219,190

(a) Unaudited as of February 29, 2020.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not of the State of Texas, Harris County, Texas, or any political subdivision other than the District, will be secured by a continuing, direct, 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 and the Remaining Outstanding 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. See "DEVELOPMENT WITHIN THE DISTRICT," "TAX DATA," and "TAXING PROCEDURES."

Factors Affecting Taxable Values and Tax Payments

Location and Access: The District is located in an outlying area of the Houston metropolitan area, approximately 20 miles northwest from the central business district of the City of Houston, adjacent to Texas State Highway 249. Many of the mixed-use developments with which the District competes are in a more developed state and have lower taxes. As a result, particularly during times of increased competition, the Developers (hereinafter defined) within the District may be at a competitive disadvantage to the developers in other mixed-use projects located closer to major urban centers or in a more developed state. See "THE DISTRICT" and "DEVELOPMENT WITHIN THE DISTRICT."

Impact on District Tax Rates: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The District's taxable assessed valuation as of January 1, 2019, is $665,887,843. See "DISTRICT DEBT" and "TAX DATA – Tax Rate Calculations."

After issuance of the Bonds, the maximum annual debt service requirement on the Remaining Outstanding Bonds and the Bonds will be $3,230,936 (2031) and the average annual debt service requirement on the Remaining Outstanding Bonds and the Bonds will be $2,242,174 (2020–2041). Based on the District's taxable assessed valuation as of January 1, 2019, no use of funds on hand, at a 95% tax collection rate, tax rates of $0.52 and $0.36 per $100 assessed valuation would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See "DEBT SERVICE REQUIREMENTS" and "TAX DATA – Tax Rate Calculations."

Tax Collections and Foreclosure Remedies

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time-consuming and expensive collection procedures, (b) a bankruptcy court's stay of tax collection 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 (2) years for residential and agricultural property, and six (6) months for commercial property and all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the

District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two (2) other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six (6) 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.

Limitation to Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have the right to seek a writ of mandamus, requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not specifically provide for remedies to protect and enforce the interest 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. Although the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners could not 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.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the U.S. Bankruptcy Code, 11 USC sections 901–946. The filing of such petition would automatically stay the enforcement of Registered Owners' remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision, such as the District, may qualify as a debtor eligible to proceed in a Chapter 9 case only if it (1) is generally authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or has negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiations are impracticable. Under Texas law, a municipal utility district, such as the District, must obtain the approval of the TCEQ as a condition to seeking relief under the U.S. Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

If a petitioning district were allowed to proceed voluntarily under Chapter 9 of the U.S. Bankruptcy Code, it could file a plan for an adjustment of its debts. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect 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 the Registered Owner's claim against a district.

A district cannot be placed into bankruptcy involuntarily.

Marketability

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

Continuing Compliance with Certain Covenants

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

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.

Future Debt

After issuance of the Bonds, $38,610,000 in unlimited tax refunding bonds, $6,230,000 principal amount of unlimited tax bonds for road improvements, $11,375,000 principal amount of unlimited tax bonds for the System, and $11,685,000 principal amount of unlimited tax bonds for park and recreational facilities will remain authorized but unissued (see "THE BONDS – Authority for Issuance), and such additional bonds as may hereafter be approved by both the Board and voters in the District. The District also has the right to issue certain other additional bonds, special project bonds, refunding bonds, inferior lien bonds, and other obligations described in the Bond Resolution. 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.

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, does not pass upon or guarantee the safety of the Bonds as an investment or the adequacy or accuracy of the information contained in this Official Statement.

Annexation and Consolidation

The District lies within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). Under Texas law, a district situated in the extraterritorial jurisdiction of a home-rule city may be annexed in whole, but not in part, by the city without the District's consent, in which case the City must assume the assets, functions and obligations of the district, including the district's outstanding bonds. No representation is made concerning the ability of the City to make debt service payments should annexation occur.

Under Texas law, the District may be consolidated with other municipal utility districts, with the assets and liabilities of the consolidated districts belonging to the consolidated district. No representation is made that the District will ever consolidate with one or more other districts, although no consolidation is presently contemplated by the District.

The District has entered into a "strategic partnership agreement" (the "SPA") with the City. Under the SPA, the City annexed certain commercial areas of the District for limited purposes of applying certain City planning, zoning, health and safety ordinances in the area annexed for limited purposes. The City imposed its one percent (1%) sales tax in the areas annexed for limited purposes. In the SPA, the City has agreed to rebate to the District one-half (1/2) of all sales tax revenues collected by the City in the area annexed for limited purposes. In addition, the City has agreed that it will not annex the District for full purposes (a traditional annexation) for thirty years from the effective date of the SPA.

Environmental Regulation

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

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

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

Air Quality Issues. Air quality control measures required by the United States Environmental Protection Agency (the "EPA") and the Texas Commission on Environmental Quality (the "TCEQ") may impact new industrial, commercial and residential development in the Houston area. Under the Clean Air Act ("CAA") Amendments of 1990, the eight-county Houston-Galveston-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 officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR will become effective 60 days after the date of its publication in the Federal Register, and will likely become the subject of further litigation.

Due to ongoing rulemaking activity, as well as existing and possible future litigation, 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.

Hurricane Harvey

The Texas Gulf Coast area sustained widespread damage as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. The District is located approximately 75 miles from the Texas Gulf Coast and was affected by Hurricane Harvey. As a result of the damages caused by Hurricane Harvey, a number of Texas counties, including Harris and Waller Counties, were declared disaster areas by the Governor of the State of Texas.

When requested by a local taxing unit, such as the District, the Appraisal District is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property. The District did not request a reappraisal due to damages caused by Hurricane Harvey.

The District cannot predict what impact Hurricane Harvey will ultimately have on the assessed value of land and improvements within the District, including the properties that sustained flood damage. In addition to any possible decrease in assessed valuations in the District, Hurricane Harvey may have a short-term impact on the

Gulf Coast's economy and could have a long term impact of business activity and development in the District and the region.

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

Potential Impact of COVID-19

The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, which was first detected in China and has since spread to other countries, including the United States, has been declared a Public Health Emergency of International Concern by the World Health Organization. The outbreak of the disease has affected travel, commerce, and financial markets globally and is widely expected to affect economic growth worldwide. While the potential impact on the District cannot be predicted at this time, the continued spread of the outbreak could have a material adverse effect on the District.

Potential Effects of Oil Price Declines on the Houston Area

The recent declines in oil prices in the U.S. and globally, which at times have led to the lowest such prices in three decades, may lead to adverse conditions in the oil and gas industry, including but not limited to reduced revenues, declines in capital and operating expenditures, business failures, and layoffs of workers. The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. As previously stated, the Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

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 applicable bond insurance policy (the "Policy") for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Bond insurer at such time and in such amounts as would have been due absence such prepayment by the District unless the Bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond insurer without appropriate consent. The Bond insurer may direct and must consent to any remedies and the Bond insurer's consent may be required in connection with amendments to any applicable bond documents.

In the event the Bond 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 Bond 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 Bond insurer and its claim paying ability. The Bond 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 Bond insurer and of the ratings on the Bonds insured by the Bond 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.

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

Neither the District or Underwriter has made independent investigation into the claims paying ability of the Bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond 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 Bond insurer, particularly over the life of the investment. See "MUNICIPAL BOND INSURANCE" herein for further information provided by the Bond insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond insurer.

VERIFICATION OF MATHEMATICAL CALCULATIONS

The arithmetical accuracy of certain computations included in the schedules provided by the Underwriter on behalf of the District relating to (a) computation of the adequacy of the maturing principal amounts of and interest on the Escrowed Obligations to be held by the Escrow Agent and certain available funds (if any) to pay, when due, the principal or redemption price of and interest on the Refunded Bonds, (b) the computation of the yields on the Bonds and the Escrowed Obligations, and (c) certain requirements of the City of Houston ordinances relating to the refunding of indebtedness was verified by Robert Thomas, CPA, LLC. The computations were independently verified by Robert Thomas, CPA, LLC, based upon certain assumptions and information supplied by the Underwriter on behalf of the District, and the District. Robert Thomas, CPA, LLC 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.

LEGAL MATTERS

Legal Proceedings

Delivery of the Bonds will be accompanied by the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District and based upon their examination of a transcript of certified proceedings relating to the issuance and sale of the Bonds; the approving legal opinion of Bond Counsel, to a like effect, and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes, and interest on the Bonds is not subject to the alternative minimum tax on individuals.

Bond Counsel has reviewed the information appearing in this Official Statement under the caption "THE DISTRICT – General," "THE BONDS," "TAXING PROCEDURES," "LEGAL MATTERS – Legal Proceedings," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION," solely to determine whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District or the Developer for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No Material Adverse Change

The obligations of the Underwriter to take 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 condition (financial or otherwise) of the District subsequent to the date of sale from that set forth or contemplated in the Preliminary Official Statement, as it may have been supplemented or amended through the date of sale.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, dated of the date of delivery of the Bonds, executed by both the President or Vice President and Secretary or Assistant Secretary of the Board, to the effect that no litigation of any nature has been filed or is to their knowledge then pending or threatened, either in state or federal courts, contesting or attaching 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.

TAX MATTERS

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

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

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

Under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year. Payments of interest on tax-exempt obligations such as the Bonds are in many cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any owner who is not an "exempt recipient" and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on, or disposition of, the Bonds.

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of

Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax-exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by a political subdivision for which the aggregate amount of tax-exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and represent that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code, during calendar year 2020 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2020.

Notwithstanding this exception, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except under the subheading "– Estimated Direct and Overlapping Debt Statement"), "TAX DATA," and "APPENDIX A" (Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2020.

Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the District commissions an audit and the audit report is completed within the period during which it must be provided. If the audit is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to EMMA within such six month period, and audited financial statements when and if, the audit report becomes available.

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

Event Notices

The District will provide timely notices of 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 determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, 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, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person within the meaning of the Rule, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). 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 information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from EMMA

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt the changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or 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 holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond

Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the initial offering. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

OFFICIAL STATEMENT

Preparation

The information in this Official Statement has been obtained from sources as set forth herein under the following captions:

> "THE DISTRICT," "THE SYSTEM," – BGE, Inc.. ("Engineer"); "THE DEVELOPERS", "DEVELOPMENT WITHIN THE DISTRICT," - the Developers; "DISTRICT DEBT" – Harris County Appraisal District; "ESTIMATED OVERLAPPING DEBT STATEMENT" – Municipal Advisory Council of Texas; "TAX DATA" – Records and Tax Assessor/Collector"; "MANAGEMENT" – District Directors; "THE BONDS", "CONTINUING DISCLOSURE OF INFORMATION", "TAXING PROCEDURES", "LEGAL MATTERS" and "TAX MATTERS" – Allen Boone Humphries Robinson LLP and "BOOK-ENTRY- ONLY SYSTEM" – DTC.

Experts

In approving this Official Statement, the District has relied upon the following experts in addition to the Financial Advisor.

> *The Engineer*: The information contained in the Official Statement relating to engineering matters and to the description of the System and, in particular, that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM," has been provided by BGE, Inc., and has been included in reliance upon the authority of said firm as experts in the field of civil engineering.
>
> *Tax Assessor/Collector and Appraisal District*: The information contained in the Official Statement relating to principal taxpayers and tax collection rates and the certified assessed valuation of property in the District and, in particular such information contained in the sections captioned "TAX DATA" has been provided by the Harris County Appraisal District, in reliance upon their authority as experts in appraising and tax assessing.

Updating of Official Statement

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

Certification as to Official Statement

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

CONCLUDING STATEMENT

The information set forth herein has been obtained from the District's records, audited financial statements and other sources which are considered to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will ever be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such summarized documents for further information. Reference is made to official documents in all respects.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 468, as of the date shown on the first page hereof.

/s/ Kenneth P. Carter
President, Board of Directors
Harris County Municipal Utility District No. 468

ATTEST:

/s/ Robert Moore
Secretary, Board of Directors
Harris County Municipal Utility District No. 468

APPENDIX A

FINANCIAL STATEMENTS OF THE DISTRICT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 468

HARRIS COUNTY, TEXAS

FINANCIAL REPORT

May 31, 2019

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McGrath & Co., PLLC
Certified Public Accountants
P.O. Box 270148
Houston, Texas 77277

Mark W. McGrath CPA
mark@mcgrath-co.com

Colette M. Garcia CPA
colette@mcgrath-co.com

Independent Auditors' Report

Board of Directors
Harris County Municipal Utility District No. 468
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 468, as of and for the year ended May 31, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Harris County Municipal Utility District No. 468
Harris County, Texas

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Harris County Municipal Utility District No. 468, as of May 31, 2019, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it 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 Texas Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Texas Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied to the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

McGrath & Co, PLLC

Houston, Texas
October 2, 2019

Management's Discussion and Analysis

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Using this Annual Report

Within this section of the financial report of Harris County Municipal Utility District No. 468 (the "District"), the District's Board of Directors provides a narrative discussion and analysis of the financial activities of the District for the fiscal year ended May 31, 2019. This analysis should be read in conjunction with the independent auditors' report and the basic financial statements that follow this section.

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

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

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

Financial Analysis of the District as a Whole

The District's net position at May 31, 2019, was negative $4,136,866. This amount is negative because the District incurs debt to construct certain storm sewer facilities and roads which it conveys to Harris County. A comparative summary of the District's overall financial position, as of May 31, 2019 and 2018, is as follows:

	2019	2018
Current and other assets	$ 10,282,479	$ 9,724,373
Capital assets	24,872,793	26,575,570
Total assets	35,155,272	36,299,943
Total deferred outflows of resources	1,310,923	1,408,504
Current liabilities	2,667,183	2,501,184
Long-term liabilities	37,935,878	41,074,178
Total liabilities	40,603,061	43,575,362
Net position		
Net investment in capital assets	(3,241,744)	(4,103,774)
Restricted	4,979,131	5,046,589
Unrestricted	(5,874,253)	(6,809,730)
Total net position	$ (4,136,866)	$ (5,866,915)

The total net position of the District increased during the current fiscal year by $1,730,049. A comparative summary of the District's Statement of Activities for the past two years is as follows:

	2019	2018
Revenues		
Water and sewer service	$ 1,220,578	$ 1,069,156
Property taxes, penalties and interest	3,355,972	3,586,592
Other	1,614,352	1,298,973
Total revenues	6,190,902	5,954,721
Expenses		
Current service operations	2,728,766	2,410,084
Debt interest and fees	1,359,141	1,398,924
Depreciation	372,946	379,054
Total expenses	4,460,853	4,188,062
Change in net position	1,730,049	1,766,659
Net position, beginning of year	(5,866,915)	(7,633,574)
Net position, end of year	$ (4,136,866)	$ (5,866,915)

Financial Analysis of the District's Funds

The District's combined fund balances, as of May 31, 2019, were $9,438,359, which consists of $3,843,773 in the General Fund, $5,257,460 in the Debt Service Fund, and $337,126 in the Capital Projects Fund.

General Fund

A comparative summary of the General Fund's financial position as of May 31, 2019 and 2018 is as follows:

	2019	2018
Total assets	$ 4,442,967	$ 3,809,987
Total liabilities	$ 548,698	$ 427,079
Total deferred inflows	50,496	47,044
Total fund balance	3,843,773	3,335,864
Total liabilities, deferred inflows and fund balance	$ 4,442,967	$ 3,809,987

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

	2019	2018
Total revenues	$ 3,188,951	$ 2,776,853
Total expenditures	(2,681,042)	(2,585,272)
Revenues over expenditures	$ 507,909	$ 191,581

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

- Property tax revenues are dependent upon assessed values in the District and the maintenance tax rate set by the District. Property tax revenues in the District have remained fairly consistent from year to year.
- Water, sewer, and regional water authority fee revenues are dependent upon customer usage, which fluctuates from year to year as a result of factors beyond the District's control.
- Sales tax rebates received from the City of Houston are dependent on sales taxes collected from retailers located within the District's boundaries and will fluctuate from year to year. Additional information presented in Note 9.

Debt Service Fund

A comparative summary of the Debt Service Fund's financial position as of May 31, 2019 and 2018 is as follows:

	2019	2018
Total assets	$ 5,302,616	$ 5,380,694
Total liabilities	$ 5,000	$ 5,459
Total deferred inflows	40,156	42,506
Total fund balance	5,257,460	5,332,729
Total liabilities, deferred inflows and fund balance	$ 5,302,616	$ 5,380,694

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

	2019	2018
Total revenues	$ 2,997,645	$ 3,180,165
Total expenditures	(3,072,914)	(3,099,371)
Revenues over/(under) expenditures	$ (75,269)	$ 80,794

The District's financial resources in the Debt Service Fund in both the current year and prior year are from property tax revenues. The difference between these financial resources and debt service requirements will result in changes in fund balance each year. It is important to note that the District sets its annual debt service tax rate as recommended by its financial advisor, who monitors projected cash flows in the Debt Service Fund to ensure that the District will be able to meet its future debt service requirements.

Capital Projects Fund

A comparative summary of the Capital Projects Fund's financial position as of May 31, 2019 and 2018 is as follows:

	2019	2018
Total assets	$ 337,126	$ 329,831
Total fund balance	$ 337,126	$ 329,831

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

	2019	2018
Total revenues	$ 7,295	$ 4,295
Total expenditures		(23,899)
Revenues over/(under) expenditures	$ 7,295	$ (19,604)

The District has not had any significant capital asset activity in the last two years.

General Fund Budgetary Highlights

The Board of Directors adopts an annual unappropriated budget for the General Fund prior to the beginning of each fiscal year. The Board did not amend the budget during the fiscal year.

Since the District's budget is primarily a planning tool, actual results varied from the budgeted amounts. Actual net change in fund balance was $222,397 greater than budgeted. The *Budgetary Comparison Schedule* on page 36 of this report provides variance information per financial statement line item.

Capital Assets

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

Capital assets held by the District at May 31, 2019 and 2018 are summarized as follows:

	2019	2018
Capital assets not being depreciated		
Land and improvements	$ 11,640,756	$ 12,640,355
Capital assets being depreciated		
Infrastructure	17,092,466	17,422,698
Less accumulated depreciation	(3,860,429)	(3,487,483)
Depreciable capital assets, net	13,232,037	13,935,215
Capital assets, net	$ 24,872,793	$ 26,575,570

During the current year, the District revised its estimate of the amounts due to developer for certain capital assets and adjusted the values of those assets accordingly. In addition, it was determined that certain infrastructure improvements were classified incorrectly in the previous fiscal year. As a result, amounts reported for land and improvements and infrastructure have been restated from the prior year report to reflect the revised classification. This reclassification had no impact on total assets or net position.

Long-Term Debt and Related Liabilities

As of May 31, 2019, the District owes $54,231 to developers for completed projects. The initial cost of the completed project and related liability is estimated based on actual construction costs plus 10-15% for engineering and other fees and is recorded on the District's financial statements upon completion of construction. The District intends to reimburse the developers from proceeds of future bond issues or other lawfully available funds.

At May 31, 2019 and 2018, the District had total bonded debt outstanding as shown below:

Series	2019	2018
2010	$ 350,000	$ 515,000
2011	660,000	815,000
2013	4,030,000	4,160,000
2014	6,645,000	6,830,000
2014 Road	4,835,000	4,985,000
2015 Refunding	11,225,000	11,965,000
2015 Road	1,185,000	1,225,000
2015A Road	1,820,000	1,880,000
2016 Park	3,120,000	3,215,000
2016 Refunding	5,715,000	5,735,000
	$ 39,585,000	$ 41,325,000

At May 31, 2019, the District had $11,375,000 unlimited tax bonds authorized, but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District; $11,685,000 for parks and recreational facilities; $6,230,000 for road improvements; and $38,695,000 for refunding purposes.

Next Year's Budget

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

	2019 Actual	2020 Budget
Total revenues	$ 3,188,951	$ 3,157,899
Total expenditures	(2,681,042)	(2,496,669)
Revenues over expenditures	507,909	661,230
Beginning fund balance	3,335,864	3,843,773
Ending fund balance	$ 3,843,773	$ 4,505,003

Property Taxes

The District's property tax base increased approximately $692,000 for the 2019 tax year from $633,003,389 to $633,694,904. For the 2019 tax year, the District expects to levy a proposed maintenance tax rate of $0.07 per $100 of assessed value, a water, sewer and drainage debt service tax rate of $0.39 per $100 of assessed value, and a road debt service tax rate of $0.09 per $100 of assessed value, for a total combined tax rate of $0.55 per $100. Tax rates for the 2018 tax year were $0.07 per $100 for maintenance and operations, $0.39 per $100 for water, sewer and drainage debt service, and $0.09 per $100 for road debt service, for a combined total of $0.55 per $100 of assessed value.

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Basic Financial Statements

Harris County Municipal Utility District No. 468
Statement of Net Position and Governmental Funds Balance Sheet
May 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 1,409,388	$ 435,219	$ -	$ 1,844,607	$ -	$ 1,844,607
Investments	2,680,036	4,821,552	337,126	7,838,714		7,838,714
Taxes receivable, net	4,575	40,156		44,731		44,731
Customer service receivables, net	209,215			209,215		209,215
Due from City of Houston	133,114			133,114		133,114
Due from other governments					199,770	199,770
Internal balances	411	(411)				
Accrued interest receivable		6,100		6,100		6,100
Prepaid items	354			354		354
Operating reserve	5,874			5,874		5,874
Capital assets not being depreciated					11,640,756	11,640,756
Capital assets, net					13,232,037	13,232,037
Total Assets	$ 4,442,967	$ 5,302,616	$ 337,126	$ 10,082,709	25,072,563	35,155,272
Deferred Outflows of Resources						
Deferred difference on refunding					1,310,923	1,310,923
Liabilities						
Accounts payable	$ 387,759	$ 5,000	$ -	$ 392,759		392,759
Other payables	1,291			1,291		1,291
Customer deposits	159,648			159,648		159,648
Accrued interest payable					318,485	318,485
Due to developers					54,231	54,231
Long-term debt						
Due within one year					1,795,000	1,795,000
Due after one year					37,881,647	37,881,647
Total Liabilities	548,698	5,000		553,698	40,049,363	40,603,061
Deferred Inflows of Resources						
Deferred property taxes	4,575	40,156		44,731	(44,731)	
Deferred City of Houston sales tax rebates	45,921			45,921	(45,921)	
	50,496	40,156		90,652	(90,652)	
Fund Balances/Net Position						
Fund Balances						
Nonspendable	6,228			6,228	(6,228)	
Restricted		5,257,460	337,126	5,594,586	(5,594,586)	
Unassigned	3,837,545			3,837,545	(3,837,545)	
Total Fund Balances	3,843,773	5,257,460	337,126	9,438,359	(9,438,359)	
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,442,967	$ 5,302,616	$ 337,126	$ 10,082,709		
Net Position						
Net investment in capital assets					(3,241,744)	(3,241,744)
Restricted for debt service					4,979,131	4,979,131
Unrestricted					(5,874,253)	(5,874,253)
Total Net Position					$ (4,136,866)	$ (4,136,866)

See notes to basic financial statements.

Harris County Municipal Utility District No. 468
Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances
For the Year Ended May 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Water service	$ 756,802	$ -	$ -	$ 756,802	$ -	$ 756,802
Sewer service	463,776			463,776		463,776
Property taxes	425,337	2,893,090		3,318,427	(4,545)	3,313,882
Penalties and interest	20,987	19,377		40,364	1,726	42,090
Chloramines conversion reimbursement	16,324			16,324	(16,324)	
Interest on chloramines conversion reimbursement					12,233	12,233
Tap connection and inspection	56,454			56,454		56,454
Regional water authority fees	779,758			779,758		779,758
City of Houston sales tax rebates	570,729			570,729	3,921	574,650
Miscellaneous	30,667			30,667		30,667
Investment earnings	68,117	85,178	7,295	160,590		160,590
Total Revenues	3,188,951	2,997,645	7,295	6,193,891	(2,989)	6,190,902
Expenditures/Expenses						
Current service operations						
Purchased services	292,572			292,572		292,572
Professional fees	179,908			179,908		179,908
Contracted services	451,775	40,527		492,302		492,302
Repairs and maintenance	796,330			796,330		796,330
Utilities	51,786			51,786		51,786
Regional water authority fees	856,914			856,914		856,914
Administrative	44,075	2,077		46,152		46,152
Other	7,682	5,120		12,802		12,802
Debt service						
Principal		1,740,000		1,740,000	(1,740,000)	
Interest and fees		1,285,190		1,285,190	73,951	1,359,141
Depreciation					372,946	372,946
Total Expenditures/Expenses	2,681,042	3,072,914		5,753,956	(1,293,103)	4,460,853
Revenues Over/(Under) Expenditures	507,909	(75,269)	7,295	439,935	(439,935)	
Change in Net Position					1,730,049	1,730,049
Fund Balance/Net Position						
Beginning of the year	3,335,864	5,332,729	329,831	8,998,424	(14,865,339)	(5,866,915)
End of the year	$ 3,843,773	$ 5,257,460	$ 337,126	$ 9,438,359	$ (13,575,225)	$ (4,136,866)

See notes to basic financial statements.

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Note 1 – Summary of Significant Accounting Policies

The accounting policies of Harris County Municipal Utility District No. 468 (the "District") conform with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board. The following is a summary of the most significant policies:

Creation

District was organized, created and established pursuant to an order of the Texas Commission on Environmental Quality dated August 15, 2006, and operates in accordance with the Texas Water Code, Chapters 49 and 54. The Board of Directors held its first meeting on August 24, 2006 and the first bonds were sold on June 17, 2008.

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

Reporting Entity

The District is a political subdivision of the State of Texas governed by an elected five-member board. The Governmental Accounting Standards Board has established the criteria for determining whether or not an entity is a primary government, a component unit of a primary government or a related organization. A primary government has a separately elected governing body; is legally separate; and is fiscally independent of other state and local governments. Fiscal independence implies that the government has the authority to adopt a budget, levy taxes, set rates, and/or issue bonds without approval from other governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statements as component units.

Government-Wide and Fund Financial Statements

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

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

Note 1 – Summary of Significant Accounting Policies (continued)

Government-Wide and Fund Financial Statements (continued)

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

- The General Fund is used to account for the operations of the District's water and sewer system and all other financial transactions not reported in other funds. The principal sources of revenue are property taxes, water and sewer service fees and sales tax rebates from the City of Houston. Expenditures include costs associated with the daily operations of the District.
- The Debt Service Fund is used to account for the payment of interest and principal on the District's general long-term debt. The primary source of revenue for debt service is property taxes. Expenditures include costs incurred in assessing and collecting these taxes.
- The Capital Projects Fund is used to account for the expenditures of bond proceeds for the construction of the District's water, sewer, drainage, and road facilities.

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

Measurement Focus and Basis of Accounting

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

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

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

Use of Restricted Resources

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

Note 1 – Summary of Significant Accounting Policies (continued)

Prepaid Items

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

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Receivables from and payables to external parties are reported separately and are not offset, unless a legal right of offset exists. At May 31, 2019, allowances of $8,842 and $7,000 were provided for possible uncollectible property taxes and water/sewer accounts, respectively.

Interfund Activity

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

Capital Assets

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

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

Assets	Useful Life
Infrastructure	10-45 years

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

Note 1 – Summary of Significant Accounting Policies (continued)

Deferred Inflows and Outflows of Financial Resources

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

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

Deferred outflows of financial resources at the government-wide level are from refunding bond transactions in which the amount required to repay the old debt exceeded the net carrying amount of the old debt. This amount is being amortized to interest expense.

Net Position – Governmental Activities

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

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

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

Unrestricted – resources not included in the other components.

Fund Balances – Governmental Funds

Governmental accounting standards establish the following fund balance classifications:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District's nonspendable fund balance consists of prepaid items and operating reserves paid to Charterwood Municipal Utility District for the joint wastewater treatment plant.

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

Note 1 – Summary of Significant Accounting Policies (continued)

Fund Balances – Governmental Funds (continued)

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The District does not have any committed fund balances.

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

Unassigned - all other spendable amounts in the General Fund.

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

Use of Estimates

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

Note 2 – Adjustment from Governmental to Government-wide Basis

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

Total fund balance, governmental funds		$ 9,438,359
Future reimbursements from North Harris County Regional Water Authority for the cost associated with chloramine conversion facilities are not available in the current period and are not reported in the funds.		199,770
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
Historical cost	$ 28,733,222	
Less accumulated depreciation	(3,860,429)	
Change due to capital assets		24,872,793
The difference between the face amount of bonds refunded and the amount paid to the escrow agent is recorded as a deferred difference on refunding in the *Statement of Net Position* and amortized to interest expense. It is not recorded in the fund statements because it is not a financial resource.		1,310,923
Amounts due to the District's developers for prefunded construction are recorded as a liability in the *Statement of Net Position.*		(54,231)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. The difference consists of:		
Bonds payable, net	(39,676,647)	
Interest payable on bonds	(318,485)	
Change due to long-term debt		(39,995,132)
Receivables that are not collected within sixty days of fiscal year end are not considered available to pay current period expenditures and are deferred in the funds.		
Property taxes	44,731	
City of Houston sales tax rebates	45,921	
		90,652
Total net position - governmental activities		$ (4,136,866)

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

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

Net change in fund balances - total governmental funds		$ 439,935
Governmental funds do not report revenues that are not available to pay current obligations. In contrast, such revenues are reported in the *Statement of Activities* when earned. The difference is for:		
Property taxes and related penalties and interest	$ (2,819)	
City of Houston sales tax rebates	3,921	
		1,102
Credits received from North Harris County Regional Water Authority to reimburse the District for chloramine conversion costs are recognized as revenue when the credit is taken in the funds. In the government wide statements, the full amount of the reimbursement was recorded as revenue and receivable when approved by the Authority. The monthly credit reduces the receivable and includes an interest component.		(4,091)
In the *Statement of Activities,* the cost of capital assets is charged to depreciation expense over the estimated useful life of the asset.		(372,946)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal uses current financial resources. However, neither transaction has any effect on net assets. Other elements of debt financing are reported differently between the fund and government wide statements.		
Principal payments	1,740,000	
Interest expense accrual	(73,951)	
		1,666,049
Change in net position of governmental activities		$ 1,730,049

Note 3 – Deposits and Investments

Deposit Custodial Credit Risk

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

Investments

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

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

Note 3 – Deposits and Investments (continued)

Investments (continued)

As of May 31, 2019, the District's investments consist of the following:

Type	Fund	Carrying Value	Percentage of Total	Rating	Weighted Average Maturity
Certificates of deposit	Debt Service	$ 483,000	6%	N/A	N/A
TexPool	General	2,680,036			
	Debt Service	4,338,552			
	Capital Projects	337,126			
		7,355,714	94%	AAAm	38 days
Total		$ 7,838,714	100%		

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

TexPool

The District participates in TexPool, the Texas Local Government Investment Pool. The State Comptroller of Public Accounts exercises oversight responsibility of TexPool, which includes (1) the ability to significantly influence operations, (2) designation of management and (3) accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure.

As permitted by GAAP, TexPool uses amortized cost (which excludes unrealized gains and losses) rather than market value to compute share price and seeks to maintain a constant dollar value per share. Accordingly, the fair value of the District's position in TexPool is the same as the value of TexPool shares. Investments in TexPool may be withdrawn on a same day basis, as long as the transaction is executed by 3:30 p.m.

Investment Credit and Interest Rate Risk

Investment credit risk is the risk that the investor may not recover the value of an investment from the issuer, while interest rate risk is the risk that the value of an investment will be adversely affected by changes in interest rates. The District's investment policies do not address investment credit and interest rate risk beyond the rating and maturity restrictions established by state statutes.

Note 4 – Interfund Balances and Transactions

Amounts due to/from other funds at May 31, 2019, consist of the following:

Receivable Fund	Payable Fund	Amounts	Purpose
General Fund	Debt Service Fund	$ 3,859	Maintenance tax collections not remitted as of year end
Debt Service Fund	General Fund	3,448	Investment earnings deposited in the General Fund not remitted as of year end

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

Note 5 – Capital Assets

A summary of changes in capital assets, for the year ended May 31, 2019, is as follows:

	Beginning Balances	Additions	Adjustments	Ending Balances
Capital assets not being depreciated				
Land and improvements	$ 12,640,355	$ -	$ (999,599)	$ 11,640,756
Capital assets being depreciated				
Infrastructure	17,422,698		(330,232)	17,092,466
Less accumulated depreciation	(3,487,483)	(372,946)		(3,860,429)
Subtotal depreciable capital assets, net	13,935,215	(372,946)	(330,232)	13,232,037
Capital assets, net	$ 26,575,570	$ (372,946)	$ (1,329,831)	$ 24,872,793

Depreciation expense for the current year was $372,946.

During the year, it was determined that the District's developers have been substantially reimbursed for the construction of certain capital assets in the District. As a result, capital asset values and the related amounts due to developer have been adjusted accordingly.

Note 6 – Due to Developers

The District has entered into financing agreements with its developers for the financing of the construction of water, sewer, drainage, and road improvements. Under the agreements, the developers will advance funds for the construction of facilities to serve the District. The developers will be reimbursed from proceeds of future bond issues or other lawfully available funds, subject to approval by TCEQ, as applicable. The District does not record the capital asset and related liability on the government-wide statements until construction of the facilities is complete. The initial cost is estimated based on construction costs plus 10-15% for engineering and other fees. Estimates are trued up when the developer is reimbursed.

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

Due to developers, beginning of year	$	1,384,062
Change in estimate of due to developer		(1,329,831)
Due to developers, end of year	$	54,231

As discussed in Note 5, the District revised its estimate of amounts due to developer for certain capital assets and, as a result, has reduced the reported liability.

In addition, the District will owe the developers approximately $1,303,008, which is included in the following schedule of contractual commitments. The exact amount is not known until approved by the TCEQ and verified by the District's auditor. As previously noted, these projects will be reported in the government-wide financial statements upon completion of construction.

	Contract Amount	Amounts Paid	Remaining Commitment
Vintage detention pond to serve Alliance tract	$ 1,303,008	$ 867,181	$ 435,827

Note 7 – Long–Term Debt

Long-term debt is comprised of the following:

Bonds payable	$	39,585,000
Unamortized discounts		(457,187)
Unamortized premium		548,834
	$	39,676,647
Due within one year	$	1,795,000

Note 7 – Long–Term Debt (continued)

The District's bonds payable at May 31, 2019, consists of unlimited tax bonds as follows:

Series	Amounts Outstanding	Original Issue	Interest Rates	Maturity Date, Serially, Beginning/ Ending	Interest Payment Dates	Call Dates
2010	$ 350,000	$ 4,625,000	3.0% - 5.0%	September 1, 2011 - 2020	September 1, March 1	September 1, 2018
2011	660,000	4,135,000	3.0% - 4.875%	September 1, 2012 - 2022	September 1, March 1	September 1, 2019
2013	4,030,000	4,630,000	2.0% - 4.0%	September 1, 2014 - 2037	September 1, March 1	September 1, 2020
2014	6,645,000	7,335,000	2.0% - 4.0%	September 1, 2015 - 2038	September 1, March 1	September 1, 2022
2014 Road	4,835,000	5,370,000	2.0% - 4.0%	September 1, 2015 - 2038	September 1, March 1	September 1, 2022
2015 Refunding	11,225,000	13,215,000	2.0% - 3.125%	September 1, 2015 - 2031	September 1, March 1	September 1, 2023
2015 Road	1,185,000	1,295,000	2.0% - 3.75%	September 1, 2016 - 2038	September 1, March 1	September 1, 2023
2015A Road	1,820,000	1,985,000	2.0% - 4.0%	September 1, 2016 - 2038	September 1, March 1	September 1, 2023
2016 Park	3,120,000	3,315,000	1.25% - 3.0%	September 1, 2017 - 2041	September 1, March 1	September 1, 2024
2016 Refunding	5,715,000	5,800,000	2.0% - 4.0%	September 1, 2017 - 2032	September 1, March 1	September 1, 2025
	$ 39,585,000					

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

The 2016 Series Refunding bonds were issued to advance refund portions of the District's Series 2011 bonds. Since the Series 2011 bonds were not yet subject to redemption, the District defeased them by placing proceeds of the bonds in an escrow account with an escrow agent and irrevocably pledging the escrow account to the payment of future debt service payments. Accordingly, the defeased bonds are not included in the District's financial statements. The outstanding principal of the defeased bonds is $2,470,000 at May 31, 2019.

Note 7 – Long–Term Debt (continued)

At May 31, 2019, the District had authorized but unissued bonds in the amount of $11,375,000 for water, sewer and drainage facilities; $11,685,000 for park and recreational facilities; $6,230,000 for road improvements; and $38,695,000 for refunding purposes.

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

Bonds payable, beginning of year	$	41,325,000
Bonds retired		(1,740,000)
Bonds payable, end of year	$	39,585,000

As of May 31, 2019, annual debt service requirements on bonds outstanding are as follows:

Year	Principal	Interest	Totals
2020	$ 1,795,000	$ 1,238,782	$ 3,033,782
2021	1,850,000	1,194,734	3,044,734
2022	1,910,000	1,147,696	3,057,696
2023	1,995,000	1,097,979	3,092,979
2024	2,055,000	1,046,435	3,101,435
2025	2,130,000	993,360	3,123,360
2026	2,185,000	931,454	3,116,454
2027	2,275,000	860,368	3,135,368
2028	2,360,000	785,592	3,145,592
2029	2,445,000	707,166	3,152,166
2030	2,550,000	624,823	3,174,823
2031	2,650,000	537,979	3,187,979
2032	2,750,000	446,015	3,196,015
2033	1,935,000	362,338	2,297,338
2034	1,260,000	303,045	1,563,045
2035	1,320,000	255,339	1,575,339
2036	1,380,000	204,719	1,584,719
2037	1,445,000	150,638	1,595,638
2038	1,500,000	93,563	1,593,563
2039	1,255,000	40,344	1,295,344
2040	175,000	13,575	188,575
2041	180,000	8,250	188,250
2042	185,000	2,775	187,775
	$ 39,585,000	$ 13,046,967	$ 52,631,967

Note 8 – Property Taxes

On November 7, 2006, the voters of the District authorized the District's Board of Directors to levy taxes annually for use in financing general operations limited to $1.50 per $100 of assessed value. On November 4, 2008, the voters of the District also authorized the District's Board of Directors to levy taxes annually for use in financing road maintenance limited to $0.25 per $100 of assessed value. The District's bond resolutions require that property taxes be levied for use in paying interest and principal on long-term debt and for use in paying the cost of assessing and collecting taxes. Taxes levied to finance debt service requirements on long-term debt are without limitation as to rate or amount.

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

Property taxes are collected based on rates adopted in the year of the levy. The District's 2019 fiscal year was financed through the 2018 tax levy, pursuant to which the District levied property taxes of $0.55 per $100 of assessed value, of which $0.07 was allocated to maintenance and operations, $0.39 was allocated to water, sewer and drainage debt service and $0.09 was allocated to road debt service. The resulting tax levy was $3,481,519 on the adjusted taxable value of $633,003,389.

Net property taxes receivable, at May 31, 2019, consisted of the following:

Current year taxes receivable	$	7,558
Prior years taxes receivable		33,501
Less allowance for uncollectible accounts		(8,842)
		32,217
Penalty and interest receivable		12,514
Net property taxes receivable	$	44,731

Note 9 – Strategic Partnership Agreement

Effective April 9, 2007, subsequently amended on November 16, 2012, the District and the City of Houston (the "City") entered into a Strategic Partnership Agreement under which the City annexed the District for the limited purposes of applying the City's Planning, Zoning, Health and Safety Ordinances within the District. The District continues to exercise all powers and functions of a municipal utility district. As consideration for the District providing services described in the agreement, the City agreed to remit 50% of a 1% sale and use tax collected from retailers located in the District's boundaries. The City agrees that it will not annex all or part of the District during the thirty year term of this agreement.

During the fiscal year ended May 31, 2019, the District recorded $574,650 in revenues from the City in accordance with this agreement.

Note 10 – Wastewater Treatment Facilities Agreement

On September 13, 2005, V&W Partners, Ltd., on behalf of the District, entered into an agreement with Charterwood Municipal Utility District (Charterwood), as amended, to supply wastewater services to the District. This agreement was subsequently assigned to the District on September 12, 2006. The District shares in a 1,050,000 gallons per day (gpd) expansion of the Charterwood wastewater treatment plant with 850,000 gpd designated for the District.

Charterwood holds title to the plant for the benefit of both parties. Each of the parties has an undivided, equitable interest in the plant, plant site and related capacity based on the pro rata share of capacity. The term of this agreement is 50 years, and at which time will be renewable in one year increments.

All expenditures incurred in the operation of the plant are distributed to each district on a pro rata basis, based on equivalent single family connections. As of May 31, 2019, the District has an operating reserve of $5,874 for its portion of operating expenditures, pursuant to this agreement. During the current year, the District recorded $292,572 in expenditures related to this agreement.

Note 11 – Regional Water Authority

Creation and Purpose

The North Harris County Regional Water Authority (the "Authority") was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2000. The Authority is a political subdivision of the State of Texas, governed by an elected five member Board of Directors and was created to provide a regional entity to develop and implement a strategy for complying with the surface water conversion requirements mandated by the Harris-Galveston Coastal Subsidence District, which regulates groundwater withdrawal. The Authority is responsible for the construction and maintenance of the necessary facilities to provide surface water as an alternative to groundwater. The Authority began providing surface water in January 2011 and continues to construct additional facilities to expand its service delivery area.

Regional Water Fees

As of May 31, 2019, the groundwater fee was $3.85 per 1,000 gallons of water and the surface water fee was $4.30 per 1,000 gallons. These rates are subject to future increases. The District passes these costs on to its customers. During the current year, the District has recorded $856,914 in expenditures for surface water from the Authority and billed its customers $779,758 to offset the fees charged by the Authority.

Note 11 – Regional Water Authority (continued)

Chloramination Credit

The Authority agreed to reimburse the District $224,695 for costs incurred for the construction of a chloramines disinfection system. The District will receive the reimbursement over 30 years at 6% interest by taking credits against fees due to the Authority. For the current fiscal year, the District received a credit in the amount of $16,324, which is recorded as revenue in the fund statements. At the government wide level, the receivable will be reduced and interest revenues recorded as the credit is taken.

The following schedule summarizes the amortization of future annual chloramination credits at the government wide level:

Fiscal Years Ending May 31	Principal	Interest	Total
2020	$ 4,338	$ 11,986	$ 16,324
2021	4,598	11,726	16,324
2022	4,874	11,450	16,324
2023	5,166	11,158	16,324
2024	5,476	10,848	16,324
2025	5,805	10,519	16,324
2026	6,153	10,171	16,324
2027	6,522	9,802	16,324
2028	6,914	9,410	16,324
2029	7,328	8,995	16,323
2030	7,768	8,556	16,324
2031	8,234	8,090	16,324
2032	8,728	7,596	16,324
2033	9,252	7,072	16,324
2034	9,807	6,517	16,324
2035	10,395	5,928	16,323
2036	11,019	5,305	16,324
2037	11,680	4,644	16,324
2038	12,381	3,943	16,324
2039	13,124	3,200	16,324
2040	13,911	2,412	16,323
2041	14,746	1,578	16,324
2042	11,551	693	12,244
	$ 199,770	$ 171,599	$ 371,369

Note 12 – Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and personal injuries. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage from the prior year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

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Required Supplementary Information

Harris County Municipal Utility District No. 468
Required Supplementary Information - Budgetary Comparison Schedule - General Fund
For the Year Ended May 31, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Water service	$ 650,000	$ 756,802	$ 106,802
Sewer service	375,000	463,776	88,776
Property taxes	426,006	425,337	(669)
Penalties and interest	16,000	20,987	4,987
Chloramines conversion reimbursement	16,324	16,324	
Tap connection and inspection	1,500	56,454	54,954
Regional water authority fees	822,150	779,758	(42,392)
City of Houston sales tax rebates	490,000	570,729	80,729
Miscellaneous	6,125	30,667	24,542
Investment earnings	20,000	68,117	48,117
Total Revenues	2,823,105	3,188,951	365,846
Expenditures			
Current service operations			
Purchased services	310,000	292,572	17,428
Professional fees	160,000	179,908	(19,908)
Contracted services	424,204	451,775	(27,571)
Repairs and maintenance	760,500	796,330	(35,830)
Utilities	50,000	51,786	(1,786)
Regional water authority fees	783,000	856,914	(73,914)
Administrative	41,764	44,075	(2,311)
Other	8,125	7,682	443
Total Expenditures	2,537,593	2,681,042	(143,449)
Revenues Over Expenditures	285,512	507,909	222,397
Fund Balance			
Beginning of the year	3,335,864	3,335,864	
End of the year	$ 3,621,376	$ 3,843,773	$ 222,397

Budgets and Budgetary Accounting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. There were no amendments to the budget during the year

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Texas Supplementary Information

Harris County Municipal Utility District No. 468
TSI-1. Services and Rates
May 31, 2019

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

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

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

[ ] Other (Specify): ____________________

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

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

	Minimum Charge	Minimum Usage	Flat Rate (Y / N)	Rate per 1,000 Gallons Over Minimum Usage	Usage Levels		
Water:	$ 19.75	-0-	N	$ 1.00	8,001	to	15,000
				$ 1.50	15,001	to	30,000
				$ 2.00	30,001	to	no limit
Wastewater:	$ 19.75	-0-	Y			to	
Surcharge:	$ -	-0-	N	$ 4.52	-	to	no limit

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

Total charges per 10,000 gallons usage: Water $ 66.95 Wastewater $ 19.75

b. Water and Wastewater Retail Connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC'S
Unmetered			x 1.0	
less than 3/4"	223	221	x 1.0	221
1"	162	162	x 2.5	405
1.5"	8	8	x 5.0	40
2"	85	83	x 8.0	664
3"	2	2	x 15.0	30
4"	5	5	x 25.0	125
6"	6	6	x 50.0	300
8"			x 80.0	
10"	10	10	x 115.0	1,150
Total Water	501	497		2,935
Total Wastewater	437	434	x 1.0	434

See accompanying auditor's report.

Harris County Municipal Utility District No. 468
TSI-1. Services and Rates
May 31, 2019

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

Gallons pumped into system:	196,863,000	Water Accountability Ratio:
Gallons billed to customers:	191,329,000	
*Gallons sold:	22,000	(Gallons billed/ Gallons pumped)
		97.20%

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

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

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

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

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

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

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

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

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

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

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

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

   ETJs in which the District is located: City of Houston

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

   If Yes, by whom? ____________

*Gallons sold to Harris County Municipal Utility District No. 268

See accompanying auditors’ report.

Harris County Municipal Utility District No. 468
TSI-2 General Fund Expenditures
For the Year Ended May 31, 2019

Purchased services	$ 292,572
Professional fees	
Legal	99,346
Audit	14,500
Engineering	66,062
	179,908
Contracted services	
Bookkeeping	35,814
Operator	92,883
Sales tax consultant	7,200
Tap connection and inspection	35,495
Garbage	72,892
Security	207,492
	451,775
Repairs and maintenance	796,330
Utilities	51,786
Regional water authority fees	856,914
Administrative	
Directors fees	9,600
Printing and office supplies	11,860
Insurance	12,777
Other	9,838
	44,075
Other	7,682
Total expenditures	$ 2,681,042

Reporting of Utility Services in Accordance with HB 3693:

	Usage	Cost
Electrical	425,174 kWh	$ 51,786
Water	N/A	N/A
Natural Gas	N/A	N/A

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-3. Investments
May 31, 2019

Fund	Interest Rate	Maturity Date	Balance at End of Year	Interest Receivable
General				
TexPool	Variable	N/A	$ 2,680,036	$ -
Debt Service				
TexPool	Variable	N/A	3,478,519	
TexPool	Variable	N/A	860,032	
Certificates of deposit	2.30%	08/21/19	243,000	4,300
Certificates of deposit	2.70%	02/14/20	240,000	1,800
			4,821,552	6,100
Capital Projects				
TexPool	Variable	N/A	12,367	
TexPool	Variable	N/A	106,894	
TexPool	Variable	N/A	217,865	
			337,126	
Total - All Funds			$ 7,838,714	$ 6,100

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-4. Taxes Levied and Receivable
May 31, 2019

	Maintenance Taxes	Debt Service Taxes	Road Debt Tax	Totals
Taxes Receivable, Beginning of Year	$ 5,044	$ 26,669	$ 5,057	$ 36,770
Adjustments	(19,351)	(113,596)	(24,824)	(157,771)
Adjusted Receivable	(14,307)	(86,927)	(19,767)	(121,001)
2018 Original Tax Levy	436,139	2,429,915	560,750	3,426,804
Adjustments	6,964	38,798	8,953	54,715
Adjusted Tax Levy	443,103	2,468,713	569,703	3,481,519
Total to be accounted for	428,796	2,381,786	549,936	3,360,518
Tax collections, net of refunds:				
Current year	442,141	2,463,354	568,466	3,473,961
Prior years	(17,920)	(104,741)	(22,999)	(145,660)
Total Collections	424,221	2,358,613	545,467	3,328,301
Taxes Receivable, End of Year	$ 4,575	$ 23,173	$ 4,469	$ 32,217
Taxes Receivable, By Years				
2018	$ 962	$ 5,359	$ 1,237	$ 7,558
2017	753	4,408	968	6,129
2016	1,242	6,080	1,373	8,695
2014 and prior	1,618	7,326	891	9,835
Taxes Receivable, End of Year	$ 4,575	$ 23,173	$ 4,469	$ 32,217

	2018	2017	2016	2015
Property Valuations:				
Land	$ 143,831,035	$ 138,166,997	$ 131,527,392	$ 126,969,778
Improvements	477,793,832	447,127,880	417,222,668	344,378,684
Personal Property	48,883,078	46,858,202	39,661,389	38,870,217
Exemptions	(37,504,556)	(37,979,316)	(38,595,235)	(25,034,701)
Total Property Valuations	$ 633,003,389	$ 594,173,763	$ 549,816,214	$ 485,183,978
Tax Rates per $100 Valuation:				
Maintenance tax rates	$ 0.070	$ 0.070	$ 0.095	$ 0.150
Debt service tax rates	0.390	0.410	0.465	0.470
Road debt service tax rates	0.090	0.090	0.105	0.120
	$ 0.550	$ 0.570	$ 0.665	$ 0.740
Adjusted Tax Levy:	$ 3,481,519	$ 3,386,790	$ 3,656,278	$ 3,590,361
Percentage of Taxes Collected to Taxes Levied **	99.78%	99.82%	99.76%	99.85%

* Maximum Maintenance Tax Rate Approved by Voters: $1.50 on November 7, 2006
*Maximum Road Maintenance Tax Rate Approved by Voters: $0.25 on November 4, 2008
** Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2010--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 170,000	$ 11,310	$ 181,310
2021	180,000	3,870	183,870
	$ 350,000	$ 15,180	$ 365,180

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2011--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 155,000	$ 22,500	$ 177,500
2021	165,000	16,694	181,694
2022	170,000	10,200	180,200
2023	170,000	3,400	173,400
	$ 660,000	$ 52,794	$ 712,794

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2013--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 140,000	$ 140,819	$ 280,819
2021	145,000	137,430	282,430
2022	150,000	133,556	283,556
2023	160,000	129,094	289,094
2024	165,000	124,219	289,219
2025	175,000	119,119	294,119
2026	180,000	113,569	293,569
2027	190,000	107,556	297,556
2028	195,000	101,056	296,056
2029	205,000	94,056	299,056
2030	215,000	86,572	301,572
2031	225,000	78,597	303,597
2032	235,000	70,259	305,259
2033	245,000	61,100	306,100
2034	255,000	51,100	306,100
2035	270,000	40,600	310,600
2036	280,000	29,600	309,600
2037	295,000	18,100	313,100
2038	305,000	6,100	311,100
	$ 4,030,000	$ 1,642,502	$ 5,672,502

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2014--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 195,000	$ 220,594	$ 415,594
2021	205,000	216,081	421,081
2022	215,000	210,562	425,562
2023	230,000	204,444	434,444
2024	240,000	197,682	437,682
2025	255,000	190,257	445,257
2026	265,000	182,457	447,457
2027	280,000	174,282	454,282
2028	295,000	165,657	460,657
2029	310,000	156,572	466,572
2030	325,000	146,854	471,854
2031	345,000	136,170	481,170
2032	360,000	124,488	484,488
2033	380,000	111,763	491,763
2034	400,000	98,113	498,113
2035	420,000	83,501	503,501
2036	445,000	67,544	512,544
2037	470,000	49,800	519,800
2038	490,000	30,600	520,600
2039	520,000	10,400	530,400
	$ 6,645,000	$ 2,777,821	$ 9,422,821

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2014 Road--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 160,000	$ 166,700	$ 326,700
2021	165,000	163,450	328,450
2022	170,000	159,250	329,250
2023	180,000	154,000	334,000
2024	185,000	148,525	333,525
2025	195,000	142,825	337,825
2026	205,000	136,825	341,825
2027	210,000	130,600	340,600
2028	220,000	123,875	343,875
2029	230,000	116,562	346,562
2030	240,000	108,625	348,625
2031	250,000	100,050	350,050
2032	260,000	90,800	350,800
2033	270,000	80,863	350,863
2034	285,000	70,100	355,100
2035	295,000	58,500	353,500
2036	310,000	46,400	356,400
2037	320,000	33,800	353,800
2038	335,000	20,700	355,700
2039	350,000	7,000	357,000
	$ 4,835,000	$ 2,059,450	$ 6,894,450

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2015 Refunding--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 760,000	$ 282,531	$ 1,042,531
2021	770,000	267,231	1,037,231
2022	790,000	251,631	1,041,631
2023	810,000	235,631	1,045,631
2024	820,000	219,331	1,039,331
2025	835,000	202,781	1,037,781
2026	850,000	181,681	1,031,681
2027	875,000	155,806	1,030,806
2028	900,000	129,181	1,029,181
2029	920,000	101,881	1,021,881
2030	940,000	73,981	1,013,981
2031	970,000	45,331	1,015,331
2032	985,000	15,391	1,000,391
	$ 11,225,000	$ 2,162,391	$ 13,387,391

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2015 Road--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 40,000	$ 36,878	$ 76,878
2021	40,000	36,078	76,078
2022	40,000	35,278	75,278
2023	45,000	34,371	79,371
2024	45,000	33,303	78,303
2025	50,000	32,115	82,115
2026	50,000	30,803	80,803
2027	50,000	29,428	79,428
2028	55,000	27,860	82,860
2029	55,000	26,100	81,100
2030	60,000	24,260	84,260
2031	60,000	22,288	82,288
2032	65,000	20,178	85,178
2033	65,000	17,984	82,984
2034	70,000	15,663	85,663
2035	75,000	13,125	88,125
2036	75,000	10,500	85,500
2037	80,000	7,688	87,688
2038	80,000	4,688	84,688
2039	85,000	1,594	86,594
	$ 1,185,000	$ 460,178	$ 1,645,178

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2015A Road--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 60,000	$ 61,275	$ 121,275
2021	60,000	60,075	120,075
2022	65,000	58,744	123,744
2023	70,000	57,138	127,138
2024	70,000	55,300	125,300
2025	75,000	53,213	128,213
2026	75,000	50,888	125,888
2027	80,000	48,408	128,408
2028	85,000	45,725	130,725
2029	85,000	42,920	127,920
2030	90,000	39,943	129,943
2031	95,000	36,705	131,705
2032	100,000	33,243	133,243
2033	105,000	29,553	134,553
2034	105,000	25,694	130,694
2035	110,000	21,663	131,663
2036	115,000	17,300	132,300
2037	120,000	12,600	132,600
2038	125,000	7,700	132,700
2039	130,000	2,600	132,600
	$ 1,820,000	$ 760,687	$ 2,580,687

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2016 Park--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 95,000	$ 81,475	$ 176,475
2021	100,000	79,525	179,525
2022	100,000	77,525	177,525
2023	105,000	75,475	180,475
2024	110,000	73,325	183,325
2025	110,000	71,125	181,125
2026	115,000	68,731	183,731
2027	120,000	66,088	186,088
2028	120,000	63,238	183,238
2029	125,000	60,175	185,175
2030	130,000	56,988	186,988
2031	130,000	53,738	183,738
2032	135,000	50,256	185,256
2033	140,000	46,475	186,475
2034	145,000	42,375	187,375
2035	150,000	37,950	187,950
2036	155,000	33,375	188,375
2037	160,000	28,650	188,650
2038	165,000	23,775	188,775
2039	170,000	18,750	188,750
2040	175,000	13,575	188,575
2041	180,000	8,250	188,250
2042	185,000	2,775	187,775
	$ 3,120,000	$ 1,133,614	$ 4,253,614

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
Series 2016 Refunding--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 20,000	$ 214,700	$ 234,700
2021	20,000	214,300	234,300
2022	210,000	210,950	420,950
2023	225,000	204,425	429,425
2024	420,000	194,750	614,750
2025	435,000	181,925	616,925
2026	445,000	166,500	611,500
2027	470,000	148,200	618,200
2028	490,000	129,000	619,000
2029	515,000	108,900	623,900
2030	550,000	87,600	637,600
2031	575,000	65,100	640,100
2032	610,000	41,400	651,400
2033	730,000	14,600	744,600
	$ 5,715,000	$ 1,982,350	$ 7,697,350

See accompanying auditors' report.

Harris County Municipal Utility District No. 468
TSI-5. Long-Term Debt Service Requirements
All Bonded Debt Series--by Years
May 31, 2019

Due During Fiscal Years Ending	Principal Due September 1	Interest Due September 1, March 1	Total
2020	$ 1,795,000	$ 1,238,782	$ 3,033,782
2021	1,850,000	1,194,734	3,044,734
2022	1,910,000	1,147,696	3,057,696
2023	1,995,000	1,097,979	3,092,979
2024	2,055,000	1,046,435	3,101,435
2025	2,130,000	993,360	3,123,360
2026	2,185,000	931,454	3,116,454
2027	2,275,000	860,368	3,135,368
2028	2,360,000	785,592	3,145,592
2029	2,445,000	707,166	3,152,166
2030	2,550,000	624,823	3,174,823
2031	2,650,000	537,979	3,187,979
2032	2,750,000	446,015	3,196,015
2033	1,935,000	362,338	2,297,338
2034	1,260,000	303,045	1,563,045
2035	1,320,000	255,339	1,575,339
2036	1,380,000	204,719	1,584,719
2037	1,445,000	150,638	1,595,638
2038	1,500,000	93,563	1,593,563
2039	1,255,000	40,344	1,295,344
2040	175,000	13,575	188,575
2041	180,000	8,250	188,250
2042	185,000	2,775	187,775
	$ 39,585,000	$ 13,046,967	$ 52,631,967

See accompanying auditors' report.

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	Bond Issue			
	Series 2010	Series 2011	Series 2013	Series 2014
Interest rate	3.00% - 5.00%	3.00% - 4.875%	2.00% - 4.00%	2.00% - 4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/11 - 9/1/20	9/1/12 - 9/1/22	9/1/14 - 9/1/37	9/1/15 - 9/1/38
Beginning bonds outstanding	$ 515,000	$ 815,000	$ 4,160,000	$ 6,830,000
Bonds retired	(165,000)	(155,000)	(130,000)	(185,000)
Ending bonds outstanding	$ 350,000	$ 660,000	$ 4,030,000	$ 6,645,000
Interest paid during fiscal year	$ 18,262	$ 27,731	$ 143,694	$ 224,394

Paying agent's name and city	
Series 2010, 2011, 2013 and 2014	Bank of New York Mellon Trust Company, N.A., Dallas, TX
All other series	Amegy Bank N.A., Houston, TX

Bond Authority:	Water, Sewer and Drainage Bonds	Park Bonds	Road Bonds	Refunding Bonds
Amount Authorized by Voters	$ 47,200,000	$ 15,000,000	$ 14,880,000	$ 40,000,000
Amount Issued	(35,825,000)	(3,315,000)	(8,650,000)	(1,305,000)
Remaining To Be Issued	$ 11,375,000	$ 11,685,000	$ 6,230,000	$ 38,695,000

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

Debt Service Fund cash and investments balances as of May 31, 2019:	$ 5,256,771
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,288,346

See accompanying auditors' report.

	Bond Issue			
	Series 2014 Road	Series 2015 Refunding	Series 2015 Road	Series 2015A Road
Interest rate	2.00% - 4.00%	2.00% - 3.125%	2.00% - 3.75%	2.00% - 4.00%
Dates interest payable	9/1; 3/1	9/1; 3/1	9/1; 3/1	9/1; 3/1
Maturity dates	9/1/15 - 9/1/38	9/1/15 - 9/1/31	9/1/16 - 9/1/38	9/1/16 - 9/1/38
Ending bonds outstanding	$ 4,985,000	$ 11,965,000	$ 1,225,000	$ 1,880,000
Bonds retired	(150,000)	(740,000)	(40,000)	(60,000)
Ending bonds outstanding	$ 4,835,000	$ 11,225,000	$ 1,185,000	$ 1,820,000
Interest paid during fiscal year	$ 169,800	$ 297,531	$ 37,678	$ 62,475

See accompanying auditors' report.

Bond Issue		
Series 2016 Park	Series 2016 Refunding	Totals
1.25% - 3.00%	2.00% - 4.00%	
9/1; 3/1	9/1; 3/1	
9/1/17 - 9/1/41	9/1/17 - 9/1/32	
$ 3,215,000	$ 5,735,000	$ 41,325,000
(95,000)	(20,000)	(1,740,000)
$ 3,120,000	$ 5,715,000	$ 39,585,000
$ 83,375	$ 215,100	$ 1,280,040

Harris County Municipal Utility District No. 468
TSI-7a. Comparative Schedule of Revenues and Expenditures - General Fund
For the Last Five Fiscal Years

	Amounts				
	2019	2018	2017	2016	2015
Revenues					
Water service	$ 756,802	$ 676,622	$ 637,380	$ 613,208	$ 509,025
Sewer service	463,776	392,534	377,152	361,534	336,846
Property taxes	425,337	435,729	488,107	736,948	288,404
Penalties and interest	20,987	19,614	15,277	15,037	18,412
Chloramines conversion reimbursement	16,324	16,324	16,324	16,324	16,324
Tap connection and inspection	56,454	12,836	72,263	351,199	251,740
Regional water authority fees	779,758	660,855	529,236	431,727	358,674
City of Houston sales tax rebates	570,729	518,875	488,117	473,367	375,131
Miscellaneous	30,667	10,043	10,575	12,636	9,943
Investment earnings	68,117	33,421	12,406	3,681	1,097
Total Revenues	3,188,951	2,776,853	2,646,837	3,015,661	2,165,596
Expenditures					
Current service operations					
Purchased services	292,572	279,046	249,567	275,316	240,013
Professional fees	179,908	143,128	145,967	204,506	249,070
Contracted services	451,775	400,423	348,929	422,662	250,244
Repairs and maintenance	796,330	693,662	548,005	531,031	541,497
Utilities	51,786	53,123	39,768	35,374	39,210
Regional water authority fees	856,914	751,652	577,259	485,866	401,091
Administrative	44,075	37,718	44,883	31,141	30,429
Other	7,682	6,480	5,589	18,368	6,502
Capital outlay		220,040	114,450	69,676	188,350
Intergovernmental				11,573	
Total Expenditures	2,681,042	2,585,272	2,074,417	2,085,513	1,946,406
Revenues Over Expenditures	$ 507,909	$ 191,581	$ 572,420	$ 930,148	$ 219,190

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
23%	24%	25%	21%	23%
15%	14%	14%	12%	16%
13%	16%	18%	24%	13%
1%	1%	1%	*	1%
1%	1%	1%	1%	1%
2%	*	3%	12%	12%
24%	24%	20%	14%	17%
18%	19%	18%	16%	17%
1%	*	*	*	*
2%	1%	*	*	*
100%	100%	100%	100%	100%
9%	9%	9%	11%	7%
6%	6%	7%	12%	7%
14%	13%	14%	12%	12%
25%	21%	18%	25%	21%
2%	2%	1%	2%	2%
27%	22%	16%	19%	15%
1%	2%	1%	1%	1%
*	*	1%	*	1%
	4%	2%	9%	5%
		*		
84%	79%	69%	91%	71%
16%	21%	31%	9%	29%

Harris County Municipal Utility District No. 468
TSI-7b. Comparative Schedule of Revenues and Expenditures - Debt Service Fund
For the Last Five Fiscal Years

	Amounts				
	2019	2018	2017	2016	2015
Revenues					
Property taxes	$ 2,893,090	$ 3,109,107	$ 3,088,813	$ 2,814,705	$ 2,983,766
Penalties and interest	19,377	24,928	11,334	12,217	7,093
Accrued interest on bonds sold			14,730	1,991	40,402
Investment earnings	85,178	46,130	19,813	8,988	4,782
Total Revenues	2,997,645	3,180,165	3,134,690	2,837,901	3,036,043
Expenditures					
Tax collection services	47,724	44,852	49,971	44,118	37,558
Debt service					
Principal	1,740,000	1,730,000	1,500,000	1,470,000	835,000
Interest and fees	1,285,190	1,324,519	1,310,055	1,385,663	1,240,348
Debt issuance costs			242,653		324,813
Total Expenditures	3,072,914	3,099,371	3,102,679	2,899,781	2,437,719
Revenues Over/(Under) Expenditures	$ (75,269)	$ 80,794	$ 32,011	$ (61,880)	$ 598,324
Total Active Retail Water Connections	497	492	488	486	456
Total Active Retail Wastewater Connections	434	432	428	427	402

*Percentage is negligible

See accompanying auditors' report.

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
96%	98%	99%	100%	99%
1%	1%	*	*	*
		*	*	1%
3%	1%	1%	*	*
100%	100%	100%	100%	100%
2%	1%	2%	2%	1%
58%	54%	48%	52%	28%
43%	42%	42%	49%	41%
		8%		11%
103%	97%	100%	103%	81%
(3%)	3%	0%	(3%)	19%

Harris County Municipal Utility District No. 468
TSI-8. Board Members, Key Personnel and Consultants
For the Year Ended May 31, 2019

Complete District Mailing Address:	3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Business Telephone Number:	(713)860-6400
Submission Date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	June 6, 2018
Limit on Fees of Office that a Director may receive during a fiscal year: (Set by Board Resolution -- TWC Section 49.0600)	$ 7,200

Names:	Term of Office (Elected or Appointed) or Date Hired	Fees of Office Paid *	Expense Reimburse- ments	Title at Year End
Board Members				
Kenneth P. Carter	05/16 - 05/20	$ 1,950	$ 1,258	President
Lawrence Kupstas	05/18 - 05/22	1,350	249	Vice President
Robert Moore	05/18 - 05/22	1,350	121	Secretary/Treasurer
William T. Evans	05/16 - 05/20	2,250	1,172	Assistant Vice President
Blair M. Frederick	05/18 - 05/22	1,800	340	Assistant Secretary
Consultants		Amounts Paid		
Allen Boone Humphries Robinson LLP	08/06			Attorney
General legal fees		$ 91,129		
Bond counsel				
Inframark, LLC	06/12	477,042		Operator
Avanta Services	10/06	41,408		Bookkeeper
Tax Tech, Inc.	04/07	12,535		Tax Collector
Harris County Appraisal District	Legislation	25,428		Property Valuation
Perdue, Brandon, Fielder, Collins & Mott, LLP	03/08	2,565		Delinquent Tax Attorney
Brown & Gay Engineers, Inc.	08/06	80,388		Engineer
McGrath & Co., PLLC	2011	14,500		Auditor
Robert W. Baird & Co. Incorporated	01/15			Financial Advisor
B & A Sales Tax Service	03/12	7,200		Sales Tax Consultant

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

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

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