OFFICIAL STATEMENT DATED JUNE 3, 2020

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 84, OF MONTGOMERY COUNTY, TEXAS. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" AND "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL.

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

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (AGM Insured) . . . . "AA" (stable outlook)
Moody's Investors Service, Inc. (AGM Insured)..... "A2" (stable outlook)
Moody's Investors Service, Inc. (Underlying)..... "Baa2" (stable outlook)
See "BOND INSURANCE" and "RATINGS" herein.

$2,745,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 84, OF MONTGOMERY COUNTY, TEXAS
(A Political Subdivision of the State of Texas, located within Montgomery County, Texas)
UNLIMITED TAX REFUNDING BONDS, SERIES 2020

Dated: June 15, 2020 | **Due: September 1, as shown below**

Principal of the above bonds (the "Bonds") is payable to the registered owners thereof (the "Registered Owners") by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from June 15, 2020, and is payable on September 1, 2020 (two and one-half-month interest payment), and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only. The Term Bonds are subject to redemption, in whole or in part, prior to their scheduled maturities on September 1, 2025, or on any date thereafter, at the option of Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas (the "District"). Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds or the portions thereof so called for redemption, plus accrued interest to the date of redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC, as defined below, in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

The Bonds will be registered and delivered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial Owners (as defined herein under "BOOK-ENTRY-ONLY SYSTEM") of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the DTC participants. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the Beneficial Owners. In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry Only System, references in other sections of this Official Statement to Registered Owners should be read to include the person for which the Direct or Indirect Participants (as defined under "BOOK-ENTRY-ONLY SYSTEM") acquires an interest in the Bonds, but (i) all rights or ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described herein, notices that are to be given to Registered Owners under the Bond Order (defined herein) will be given only to DTC. See "BOOK-ENTRY-ONLY SYSTEM."

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

MATURITY SCHEDULE
CUSIP Prefix (a) 61370T

$305,000 Serial Bonds

Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)	Principal Amount	Maturity (Due September 1)	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
$35,000	2020	4.00%	1.00%	MQ0	$65,000	2023	4.00%	1.18%	MT4
15,000	2021	4.00	1.06	MR8	60,000	2024	4.00	1.25	MU1
65,000	2022	4.00	1.14	MS6	65,000	2025	4.00	1.33	MV9

$260,000 Term Bonds, Due September 1, 2029 (c)(d), CUSIP Suffix MZ0(a), Interest Rate 2.00% (Yield 1.90%)(b)
$250,000 Term Bonds, Due September 1, 2033 (c)(d), CUSIP Suffix ND8(a), Interest Rate 2.00% (Yield 2.29%)(b)
$255,000 Term Bonds, Due September 1, 2037 (c)(d), CUSIP Suffix NH9(a), Interest Rate 2.25% (Yield 2.47%)(b)
$1,675,000 Term Bonds, Due September 1, 2042 (c)(d), CUSIP Suffix NN6(a), Interest Rate 2.50% (Yield 2.67%)(b)

(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor, nor the Underwriter take any responsibility for the accuracy of CUSIP numbers.
(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters (as defined herein). Initial reoffering yields represent the initial offering price to the public which have been established by the Underwriters for public offerings, and which subsequently may be changed.
(c) Subject to optional redemption as described above.
(d) Subject to mandatory redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Redemption Provisions."

The proceeds of the sale of the Bonds will be applied to refund certain outstanding bonds of the District, and to pay certain costs incurred in connection with the issuance of the Bonds in order to reduce the District's debt service requirements (see "PLAN OF FINANCING - Sources and Uses of Funds").

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

The Bonds are offered when, as and if issued by the District , subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel and McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriters' Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about July 1, 2020.

SAMCO CAPITAL MARKETS | **RBC CAPITAL MARKETS**

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USE OF INFORMATION IN OFFICIAL STATEMENT

No dealer, broker, salesman or other person has been authorized by the District or the Underwriters (defined below) 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 Underwriters (hereinafter defined).

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

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

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 condition of the District or other matters described herein since the date hereof. However, the District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Underwriters and thereafter only as described under "GENERAL CONSIDERATIONS - Updating of Official Statement."

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Underwriting

SAMCO Capital Markets, Inc. and RBC Capital Markets, LLC ("RBC") (together referred to herein as the "Underwriter" or the "Underwriters"), have agreed to purchase the Bonds pursuant to a bond purchase agreement from the District for $2,677,023.70 (an amount equal to the principal amount of the Bonds, less an Underwriters' discount of $31,414.85, less a net original issue discount on the Bonds of $36,561.45), plus accrued interest on the Bonds to the date of delivery. The obligation of the Underwriters to purchase the Bonds is subject to certain conditions contained in the bond purchase agreement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others a price lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

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

Prices and Marketability

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

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

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission (the “SEC”) 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 or qualification of the Bonds under the securities laws of any other jurisdiction in which the Bonds may be offered, sold or otherwise transferred. This disclaimer of responsibility for registration or qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions in such other jurisdictions.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Municipal Corp. ("AGM") 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.

Assured Guaranty Municipal Corp.

AGM is a New York domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and international public finance (including infrastructure) and structured finance markets and, as of October 1, 2019, asset management services. Neither AGL nor any of its shareholders or affiliates, other than AGM, is obligated to pay any debts of AGM or any claims under any insurance policy issued by AGM.

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

Current Financial Strength Ratings

On December 19, 2019, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On November 7, 2019, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2019.

Capitalization of AGM

At March 31, 2020:

- The policyholders' surplus of AGM was approximately $2,573 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $997 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $1,997 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiary Assured Guaranty (Europe) plc ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2019 (filed by AGL with the SEC on February 28, 2020); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2020 (filed by AGL with the SEC on May 8, 2020).

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

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

Miscellaneous Matters

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

BOND INSURANCE RISK FACTORS

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

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

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

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

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

RATINGS

The Bonds are expected to receive an insured rating of “AA” (stable outlook) from S&P Global Ratings (“S&P”), a business unit of Standard & Poor’s Financial Services LLC and “A2" (stable outlook) from Moody’s Investors Service (“Moody’s”), based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody’s Investors Service, Inc. (“Moody’s”) is “Baa2” (stable outlook).

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

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

The Issuer	Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas (the "District"), is a political subdivision of the State of Texas located within Montgomery County, Texas. See "THE DISTRICT - General."
Description	$2,745,000 Unlimited Tax Refunding Bonds, Series 2020, are dated June 15, 2020. Interest on the Bonds accrues from June 15, 2020, at the rates shown on the cover hereof, and is payable on September 1, 2020 (two and one-half-month interest payment), and on each March 1 and September 1 thereafter (each, an "Interest Payment Date") until maturity or prior redemption. $305,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2020 through 2025, inclusive, in the respective principal amounts set forth on the cover page of this Official Statement under the heading "MATURITY SCHEDULE." An aggregate of $2,440,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2029, 2033, 2037 and 2042, in the respective principal amounts set forth on the cover page hereof under the heading "MATURITY SCHEDULE" (collectively, the "Term Bonds'). The Bonds are issued in fully registered form and will be issued in denominations of $5,000 of principal amount or integral multiples thereof. The Term Bonds are subject to redemption, in whole or in part, prior to their scheduled maturities at the option of the District, on September 1, 2025, or any date thereafter, at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption plus accrued interest to the date fixed for redemption. In addition to being subject to optional redemption, the Term Bonds are also subject to mandatory sinking fund redemption on September 1 in the years and in the amounts as more completely described in this Official Statement. See "THE BONDS."
Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC (as defined herein), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners (as defined below) thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (as defined herein) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Source and Security for Payment	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "THE BONDS - Source and Security for Payment," "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates" and "TAX DATA - Tax Rate Calculations."
Use of Proceeds	Proceeds of the sale of the Bonds will be applied to refund $2,480,000 of the principal amount of the District's Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds") and to pay the costs of issuance of the Bonds. The Series 2013 Bonds that are being refunded are collectively referred to herein as the "Refunded Bonds." The Bonds are being issued to reduce the District's debt service payments and result in net present value debt service savings. See "PLAN OF FINANCING – Sources and Uses of Funds."
Payment Record	In addition to the Series 2013 Bonds, the District has previously issued Unlimited Tax Bonds, Series 2008 (the "Series 2008 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), Unlimited Tax Bonds, Series 2012 (the "Series 2012 Bonds"), Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"), Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"), Unlimited Tax Refunding Bonds, Series 2015A (the "Series 2015A Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds"). Collective reference is made in this Official Statement to all of such previously issued Bonds as the "Prior Bonds." The District has timely paid all of the principal of and interest on the Prior Bonds when due. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the District is $28,810,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Prior Bonds not heretofore paid by the District, less the Refunded Bonds (the "Remaining Outstanding Bonds"), will be $26,330,000 and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $29,075,000. The District has financed all components of the System (as defined below) that are necessary to serve the entirety of the District. The District may issue additional bonds in the future for the repair or upgrade of components of the System if conditions necessitate such issuance. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

Authorized But Unissued Bonds	After issuance of the Bonds, unlimited tax bonds in the amount of $18,630,000 for waterworks, wastewater, and drainage facilities and $48,590,000 for refunding purposes will remain authorized but unissued. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."
Municipal Bond Insurance	Assured Guaranty Municipal Corp. ("AGM"). See "BOND INSURANCE."
Municipal Bond Ratings	S&P Global Ratings (AGM Insured) "AA" (stable outlook). Moody's Investors Service (AGM insured)... "A2" (stable outlook). Moody's Investors Service, Inc. (Underlying) "Baa2" (stable outlook). See "BOND INSURANCE," "BOND INSURANCE RISK FACTORS" and "RATINGS."
Legal and Tax Opinions	Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, and McCall, Parkhurst and Horton L.L.P., Dallas, Texas, Special Tax Counsel. See "THE DISTRICT - Management of the District," "LEGAL MATTERS" and "TAX MATTERS."
Verification Agent	Robert Thomas, CPA, LLC. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATION."
Financial Advisor	Rathmann & Associates, L.P., Houston, Texas.
Qualified Tax-Exempt Obligations	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax-Exempt Obligations for Financial Institutions."

THE DISTRICT

Description	The District is a political subdivision of the State of Texas, created by Order of the Texas Water Conservation Commission, a predecessor to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission") on November 12, 1993. The District contains approximately 437.1 acres of land. The District is located entirely within Montgomery County, Texas, and entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). The District is located approximately 27 miles north of the central business district of the City in the southeast portion of Montgomery County, Texas, approximately 3.2 miles north of the city limits of Humble, Texas, west of U.S. Highway 59, east of Sorters Road, north of Northpark Drive, and south of F.M. 1314. The District adjoins the northern boundary of Montgomery County Municipal Utility District No. 83 ("MUD 83"). The District encompasses the north one half of a residential development formerly known as Bentwood that is now known as Oakhurst. The balance of the Oakhurst development is located in MUD 83 (359.9 acres), and Porter Municipal Utility District (54.3 acres). The District

lies wholly within the New Caney Independent School District. See "THE DISTRICT - General" and - "Description," and "APPENDIX A - LOCATION MAP."

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

Development and Home Construction . . . . As of May 1, 2020, the District contained 910 homes, all of which homes have been sold to home purchasers. According to the District's Engineer, the development of the entirety of the developable land located within the District is complete with the provision of water distribution, wastewater collection, and storm drainage facilities (collectively, the "System") and street paving. Such development includes Oakhurst Greens, Sections 1 through 6, Point at Oakhurst, Sections 1 and 2, Sable Creek at Oakhurst, Section 1, Riverwood at Oakhurst, Sections 1 through 5, Eaglewood at Oakhurst, Sections 1 and 2, Terrace at Oakhurst, Sections 1 through 4, and Ridge at Oakhurst, Sections 1 and 2, consisting of a total of 910 single-family residential lots located within the District (an aggregate of approximately 285.9 acres) and approximately 8.8 acres that are expected to be utilized for commercial development. The Oakhurst Golf Club, which includes an 18-hole daily fee golf course and approximately 5,000 square foot club house with restaurant, bar, meeting/party rooms and cart barn, has been developed on a total of approximately 174.2 acres (approximately 77.9 acres located in the District). The remaining land located within the District is contained within various easements, detention ponds, streets, or rights-of-way, or is otherwise not available for future development.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION

2019 Assessed Valuation (As of January 1, 2019) See "TAX DATA" and "TAX PROCEDURES."		$267,187,044(a)
2020 Preliminary Valuation (As of January 1, 2020) See "TAX DATA" and "TAX PROCEDURES."		$278,367,852(b)
Direct Debt: The Remaining Outstanding Bonds		$ 26,330,000(c)
The Bonds		2,745,000
Total		$ 29,075,000
Estimated Overlapping Debt		$ 30,854,380(c)
Direct and Estimated Overlapping Debt		$ 59,929,380(c)
Direct Debt Ratio:		
: as a percentage of 2019 Assessed Valuation		10.88%
: as a percentage of 2020 Preliminary Valuation		10.44%
Direct and Estimated Overlapping Debt Ratio:		
: as a percentage of 2019 Assessed Valuation		22.43%
: as a percentage of 2020 Preliminary Valuation		21.53%
Bond Fund Balance As of May 21, 2020		$ 2,383,386(d)
General Fund Balance As of May 21, 2020		$ 1,951,936
2019 Tax Rate Per $100 of Assessed Valuation		
Debt Service Tax	$0.68	
Maintenance Tax	0.20	
Total		$0.88(e)
Average Percentage of Total Tax Collections 2009-2018		100.00%
Percentage of Tax Collections 2019 Levy As of April 30, 2020. (In process of collection).		99.03%
Average Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds (2020-2045)		$1,762,952
Maximum Annual Debt Service Requirement of the Bonds and the Remaining Outstanding Bonds (2045)		$1,918,800
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements of the Bonds and the Remaining Outstanding Bonds (2020-2045) at 95% Tax Collections		
Based Upon 2019 Assessed Valuation		$0.70(e)
Based Upon 2020 Preliminary Valuation		$0.67(e)

Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirement of the Bonds and the Remaining Outstanding Bonds (2045) at 95% Tax Collections	
Based Upon 2019 Assessed Valuation	$0.76(e)
Based Upon 2020 Preliminary Valuation	$0.73(e)
Number of Single Family Residences Within the District as of March 1, 2020	910

(a) As of January 1, 2019. All property located in the District is valued on the appraisal rolls by the Montgomery Central Appraisal District (the "Appraisal District") at 100% of assessed valuation as of January 1 of each year. The District's appraisal roll is certified by the Montgomery County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX PROCEDURES."

(b) This amount is the sum of the preliminary values of all taxable property located within the District as of January 1, 2020, as reflected on the District's preliminary 2020 tax roll supplied to the District by the Appraisal District, and includes the preliminary 2020 values resulting from the construction of taxable improvements from January 1, 2019, through December 31, 2019. The District's ultimate 2020 Assessed Valuation may vary significantly from such preliminary tax roll once the Appraisal Review Board certifies the value thereof for 2020. See "TAXING PROCEDURES."

(c) See "DISTRICT DEBT." The District may issue additional bonds in the future for the repair or upgrade of components of the System if conditions necessitate such issuance. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Bond Fund. Such fund balance gives effect to the payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2020. The District's remaining debt service payments for 2020 are due on September 1, 2020, and total $1,196,229.

(e) The District levied a debt service tax of $0.68 per $100 of Assessed Valuation and a maintenance tax of $0.20 per $100 of Assessed Valuation in 2019, for a combined total tax for 2019 of $0.88 per $100 of Assessed Valuation. As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the total of the 2019 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2019 rate, is $3.1636. The total of such levies of $3.1636 per $100 of Assessed Valuation is higher than the total of the tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the total levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX PROCEDURES."

$2,745,000
MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 84,
OF MONTGOMERY COUNTY, TEXAS
UNLIMITED TAX REFUNDING BONDS
SERIES 2020

INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas (the "District") of its Unlimited Tax Refunding Bonds, Series 2020 (the "Bonds").

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

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the order authorizing the Bonds (the "Bond Order"), a copy of which is available from Schwartz, Page & Harding, L.L.P., Bond Counsel, upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds will be dated and accrue interest at the rates shown on the cover hereof from June 15, 2020, with interest payable on September 1, 2020 (two and one-half-month interest payment), and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. $305,000 of the Bonds are issued as serial bonds maturing on September 1 in each of the years 2020 through 2025, inclusive, in the respective principal amounts set forth on the cover page of this Official Statement under the heading "MATURITY SCHEDULE." An aggregate of $2,440,000 of the Bonds are issued as term bonds maturing on September 1 in each of the years 2029, 2033, 2037 and 2042, in the respective principal amounts set forth on the cover page hereof under the heading "MATURITY SCHEDULE" (collectively, the "Term Bonds'). The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book - entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Authority for Issuance

At an election held within the District on February 5, 2005, voters of the District authorized a total of $50,000,000 in unlimited tax bonds for the purpose of refunding bonds of the District. The Bonds constitute the fourth issuance of bonds from such refunding authorization. The Bonds are issued by the District pursuant to said election and to the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; City of Houston Ordinance No. 97-416; Chapters 49 and 54 of the Texas Water Code, as amended; and Chapter 1207, Texas Government Code, as amended.

Source and Security for Payment

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

Funds

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

Record Date

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

Redemption Provisions

Mandatory Redemption

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

$260,000 Term Bonds Maturing on September 1, 2029

Year of Redemption	Principal Amount
2026	$65,000
2027	65,000
2028	65,000
2029 (maturity)	65,000

$250,000 Term Bonds Maturing on September 1, 2033

Year of Redemption	Principal Amount
2030	$65,000
2031	65,000
2032	60,000
2033 (maturity)	60,000

$255,000 Term Bonds Maturing on September 1, 2037

Year of Redemption	Principal Amount
2034	$65,000
2035	60,000
2036	65,000
2037 (maturity)	65,000

$1,675,000 Term Bonds Maturing on September 1, 2042

Year of Redemption	Principal Amount
2038	$ 60,000
2039	60,000
2040	55,000
2041	120,000
2042 (maturity)	1,380,000

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

Optional Redemption

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

Effects of Redemption

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

Method of Payment of Principal and Interest

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

Registration

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

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $50,000,000 unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. The District currently has $18,630,000 of unlimited tax bonds authorized but unissued for said improvements and facilities. The District's voters have also authorized a total of $50,000,000 unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. Following the issuance of the Bonds, the District will have $48,590,000 of unlimited tax refunding bonds authorized but unissued. The District may issue additional bonds in the future for the repair or upgrade of components of the System if conditions necessitate such issuance. See "INVESTMENT CONSIDERATIONS - Future Debt."

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

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

Financing Road Facilities

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the Commission for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the Commission, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the Commission for road powers nor calling such an election at this time. Issuance of bonds for roads could dilute the investment security for the Bonds.

Financing Recreational Facilities

The District is authorized to develop and finance with property taxes certain recreational facilities after a District election has been successfully held to approve a maintenance tax to support recreational facilities and/or the issuance of bonds payable from taxes.

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

The District has not considered calling an election for such purposes but could consider doing so in the future. The issuance of bonds for recreational facilities could dilute the investment security for the Bonds.

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed for full purposes by the City of Houston, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Houston hold an election in the District whereby the qualified voters of the District approve the proposed annexation.

If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds and the Remaining Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Consolidation

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

Remedies in Event of Default

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

PLAN OF FINANCING

Use of Bond Proceeds

Proceeds of the sale of the Bonds will be applied to refund $2,480,000 of the principal amount of the District's Unlimited Tax Bonds, Series 2013 (the "Series 2013 Bonds") and to pay the costs of issuance of the Bonds. The Series 2013 Bonds that are being refunded are collectively referred to herein as the "Refunded Bonds." The Bonds are being issued to reduce the District's debt service payments and result in net present value debt service savings. See "PLAN OF FINANCING – Sources and Uses of Funds."

Refunded Bonds

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

Date of Maturity	Series 2013 Bonds
2022	$ 50,000
2023	50,000
2024	45,000
2025	50,000
2026	50,000
2027	50,000
2028	50,000
2029	50,000
2030	50,000
2031	50,000
2032	50,000
2033	50,000
2034	55,000
2035	50,000
2036	55,000
2037	55,000
2038	55,000
2039	55,000
2040	50,000
2041	115,000
2042	1,395,000
	$2,480,000
Redemption Date:	9/1/2020

Aggregate Principal Amount of Refunded Bonds $2,480,000

Escrow Agreement

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

The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to be dated as of the date of the sale of the Bonds, but effective on the date of delivery of the Bonds (expected to be July 1, 2020). The Bond Order further provides that from the proceeds of the sale of the Bonds, along with certain other legally available funds of the District, if any, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATION." Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund") and a portion of such funds will be used to purchase direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States (the "Escrowed Securities"), maturing at such times and amounts as will, together with cash on deposit in the Escrow Fund, be sufficient to pay scheduled payments on the Refunded Bonds to and including their redemption date. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds

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

The Non-Refunded Bonds (Remaining Outstanding Bonds)

In addition to the Series 2013 Bonds, the District has previously issued Unlimited Tax Bonds, Series 2008 (the "Series 2008 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2011 (the "Series 2011 Bonds"), Unlimited Tax Bonds, Series 2012 (the "Series 2012 Bonds"), Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"), Unlimited Tax Bonds, Series 2015 (the "Series 2015 Bonds"), Unlimited Tax Refunding Bonds, Series 2015A (the "Series 2015A Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds") and Unlimited Tax Refunding Bonds, Series 2019 (the "Series 2019 Refunding Bonds"). Collective reference is made in this Official Statement to all of such previously issued Bonds as the "Prior Bonds." The District has timely paid all of the principal of and interest on the Prior Bonds when due. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the District is $28,810,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the District's outstanding bonded indebtedness, consisting of the maturities of the Prior Bonds not heretofore paid by the District, less the Refunded Bonds (the "Remaining Outstanding Bonds"), will be $26,330,000 and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $29,075,000. The District has financed all components of the System (as defined below) that are necessary to serve the entirety of the District. The District may issue additional bonds in the future for the repair or upgrade of components of the System if conditions necessitate such issuance. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt" and "THE SYSTEM."

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

SERIES BONDS

Date of Maturity	**2011**	**2012**	**2013**	**2014**	**2015**	**2015A Refunding**	**2017 Refunding**	**2019 Refunding**
9/1/2020	$90,000	$ 65,000	$ 45,000	$ 50,000	$ 35,000	$310,000	$ 70,000	$ 20,000
9/1/2021		70,000	45,000	50,000	35,000	315,000	160,000	10,000
9/1/2022				50,000	40,000	325,000	165,000	80,000
9/1/2023				50,000	40,000	335,000	175,000	80,000
9/1/2024				50,000	45,000	345,000	180,000	90,000
9/1/2025				50,000	45,000	360,000	185,000	90,000
9/1/2026				50,000	50,000	375,000	190,000	95,000
9/1/2027				50,000	55,000	385,000	200,000	100,000
9/1/2028				50,000	60,000	400,000	210,000	100,000
9/1/2029				50,000	65,000	415,000	210,000	105,000
9/1/2030				75,000	45,000	435,000	215,000	110,000
9/1/2031				75,000	50,000	450,000	225,000	115,000
9/1/2032				75,000	55,000	470,000	235,000	115,000
9/1/2033				75,000	60,000	490,000	240,000	125,000
9/1/2034				75,000	65,000	510,000	255,000	125,000
9/1/2035				75,000	75,000	530,000	260,000	130,000
9/1/2036				75,000	75,000	550,000	275,000	135,000
9/1/2037				75,000	85,000		905,000	140,000
9/1/2038				75,000	90,000		940,000	150,000
9/1/2039				75,000	100,000		985,000	145,000
9/1/2040				75,000	105,000		1,030,000	155,000
9/1/2041				100,000	90,000			1,225,000
9/1/2042				100,000	105,000			
9/1/2043				1,575,000	100,000			
9/1/2044					1,750,000			
9/1/2045					1,845,000			
	$90,000	$135,000	$90,000	$3,100,000	$5,165,000	$7,000,000	$7,310,000	$3,440,000

Total Principal Amount of Non-Refunded Bonds (Remaining Outstanding Bonds) $26,330,000

Sources and Uses of Funds

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

SOURCES OF FUNDS:

Principal Amount of the Bonds	$2,745,000.00
Less: Net Original Issue Discount	(36,561.45)
Plus: Accrued Interest	3,111.67
Total Sources of Funds	$2,711,550.22

USES OF FUNDS:

Deposit with Escrow Agent	$2,535,157.12
Deposit Accrued Interest to Debt Service Fund	3,111.67
Underwriters' Discount	31,414.85
Municipal Bond Insurance and Other Issuance Expenses	141,866.58
Total Uses of Funds	$2,711,550.22

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations solely of the District and not of the State of Texas, Montgomery County, the City of Houston, or any political subdivision or agency other than the District, are secured by an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property located within the District. See "THE BONDS - Source and Security for Payment." The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied upon 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 or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "Tax Collection Limitations" and "Mandamus and Limitations on Registered Owners' Remedies" below and "THE BONDS - Source and Security for Payment" and - "Remedies in Event of Default."

Factors Affecting Taxable Values and Tax Payments

Economic Factors: A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of single-family residences that have been constructed within the District. The value of such homes is related to general economic conditions affecting the demand for residences, and can be significantly affected by factors such as interest rates, credit availability, construction costs, energy costs and availability and the prosperity and demographic characteristics of the urban center toward which the marketing of homes is directed. Further declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting values of existing homes. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although, as described in this Official Statement under the captions "DEVELOPMENT AND HOME CONSTRUCTION," the development of 910 single-family residential lots, approximately 8.8 commercial acres, and the Oakhurst Golf Club, approximately 77.9 acres of which is located within the District, is complete; and as of March 1, 2020, the District contained 910 single-family homes, all of which homes have been sold to home purchasers, thereby completing residential construction in the District, the District cannot predict the pace or magnitude of any future commercial construction in the District.

Maximum Impact on District Tax Rates

The value of the land and improvements currently located within the District will be a major determinant of the ability of the District to collect, and the willingness of District property owners to pay, ad valorem taxes levied by the District. The 2019 Assessed Valuation of property located within the District is $267,187,044. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Remaining Outstanding Bonds is estimated to be $1,918,800 (2045) and the Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds is estimated to be $1,762,952 (2020 through 2045 inclusive). Assuming no increase to or decrease from the 2019 Assessed Valuation, the sale of no additional bonds by the District, and no use of other District funds, tax rates of $0.76 and $0.70 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively. The 2020 Preliminary Valuation of property located within the District is $278,367,852. Assuming no increase to or decrease from the 2020 Preliminary Valuation, the sale of no additional bonds by the District, and no use of other District funds, tax rates of $0.73 and $0.67 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the Maximum Annual Debt Service Requirement and the Average Annual Debt Service Requirements, respectively.

The District levied a debt service tax of $0.68 per $100 of Assessed Valuation and a maintenance tax of $0.20 per $100 of Assessed Valuation in 2019, for a combined total tax for 2019 of $0.88 per $100 of Assessed Valuation. As the above calculations indicate, the 2019 debt service rate will not be sufficient to pay Maximum Annual Debt Service Requirement, but will be sufficient to pay the Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds assuming taxable values in the District at the level of the 2020 Preliminary Valuation, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, as is outlined in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District had collected 100.00% of its property taxes for the period 2009 through 2018, and its 2019 levy, which is in the process of collection, was 99.03% collected as of April 30, 2020. See "Factors Affecting Taxable Values and Tax Payments" above, and "TAX PROCEDURES." Moreover, the District's Bond Fund balance was $2,383,386 as of May 21, 2020. The District has in the past supplemented tax revenues with interest earned from the investment of monies held in the Debt Service Fund to meet its debt obligations. See "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS." Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2019 - $0.68 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. Increases in the District's tax rate to higher levels than the total $0.88 per $100 of Assessed Valuation rate which the District levied in 2019 may have an adverse impact upon the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District.

The District may issue additional bonds in the future for the repair or upgrade of components of the System if conditions necessitate such issuance. See "THE BONDS - Issuance of Additional Debt," "Future Debt" below and "THE SYSTEM."

As is enumerated in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the total of the 2019 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's aforementioned rate of $0.88 per $100 of Assessed Valuation is $3.1636. The total of such levies of $3.1636 per $100 of Assessed Valuation is higher than the total of the tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the total levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District.

Tax Collection Limitations

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

Mandamus and Limitations on Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Order does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies. Certain traditional legal remedies also may not be available.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See “THE BONDS - Remedies in Event of Default.”

The District may not be placed into bankruptcy involuntarily.

Future Debt

The District reserved in the Bond Order the right to issue the remaining $18,630,000 in unlimited tax bonds authorized but unissued for waterworks, sanitary sewer and drainage facilities, the remaining $48,590,000 in unlimited tax bonds for refunding purposes, and such additional bonds as may hereafter be approved by voters of the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above for waterworks, sanitary sewer and drainage facilities, which have heretofore been authorized by the voters of the District, may be issued by the District from time to time as needed. The issuance of such $18,630,000 in bonds for waterworks, wastewater and drainage facilities is also subject to TCEQ authorization. The District may issue additional bonds in the future for the repair or upgrade of components of the System if conditions necessitate such issuance. See "THE BONDS - Issuance of Additional Debt" and "THE SYSTEM."

The District's Engineer currently estimates that the aforementioned $18,630,000 authorized bonds which remain unissued will be adequate to finance the construction of all water, wastewater, and drainage facilities (not financed with the Prior Bonds) to provide service to all of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS - Issuance of Additional Debt," "DISTRICT DEBT," and "TAX DATA - Tax Rate Calculations."

Continuing Compliance with Certain Covenants

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

Marketability

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

Environmental Regulations

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

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

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

Air Quality Issues

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

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

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

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

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

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

Water Supply & Discharge Issues

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

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

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

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

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for coverage under the MS4 Permit and is awaiting final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required 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. Costs associated with these compliance activities could be substantial in the future.

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands.

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 became final on December 23, 2019.

On January 23, 2020, the EPA and USACE finalized a replacement definition of "waters of the United States." The proposed definition outlines the categories of waters that would be considered "waters of the United States," including traditional navigable waters, perennial and intermittent tributaries to those waters, certain lakes, ponds, and impoundments and wetlands adjacent to jurisdiction waters. The proposed rule also details what are not "waters of the United States," such as features that only contain water during or in response to rainfall; groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; farm and stock watering ponds; and waste treatment systems. The new rule will become effective on June 21, 2020, which is 60 days after publication in the Federal Register.

Due to the ongoing rulemaking activity and 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.

Tropical Weather Events

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

The greater Houston area has experienced four storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's officials, there was no interruption of water and sewer service during or immediately after the storm. Further, according to District officials, no taxable improvements within the District appear to have experienced flooding or other material damage. Hurricane Harvey could have a material impact on the Houston region's economy.

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

Specific Flood Type Risks

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

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Infectious Disease Outlook (COVID-19)

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation. Many of the federal, state and local actions and policies under the aforementioned disaster declarations are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. Texas may be particularly at risk from any global slowdown, given the prevalence of international trade in the state and the risk of contraction in the oil and gas industry and spillover effects into other industries, including manufacturing.

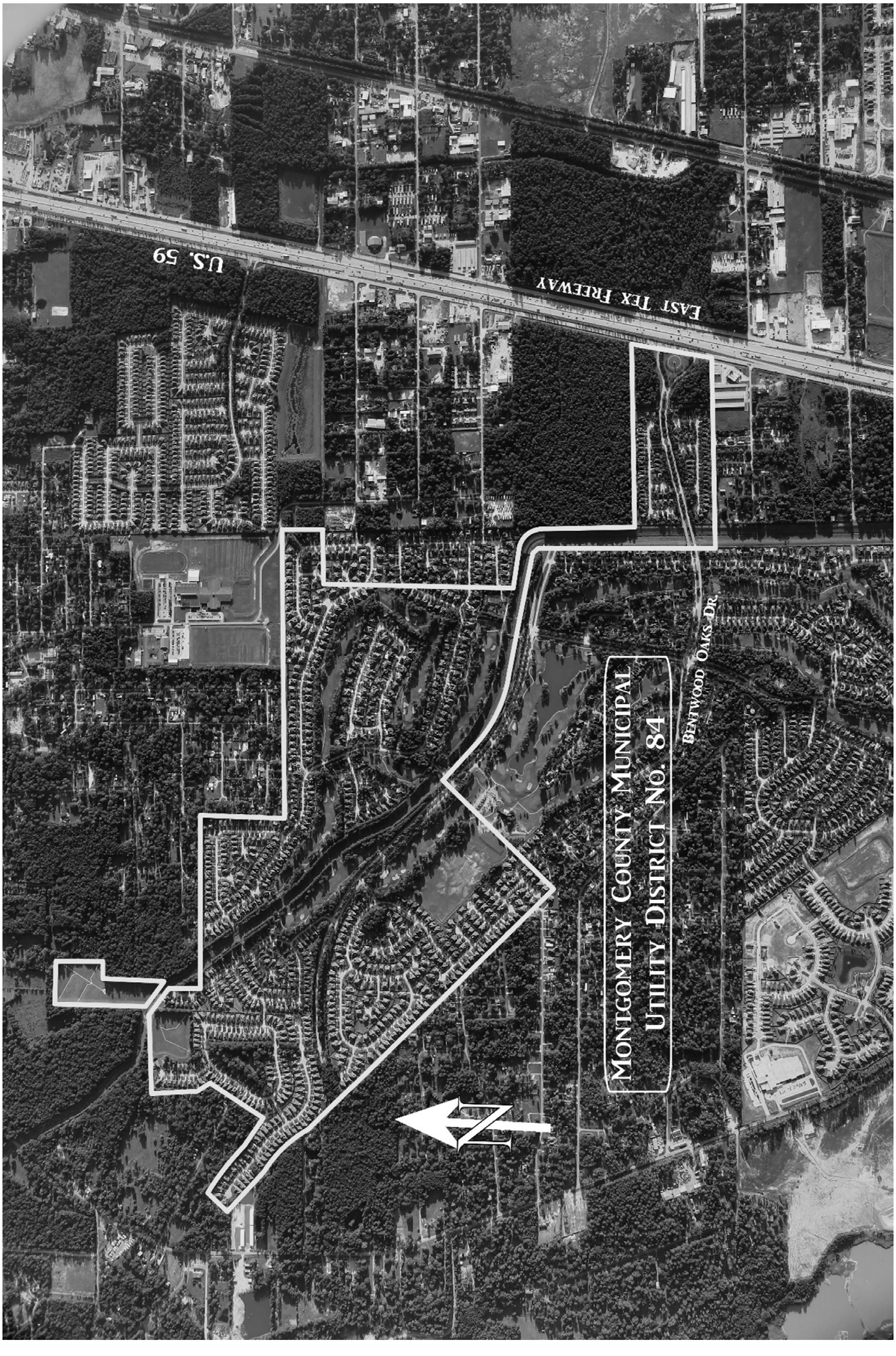
These negative impacts may reduce or negatively affect property values or homebuilding activity within the District. See "DEVELOPMENT AND HOME CONSTRUCTION" and "FUTURE DEVELOPMENT." The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the 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.

While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. See "SELECTED FINANCIAL INFORMATION" and "DISTRICT DEBT" for the District's current fund balances.

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.

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken August 2019)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken August 2019)

PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken August 2019)

DISTRICT DEBT

General

The following tables and calculations relate to the Bonds and the Outstanding Bonds. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2019 Assessed Valuation (As of January 1, 2019) See "TAX DATA" and "TAX PROCEDURES."			$267,187,044(a)
2020 Preliminary Valuation (As of January 1, 2020) See "TAX DATA" and "TAX PROCEDURES."			$278,367,852(b)
Direct Debt:	The Remaining Outstanding Bonds		$ 26,330,000(c)
	The Bonds		2,745,000
	Total		$ 29,075,000
Estimated Overlapping Debt			$ 30,854,380(c)
Direct and Estimated Overlapping Debt			$ 59,929,380(c)
Direct Debt Ratio:			
	: as a percentage of 2019 Assessed Valuation		10.88%
	: as a percentage of 2020 Preliminary Valuation		10.44%
Direct and Estimated Overlapping Debt Ratio:			
	: as a percentage of 2019 Assessed Valuation		22.43%
	: as a percentage of 2020 Preliminary Valuation		21.53%
Bond Fund Balance As of May 21, 2020			$ 2,383,386(d)
General Fund Balance As of May 21, 2020			$ 1,951,936
2019 Tax Rate Per $100 of Assessed Valuation			
	Debt Service Tax	$0.68	
	Maintenance Tax	0.20	
	Total		$0.88(e)

(a) As of January 1, 2019. All property located in the District is valued on the appraisal rolls by the Montgomery Central Appraisal District (the "Appraisal District") at 100% of asessed valuation as of January 1 of each year. The District's appraisal roll is certified by the Montgomery County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAX PROCEDURES."

(b) This amount is the sum of the preliminary values of all taxable property located within the District as of January 1, 2020, as reflected on the District's preliminary 2020 tax roll supplied to the District by the Appraisal District, and includes the preliminary 2020 values resulting from the construction of taxable improvements from January 1, 2019, through December 31, 2019. The District's ultimate 2020 Assessed Valuation may vary significantly from such preliminary tax roll once the Appraisal Review Board certifies the value thereof for 2020. See "TAXING PROCEDURES."

(c) The District may issue additional bonds in the future for the repair or upgrade of components of the System if conditions necessitate such issuance. See “THE BONDS - Issuance of Additional Debt,” “INVESTMENT CONSIDERATIONS - Future Debt” and “THE SYSTEM.”

(d) Neither Texas law nor the Bond Order requires that the District maintain any particular sum in the Bond Fund. Such fund balance gives effect to the payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2020. The District’s remaining debt service payments for 2020 are due on September 1, 2020, and total $1,196,229.

(e) The District levied a debt service tax of $0.68 per $100 of Assessed Valuation and a maintenance tax of $0.20 per $100 of Assessed Valuation in 2019, for a combined total tax for 2019 of $0.88 per $100 of Assessed Valuation. As is enumerated in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the total of the 2019 tax levies of all overlapping taxing units which levy taxes upon property located in the District, plus the District's 2019 rate, is $3.1636. The total of such levies of $3.1636 per $100 of Assessed Valuation is higher than the total of the tax levies of some municipal utility districts in the Houston metropolitan area, including the area of the District, but is within the range of the total levies of municipal utility districts in the Houston metropolitan area and the area of the District which are in stages of development comparable with the District. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments” and “TAX PROCEDURES.”

Estimated Direct and Overlapping Debt Statement

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

Taxing Jurisdiction	Outstanding Debt as of March 1, 2020	Overlapping Percent	Overlapping Amount
Montgomery County	$509,380,000	0.45839%	$ 2,334,930
New Caney Independent School District	504,345,000	5.51191	27,799,034
Lone Star College System	570,855,000	0.12620	720,416
TOTAL ESTIMATED OVERLAPPING DEBT			$30,854,380
TOTAL DIRECT DEBT (the District)			29,075,000
TOTAL DIRECT AND ESTIMATED OVERLAPPING DEBT			$59,929,380

Debt Ratios

	% of 2019 Assessed Valuation	% of 2020 Preliminary Valuation
Direct Debt	10.88%	10.44%
Direct and Estimated Overlapping Debt	22.43%	21.53%

Under Texas law ad valorem taxes levied by each taxing authority other than the District create a lien which is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administration and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy and collect ad valorem taxes for general operation and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District in an amount not to exceed $1.25 per $100 of Assessed Valuation. The District levied debt service and maintenance taxes of $0.68 and $0.20 per $100 of Assessed Valuation, respectively, for 2019.

Debt Service Requirements

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

Year Ending 12-31	Current Total Debt Service	Less: Debt Service on Refunded Bonds	Plus: The Bonds Principal	The Bonds Interest	Total New Debt Service
2020	$ 1,759,151	$ 55,760	$ 35,000	$ 14,780	$1,753,172
2021	1,747,964	111,520	15,000	68,613	1,720,056
2022	1,753,226	161,520	65,000	68,013	1,724,719
2023	1,750,076	159,895	65,000	65,413	1,720,594
2024	1,750,733	153,145	60,000	62,813	1,720,400
2025	1,749,208	156,570	65,000	60,413	1,718,050
2026	1,751,733	154,695	65,000*	57,813	1,719,850
2027	1,754,233	152,695	65,000*	56,513	1,723,050
2028	1,756,045	150,695	65,000*	55,213	1,725,563
2029	1,750,795	148,695	65,000*	53,913	1,721,013
2030	1,754,483	146,570	65,000*	52,613	1,725,525
2031	1,755,789	144,445	65,000*	51,313	1,727,656
2032	1,754,526	142,320	60,000*	50,013	1,722,219
2033	1,756,933	140,195	60,000*	48,813	1,725,550
2034	1,762,783	142,945	65,000*	47,613	1,732,450
2035	1,756,795	135,470	60,000*	46,150	1,727,475
2036	1,758,233	138,220	65,000*	44,800	1,729,813
2037	1,807,895	135,745	65,000*	43,338	1,780,488
2038	1,808,620	133,270	60,000*	41,875	1,777,225
2039	1,807,445	130,795	60,000*	40,375	1,777,025
2040	1,809,126	123,320	55,000*	38,875	1,779,681
2041	1,868,633	185,970	120,000*	37,500	1,840,163
2042	1,888,753	1,460,565	1,380,000*	34,500	1,842,688
2043	1,889,738				1,889,738
2044	1,893,800				1,893,800
2045	1,918,800				1,918,800
	$46,515,516	$4,565,020	$2,745,000	$1,141,275	$45,836,763

Average Annual Requirements - (2020-2045) . . . . $ 1,762,952
Maximum Annual Requirement - (2045) . . . . $ 1,918,800

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

* Represents mandatory sinking fund payments on Term Bonds.

TAX DATA

Debt Service Tax

All taxable property located within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds, the Remaining Outstanding Bonds and any future tax-supported bonds which may be issued from time to time as authorized. The Board covenants in the Bond Order to assess and levy, for each year that all or any part of the Bonds remain outstanding and unpaid, a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax will be determined from year to year as a function of the District's tax base, its debt service requirements and available funds. The District levied a debt service tax of $0.68 per $100 of Assessed Valuation for 2019.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for administrative expenses and maintenance of the District's water, sewer and drainage improvements, and for maintenance of recreational facilities, if such maintenance taxes are authorized by a vote of the District's electorate. On February 5, 2005, the District voters authorized the levy of a maintenance tax for administrative expenses and maintenance of water, sewer and drainage improvements in the maximum amount of $1.25 per $100 of Assessed Valuation. Said tax may be levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Remaining Outstanding Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax of $0.20 per $100 of Assessed Valuation for 2019. The District has not held an election to authorize a maintenance tax for recreational facilities.

Tax Rate Distribution

	2019	2018	2017	2016	2015
Debt Service	$0.68	$0.71	$0.71	$0.73	$0.78
Maintenance and Operations	0.20	0.17	0.17	0.17	0.17
Total	$0.88	$0.88	$0.88	$0.90	$0.95

Historical Values and Tax Collection History

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

Tax Year	Assessed Valuation	Tax Rate (a)	Adjusted Levy	% Collections Current & Prior Years (b)	% Collections Tax Year Ended
2009	$ 73,435,798	$1.25	$ 917,946	100.00%	2010
2010	87,571,468	1.25	1,094,642	100.00	2011
2011	113,728,654	1.25	1,421,606	100.00	2012
2012	132,207,052	1.25	1,652,586	100.00	2013
2013	161,140,995	1.20	1,933,691	100.00	2014
2014	204,872,539	1.02	2,089,696	100.00	2015
2015	237,221,966	0.95	2,253,606	100.00	2016
2016	254,970,300	0.90	2,294,736	100.00	2017
2017	255,547,501	0.88	2,248,814	100.00	2018
2018	253,043,148	0.88	2,226,775	100.00	2019
2019	267,187,044	0.88	2,351,661	99.03(c)	2020

(a) Per $100 of Assessed Valuation.
(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through April 30, 2020. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective levy) is not reflected in this statement.
(c) As of April 30, 2020. In process of collection.

Analysis of Tax Base

The following table illustrates the composition of property located within the District on the District's tax rolls for the last five years.

Property Valuation	Assessed Valuation 2019	%	2018	%	2017	%
Land	$ 30,517,769	11.42%	$ 30,517,769	12.06%	$ 30,511,679	11.94%
Improvements	255,544,024	95.64	238,859,698	94.39	241,873,503	94.65
Personal Property	3,985,989	1.49	3,218,377	1.27	3,340,090	1.31
Exemptions	(22,860,738)	(8.56)	(19,552,696	(7.73)	(20,177,771)	(7.90)
Total	$267,187,044	100.00%	$253,043,148	100.00%	$255,547,501	100.00%

Property Valuation	Assessed Valuation 2016	%	2015	%
Land	$ 30,500,789	11.96%	$ 30,247,950	12.75%
Improvements	240,557,079	94.35	213,823,930	90.14
Personal Property	2,776,530	1.09	2,243,204	0.95
Exemptions	(18,864,098)	(7.40)	(9,093,118)	(3.83)
Total	$254,970,300	100.00%	$237,221,966	100.00%

Principal 2019 Taxpayers

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

Property Owner	Property Description	2019 Property Value	% of 2019 Tax Roll
Mark & Barbara Kraus	Land and Improvements	$917,329	0.34%
Jose A. & Leonar Marquez	Land and Improvements	820,507	0.31
Corey E. & Janet R. Thompson	Land and Improvements	792,296	0.30
John D. & Lisa A. Curtin	Land and Improvements	740,064	0.28
Michael & Sherrie Glover	Land and Improvements	730,630	0.27
Todd A. & Marilyn Matherne	Land and Improvements	721,471	0.27
Christopher Glenn	Land and Improvements	699,077	0.26
Fines F. & Margaret A. Martin	Land and Improvements	691,720	0.26
Steven D. & April M. Bridges	Land and Improvements	691,361	0.26
James M. II & Virginia M. Dieter	Land and Improvements	684,317	0.26
		$7,488,772	2.80%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2019 Assessed Valuation or the 2020 Preliminary Valuation. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District other than the Bonds and the Prior Bonds.

Average Annual Debt Service Requirements (2020-2045)	$1,762,952
Tax Rate of $0.70 on the 2019 Assessed Valuation ($267,187,044) produces	$1,776,794
Tax Rate of $0.67 on the 2020 Preliminary Valuation ($278,367,852) produces	$1,771,811
Maximum Annual Debt Service Requirement (2045)	$1,918,800
Tax Rate of $0.76 on the 2019 Assessed Valuation ($267,187,044) produces	$1,929,090
Tax Rate of $0.73 on the 2020 Preliminary Valuation ($278,367,852) produces	$1,930,481

The District levied a debt service tax of $0.68 per $100 of Assessed Valuation and a maintenance tax of $0.20 per $100 of Assessed Valuation in 2019, for a combined total tax for 2019 of $0.88 per $100 of Assessed Valuation. As the above table indicates, the 2019 debt service rate will not be sufficient to pay Maximum Annual Debt Service Requirement, but will be sufficient to pay the Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds assuming taxable values in the District at the level of the 2020 Preliminary Valuation, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, as is outlined in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," the District had collected 100.00% of its property taxes for the period 2009 through 2018, and its 2019 levy, which is in the process of collection, was 99.03% collected as of April 30, 2020. See "Factors Affecting Taxable Values and Tax Payments" above, and "TAX PROCEDURES." Moreover, the District's Bond Fund balance was $2,383,386 as May 21, 2020. The District has in the past supplemented tax revenues with interest earned from the investment of monies held in the Debt Service Fund to meet its debt obligations. See "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS." Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2019 - $0.68 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. Increases in the District's tax rate to higher levels than the total $0.88 per $100 of Assessed Valuation rate which the District levied in 2019 may have an adverse impact upon the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Estimated Overlapping Taxes

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2019 taxes levied upon property located within the District by entities other than the District, plus the District's 2019 tax rate of $0.88 per $100 of Assessed Valuation. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Taxing Jurisdiction	2019 Tax Rate
The District	$0.8800*
Montgomery County	0.4475
New Caney Independent School District	1.5684
Lone Star College System	0.1078
Montgomery County Hospital District	0.0599
Montgomery County Emergency Service District No. 6	0.1000
2019 Total Tax Rate	$3.1636

* The District levied a debt service tax of $0.68 per $100 of Assessed Valuation and a maintenance tax of $0.20 per $100 of Assessed Valuation in 2019, for a combined total tax for 2019 of $0.88 per $100 of Assessed Valuation

TAX PROCEDURES

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2020 tax year, the District has granted an exemption of $10,000 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For the 2020 tax year, the District has granted a 3.65% general residential homestead exemption. The total value of the general residential homestead exemption for 2019 was $8,290,506.

Valuation of Property for Taxation

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, under certain circumstances, an election would be required to determine whether to oppose the adopted total tax rate. See “Rollback of Operation and Maintenance Tax Rate.” The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2019, none of the land within the District was designated for agricultural use, open space, inventory deferment, or timberland.

Tax Abatement

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

Levy and Collection of Taxes

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units (see “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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

Except with respect to (i) owners of residential homestead property who are sixty-five (65) years of age or older or under a disability as described above and who have filed an affidavit as required by law, and (ii) owners of residential homesteads who have entered into an installment agreement with the District for payment of delinquent taxes as described above and who are not in default under said agreement, at any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, or by taxpayer redemption rights (a taxpayer may redeem property that is a residence homestead or was designated for agricultural use within two (2) years after the deed issued at foreclosure is filed of record and may redeem all other property within six (6) months after the deed issued at foreclosure is filed of record) or by bankruptcy proceedings which restrict the collection of taxpayer debt. The District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. Generally, the District's tax lien and a federal tax lien are on par with the ultimate priority being determined by applicable federal law. See “INVESTMENT CONSIDERATIONS - Tax Collection Limitations” and - “The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District.”

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 (as to those provisions discussed herein) of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

Low Tax Rate Districts

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. 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.

THE DISTRICT

General

The District is a municipal utility district created by an order of the Texas Water Commission, a predecessor to the TCEQ, dated November 12, 1993, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapter 49 and Chapter 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

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

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Montgomery County. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing road and fire-fighting facilities, as well as voter approval of the issuance of bonds for said purposes and/or for the purposes of financing recreational facilities. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM."

Description

The District contains approximately 437.1 acres of land. The District is located entirely within Montgomery County, Texas, and entirely within the extraterritorial jurisdiction the City of Houston, Texas (the "City"). The District is located approximately 27 miles north of the central business district of the City in the southeast portion of Montgomery County, Texas, approximately 3.2 miles north of the city limits of Humble, Texas, west of U.S. Highway 59, east of Sorters Road, north of Northpark Drive, and south of F.M. 1314. The District adjoins the northern boundary of Montgomery County Municipal Utility District No. 83 ("MUD 83"). The District encompasses the north one half of a residential development formerly known as Bentwood that is now known as Oakhurst. The balance of the Oakhurst development is located in MUD 83 (359.9 acres), and Porter Municipal Utility District (54.3 acres). The District lies wholly within the New Caney Independent School District. See "APPENDIX A - LOCATION MAP."

Management of the District

The District is governed by the Board, consisting of five (5) directors. The Board has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. None of the directors resides within the District. All of the directors own land located within the District which is subject to taxation and separate non-recourse promissory notes.

Name	Position	Term Expires in May
Walter L. Simms	President	2024
Daniel DiGregorio	Vice President	2022
Candice H. Creekmore	Secretary/Records Management Officer	2022
Christopher Pitts	Assistant Secretary	2024
Mark A. Bond	Assistant Secretary	2024

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

Tax Assessor/Collector - The District has engaged Wheeler & Associates, Inc., Houston, Texas, as the District's Tax Assessor/Collector. According to Wheeler & Associates, Inc., it presently serves approximately 100 taxing units as tax assessor/collector. The Tax Assessor/Collector applies the District's tax rate to appraisal rolls prepared by the Montgomery Central Appraisal District and bills and collects such tax.

Consulting Engineers - The District has engaged the firm of Costello, Inc. (the "Engineer"), Houston, Texas, as Consulting Engineer to the District in connection with the overall planning activities and the design of the System.

Bookkeeper - The District has engaged Municipal Accounts & Consulting, L.P. as the District's Bookkeeper. According to Municipal Accounts & Consulting, L.P., it currently serves approximately 400 districts as bookkeeper.

Utility System Operator - Municipal District Services, LLC is employed by the District as the general operator of the District's System. According to Municipal District Services, LLC, it serves as operator of the systems of approximately 72 districts.

Auditor -As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audited financial statements are filed with the TCEQ. The financial statements of the District as of December 31, 2019, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX B."

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

Special Tax Counsel - McCall, Parkhurst & Horton L.L.P., Dallas, Texas, has been engaged as Special Tax Counsel in connection with the issuance of the Bonds. The fees payable to Special Tax Counsel are contingent upon the Bonds being issued, sold and delivered.

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

DEVELOPMENT AND HOME CONSTRUCTION

As of May 1, 2020, the District contained 910 homes, all of which homes have been sold to home purchasers. According to the District's Engineer, the development of the entirety of the developable land located within the District is complete with the provision of water distribution, wastewater collection, and storm drainage facilities (collectively, the "System") and street paving. Such development includes Oakhurst Greens, Sections 1 through 6, Point at Oakhurst, Sections 1 and 2, Sable Creek at Oakhurst, Section 1, Riverwood at Oakhurst, Sections 1 through 5, Eaglewood at Oakhurst, Sections 1 and 2, Terrace at Oakhurst, Sections 1 through 4, and Ridge at Oakhurst, Sections 1 and 2, consisting of a total of 910 single-family residential lots located within the District (an aggregate of approximately 285.9 acres) and approximately 8.8 acres that are expected to be utilized for commercial development. The Oakhurst Golf Club, which includes an 18-hole daily fee golf course and approximately 5,000 square foot club house with restaurant, bar, meeting/party rooms and cart barn, has been developed on a total of approximately 174.2 acres (approximately 77.9 acres located in the District). The remaining land located within the District is contained within various easements, detention ponds, streets, or rights-of-way, or is otherwise not available for future development.

As of May 1, 2020, the status of lot development and home construction in the District was as follows:

	Lots				Homes				
					Under Construction		Completed		
Subdivision	Developed	Acres	Under Development	Acres	Sold	Unsold	Sold	Unsold	Totals
Oakhurst Greens									
Section 1	32	9.1			0	0	32	0	32
Section 2	14	4.7			0	0	14	0	14
Section 3	6	5.2			0	0	6	0	6
Section 4	40	13.3			0	0	40	0	40
Section 5	28	8.8			0	0	28	0	28
Section 6	16	6.8			0	0	16	0	16
Point at Oakhurst									
Section 1	45	10.8			0	0	45	0	45
Section 2	45	10.6			0	0	45	0	45
Sable Creek at Oakhurst									
Section 1	28	10.0			0	0	28	0	28
Riverwood at Oakhurst									
Section 1	29	8.5			0	0	29	0	29
Section 2	27	6.8			0	0	27	0	27
Section 3	59	13.2			0	0	59	0	59
Section 4	107	41.1			0	0	107	0	107
Section 5	55	20.4			0	0	55	0	55
Eaglewood at Oakhurst									
Section 1	25	10.9			0	0	25	0	25
Section 2	27	11.3			0	0	27	0	27
Terrace at Oakhurst									
Section 1	53	17.6			0	0	53	0	53
Section 2	53	14.8			0	0	53	0	53
Section 3	47	14.6			0	0	47	0	47
Section 4	54	17.4			0	0	54	0	54
Ridge at Oakhurst									
Section 1	55	13.5			0	0	55	0	55
Section 2	65	16.5	__	__	0	0	65	0	65
Totals	910	285.9	0	0	0	0	910	0	910

THE SYSTEM

Regulation

According to the District's Engineer, the System has been designed in conformance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City of Houston and Montgomery County.

Operation of the System is subject to regulation by, among others, the United States Environmental Protection Agency and the TCEQ. The total number of equivalent single-family residential connections ("ESFCs") estimated at this time for the District upon the full development of its approximately 437.1 acres is 976 with a total estimated population of 3,416 people. The following descriptions are based upon information supplied by the District's Engineer.

Description

The District and Montgomery County Municipal Utility District No. 83 ("MUD 83") have entered into agreements that provide for the joint ownership and operation of water supply and wastewater treatment facilities to serve the land located within the District and MUD 83.

The System presently serves the 910 fully-developed single-family residential lots located within the District that have been subdivided as Oakhurst Greens, Sections 1 through 6, Point at Oakhurst, Sections 1 and 2, Sable Creek at Oakhurst, Section 1, Riverwood at Oakhurst, Sections 1 through 5, Eaglewood at Oakhurst, Sections 1 and 2, Terrace at Oakhurst, Sections 1 through 4, and Ridge at Oakhurst, Sections 1 and 2 and approximately 8.8 acres that have been developed for commercial purposes. See "DEVELOPMENT AND HOME CONSTRUCTION." The District financed its cost of acquiring or constructing components of the System, including the District's share of the MUD 83 Water Plant No. 1, Phase 1, a water interconnect with the City of Houston, Wastewater Treatment Plant Expansion, Phase 2, Wastewater Treatment Plant Expansion Phase 3, Lift Station No. 1, Bentwood Drainage Channel Improvements, and detention improvements to serve Riverwood at Oakhurst, Sections 1 through 3, partial funding of the MUD 83 Water Plant No. 1, Phase 2 and Lift Station No. 1, emergency generators to serve the lift stations and the wastewater treatment plant, the District's share of the MUD 83 Wastewater Treatment Plant No. 1, Phase 1; clearing and grubbing to serve Mills Branch Extension One and Two, Oakhurst Greens, Section 1 (Package E), Point at Oakhurst, Section 1 and a portion of Section 2, Oakhurst Greens, Sections 2 and 3 (Package G), Oakhurst Greens, Sections 4 through 6, Terrace at Oakhurst, Sections 1 through 4, Bentwood, Section 1, Riverwood at Oakhurst, Sections 1, 2 and 3; and Riverwood Offsite Detention Pond, Phase 1; Eaglewood at Oakhurst, Sections 1 and 2; Ridge at Oakhurst, Sections 1 and 2; and Sable Creek at Oakhurst, Section 1; a lift station to serve Bentwood, Section 1; Riverwood at Oakhurst on-site detention pond, including land costs; Bentwood drainage channel improvements; and water, wastewater and drainage facilities to serve Bentwood, Section 1, Oakhurst Greens, Sections 1 through 6, Sable Creek at Oakhurst, Eaglewood at Oakhurst, Sections 1 and 2, Point at Oakhurst, Sections 1 and 2; Riverwood at Oakhurst, Sections 1 through 5, Ridge at Oakhurst, Sections 1 and 2, Terrace at Oakhurst, Sections 1 through 4, and along Mills Branch Drive Extension, Sections 1 and 2; and other facilities with the proceeds of the sale of the Prior Bonds. The District may issue additional bonds in the future for the repair or upgrade of components of the System if conditions necessitate such issuance. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

Water Supply

The District's water is supplied by groundwater from a well and associated plant facilities that the District shares with MUD 83. Such facilities include Water Plant No. 1, which includes a 1,600 gallons-per-minute ("gpm") water well, two pressure tanks totaling 30,000 gallons, ground storage tanks totaling 431,381 gallons and booster pumps totaling 4,100 gpm of capacity. Water Plant No. 2 (the capacity of which is allocated solely to MUD 83), includes a 135 gpm water well, a 5,000 gallon pressure tank, a 32,000 gallon ground storage tank, and booster pumps totaling 650 gpm of capacity. The District financed a portion of its pro rata share of the cost of construction of Water Plant No. 1 and an emergency water line interconnection with the City of Houston with the proceeds of the sale of the Prior Bonds. The District's share of the Water Plant No. 1 capacity is 1,133 of a total of 2,102 ESFCs. The District also has a water supply contract to receive 193 ESFCs from Porter Special Utility District. The District is served by the aforementioned emergency water line interconnection of the District's water distribution system with the distribution system of the City of Houston to provide an additional source of water in the event of emergency.

Groundwater Regulation; GRP Contract

In 2001, the Texas Legislature created the Lone Star Groundwater Conservation District (the "Conservation District") to manage and protect Montgomery County's groundwater aquifers. The District is located within the boundaries of the Conservation District and, therefore, the withdrawal of groundwater by the District's water wells is subject to permitting and regulation by the Conservation District.

- Groundwater Regulation -

In 2009, the Conservation District adopted amendments to its District Regulatory Plan which required large-volume water users in the county, such as the District, to reduce groundwater pumpage and convert to alternative sources of water, including surface water. As described hereinafter, MUD 83, as the operating district for the water plant jointly owned with the District, entered into a contract with the San Jacinto River Authority (the "Authority") to achieve compliance with such groundwater reduction requirements.

In August of 2015, in City of Conroe, Texas et. al. vs. Richard J. Tram, et. al., filed in the 284th Judicial District Court, Montgomery County, Texas, the City of Conroe, Texas and various investor owned utilities sued the Conservation District and its Board of Directors claiming that the 2009 groundwater reduction requirements adopted by the Conservation District were beyond its legal authority and constitute an unconstitutional taking of the plaintiffs' water. In September 2018, the 284th Judicial District Court ruled that such groundwater reductions requirements were invalid. While the Conservation District initially appealed the ruling, the Conservation District approved a settlement offer with the plaintiffs on January 22, 2019. The settlement was accepted on January 24, 2019, and included the withdrawal of the Conservation District's appeal. On February 5, 2019, the Conservation District issued its notice of impending regulatory changes to comply with that judgment. In addition, in March of 2019, the Conservation District adopted an amended Groundwater Management Plan and submitted the plan to the Texas Water Development Board for review and approval in accordance with the requirements of Chapter 36 of the Texas Water Code. In May of 2019, the Texas Water Development Board rejected the amended Groundwater Management Plan. The Conservation District has since filed notice with the Texas Water Development Board that it intends to appeal the rejection of the amended Groundwater Management Plan. The full impact of these matters on the District is not known at this time. Regulatory changes by the Conservation District may impact the District's production of groundwater from its wells.

- GRP Contract -

In response to the Conservation District's adoption of groundwater reduction requirements in 2009, the Authority developed and adopted a Groundwater Reduction Plan ("GRP") and entered into contracts ("GRP Contracts") with 151 water providers ("GRP Participants") to participate in the Authority's GRP and the related construction of surface water treatment facilities and pipelines to convert the water systems of certain GRP Participants from primarily groundwater supplies to primarily surface water supplies. MUD 83, as the operating district for the water plant jointly owned with the District, entered into a GRP Contract with the Authority dated as of June 1, 2010. The Authority has issued, in phases, $554,280,000 principal amount of bonds secured by payments made by the GRP Participants ("GRP Fees"), which payments consist of (i) a fee on groundwater withdrawals by GRP Participants ("Pumpage Fee"), and/or (ii) a fee on surface water delivered by the Authority to certain GRP Participants ("Surface Water Fee"). GRP Participants, such as the District, are obligated by the GRP Contracts to make payments to the Authority sufficient to provide for the payment of the outstanding GRP Division bonds pursuant to such contracts. The Pumpage Fee has increased from $0.50 in 2009 to $2.73 per 1,000 gallons effective September 1, 2019 and the Surface Water Fee has increased from $2.44 in 2014 to $3.15 per 1,000 gallons effective September 1, 2019.

In 2016, the City of Conroe and the City of Magnolia advised the Authority that it would not pay the rate increases that became effective September 1, 2016 of $0.07 per thousand gallons for the Pumpage Fee and the Surface Water Fee. The Pumpage Fee and Surface Water Fee were further increased effective September 1, 2017. The City of Conroe and the City of Magnolia have not paid more than the rates set in 2015. On August 31, 2016, the Authority filed suit in the District Court of Travis County, Texas, pursuant to Chapter 1205 of the Texas Government Code, seeking a declaratory judgment that (i) the Authority is authorized to set rates for its GRP Participants pursuant to the procedures set forth in the GRP Contracts, (ii) the Authority adopted its fiscal year 2017 Rate Order, including the setting of its fiscal year 2017 rates, in accordance with the procedures set forth in the GRP Contracts, (iii) the Authority's fiscal year 2017 rates, the Rate Order, and the GRP Contract are legal and valid, and (iv) the City of Conroe's refusal to pay the fiscal year 2017 rate is a breach of its GRP Contract. The Cities of Conroe, Magnolia, and Splendora, Texas, along with two privately-owned water utilities, Quadvest, L.P. and Woodlands Oaks Utility, L.P. (collectively, the "Intervenors") have intervened in opposition to the Authority's suit .

The Third Court of Appeals, Austin ruled in September 2018 that the suit was properly filed by the Authority and should be sent back to the District Court for further proceedings on the first three declarations sought by the Authority, as described above. The Third Court of Appeals ruled that the Authority could not pursue the fourth declaration, as described above, under Chapter 1205 of the Texas Government Code. A separate suit would need to be filed to achieve such declaration. Since such ruling, the Intervenors have filed a petition for review with the Texas Supreme Court. The Texas Supreme Court has yet to determine if it will hear the case. At this time, no evaluation can be made as to the outcome of this matter or its impact on the Authority and the resultant impact on GRP Participants such as the District.

Wastewater Treatment

Wastewater treatment for the District is currently provided by a wastewater treatment plant that the District shares with MUD 83. The facility has a current capacity of 400,000 gallons-per-day ("gpd") constructed in three phases (the first of which was financed solely by MUD 83). The District financed its pro rata share of the Phase I, Phase II and Phase III expansions of the facility, which consisted of 100,000 gpd and 200,000 gpd, respectively, with portions of the proceeds of the sale of the Prior Bonds. The District's share of the 400,000 gpd plant is 223,200 gpd, which, according to the District's Engineer, is sufficient to provide service for 1,116 ESFCs, based on a criterion of 200 gpd per ESFC, as approved by the TCEQ. The District has an agreement with Porter Municipal Utility District ("Porter MUD") to treat two areas within Porter MUD and Porter MUD has agreed to treat wastewater from an area of the District closer to Porter MUD's facilities. The connections for the exchange are approximately the same.

Drainage Improvements

Storm water within the District generally drains through underground lines to the Bentwood Drainage Channel which discharges into the San Jacinto River. The District financed its pro rata share of the cost of the Bentwood Drainage Channel and storm water detention facilities to serve Riverwood, Sections 1 through 3 with portions of the proceeds of the sale of the Prior Bonds. The District financed its pro rata share of the cost of the Riverwood at Oakhurst on-site detention pond and associated Bentwood Drainage Channel improvements with a portion of the proceeds of the sale of the Prior Bonds to serve Riverwood, Section 4. The District has also financed improvements to the Briarberry Drainage Ditch that diverts stormwater around the District in accordance with the master drainage plan for the regional watershed.

100-Year Flood Plain

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

According to the District's Engineer, the Federal Emergency Management Flood Hazard Boundary Map currently in effect which covers the land located in the District indicates no area within the District as lying within the 100-year flood plain, except the Bentwood Drainage Channel.

LEGAL MATTERS

Legal Opinions

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

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

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

Legal Review

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

TAX MATTERS

Opinion

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

In rendering its opinion, Special Tax Counsel will rely upon (a) the opinion of Schwartz, Page & Harding L.L.P., Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District's federal tax certificate and the verification report prepared by Robert Thomas CPA, LLC, and (c) covenants of the District with respect to arbitrage compliance, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure by the District to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount and Premium Bonds

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

Under Existing Law, any owner who has purchased such Original Issue Discount Bond in the initial public offering is entitled to exclude from gross income (as defined in section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the accrual period. For a discussion of certain collateral federal tax consequences, see discussion set forth below.

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

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

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds is greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

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

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

State, Local and Foreign Taxes

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

Qualified Tax-Exempt Obligations for Financial Institutions

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

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

NO-LITIGATION CERTIFICATE

The District will furnish to the Underwriters a certificate, dated as 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 then pending or to the knowledge of the District's certifying officers, threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds, the corporate existence or boundaries of the District or the title of the then present officers and directors of the Board.

NO MATERIAL ADVERSE CHANGE

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

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATION

The arithmetical computations of (i) the adequacy of the amounts deposited with the Escrow Agent to pay, when due, the principal or redemption price of and interest on the Refunded Bonds, (ii) the yield on the Bonds, and (iii) the mathematical computations related to certain requirements of City of Houston Ordinance No. 97-416 were verified by Robert Thomas, CPA, LLC, Certified Public Accountants. The computations were independently verified by Robert Thomas, CPA, LLC based solely upon assumptions and information supplied by or on behalf of 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.

SOURCES OF INFORMATION

General

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

The financial statements of the District as of December 31, 2019, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report herein. See “APPENDIX B.”

Experts

The information contained in this Official Statement relating to engineering, to the description of the System generally and, in particular, the engineering information included in the sections captioned “THE DISTRICT,” “DEVELOPMENT AND HOME CONSTRUCTION,” and “THE SYSTEM,” has been provided by Costello, Inc,. Houston, Texas. Such information has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in this Official Statement relating to assessed valuations of property generally and, in particular, that information concerning valuations contained in the sections captioned “DISTRICT DEBT” and “TAX DATA” has been provided by the Montgomery Central Appraisal District and Wheeler & Associates, Inc. The District has included certain information herein in reliance upon Wheeler & Associates, Inc.’s authority as an expert in the field of tax assessing and real property appraisal. The District has included certain information herein in reliance upon the Appraisal District's authority as an expert in the field of tax assessing and real property appraisal.

GENERAL CONSIDERATIONS

Updating of Official Statement

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

Certification of Official Statement

At the time of payment for and delivery of the Bonds, the District will furnish the Underwriters a certificate, executed by the President or Vice President and Secretary or Assistant Secretary of the Board, acting in their official capacities, to the effect that to the best of their knowledge and belief: (a) the information, descriptions and statements of or pertaining to the District contained in this Official Statement, on the date thereof and on the date of delivery were and are true and correct in all material respects; (b) insofar as the District and its affairs, including its financial affairs, are concerned, this Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated herein or necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; and (c) insofar as the descriptions and statements, including financial data contained in this Official Statement, of or pertaining to entities other than the District and their activities are concerned, such statements and data have been obtained from sources which the District believes to be reliable and that the District has no reason to believe that they are untrue in any material respect or omit to state any material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading; however, the District has made no independent investigation as to the accuracy or completeness of the information derived from sources other than the District. This Official Statement is duly approved by the Board as of the date specified on the first page hereof.

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this Official Statement under the headings “OFFICIAL STATEMENT SUMMARY - SELECTED FINANCIAL INFORMATION” and “TAX DATA” and in “APPENDIX B - INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS.” The District will update and provide this information within six months after the end of each fiscal year ending in or after 2020.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12. The updated information will include audited financial statements, if the District's audit is completed by the required time. If audited financial statements are not available by the required time, the District will provide unaudited financial statements within the required time, and audited financial statements when the audit report becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

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

Availability of Information

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, if but only if (1) the agreement, as amended, would have permitted an Underwriter to purchase or sell Bonds in the offering made hereby in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of SEC Rule 15c2-12 to the date of such amendment, as well as such changed circumstances, and (2) either (a) the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or (b) any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the Registered Owners and Beneficial Owners of the Bonds. 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 so provided.

Compliance With Prior Undertakings

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

This Official Statement was approved by the Board of Directors of Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas, as of the date shown on the first page hereof.

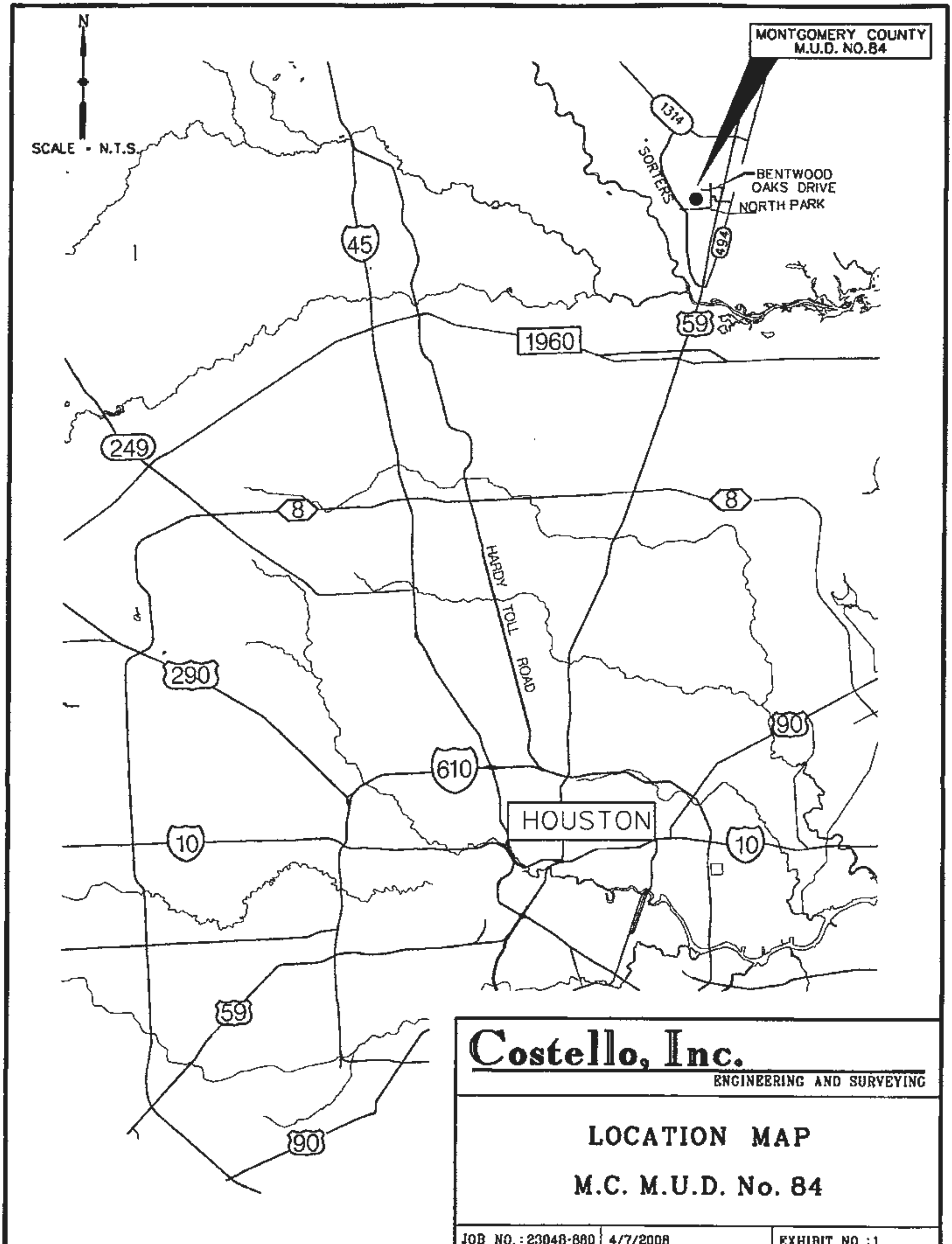
/s/ Walter L. Simms
President, Board of Directors
Montgomery County Municipal Utility District No. 84,
of Montgomery County, Texas

ATTEST:

/s/ Candice H. Creekmore
Secretary, Board of Directors
Montgomery County Municipal Utility District No. 84,
of Montgomery County, Texas

APPENDIX A

LOCATION MAP



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APPENDIX B

MONTGOMERY COUNTY MUNICIPAL UTILITY DISTRICT NO. 84, OF MONTGOMERY COUNTY, TEXAS

MONTGOMERY COUNTY, TEXAS

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

DECEMBER 31, 2019

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Independent Auditor's Report and Financial Statements

December 31, 2019

BKD
CPAs & Advisors

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

December 31, 2019

Contents

BKD
CPAs & Advisors

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Independent Auditor's Report

Board of Directors
Montgomery County Municipal Utility District No. 84,
of Montgomery County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas (the District), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of the District as of December 31, 2019, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

BKD, LLP

Houston, Texas
May 13, 2020

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Management's Discussion and Analysis

December 31, 2019

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Management's Discussion and Analysis (Continued)

December 31, 2019

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2019	2018
Current and other assets	$ 5,663,402	$ 5,421,880
Capital assets	21,347,304	21,795,937
Total assets	27,010,706	27,217,817
Deferred outflows of resources	1,105,549	1,050,652
Total assets and deferred outflows of resources	$ 28,116,255	$ 28,268,469
Long-term liabilities	$ 28,678,809	$ 29,044,589
Other liabilities	570,467	526,703
Total liabilities	29,249,276	29,571,292
Deferred inflows of resources	2,351,826	2,223,941
Net position:		
Net investment in capital assets	(6,161,876)	(6,115,455)
Restricted	814,380	767,616
Unrestricted	1,862,649	1,821,075
Total net position	$ (3,484,847)	$ (3,526,764)

The total net position of the District increased by $41,917, or about 1 percent. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

		2019		2018
Revenues:				
Property taxes	$	2,226,926	$	2,243,567
Charges for services		989,557		1,009,068
Other revenues		127,787		103,797
Total revenues		3,344,270		3,356,432
Expenses:				
Services		1,416,027		1,352,625
Depreciation		554,628		552,868
Debt service		1,331,698		1,198,681
Total expenses		3,302,353		3,104,174
Change in net position		41,917		252,258
Net position, beginning of year		(3,526,764)		(3,779,022)
Net position, end of year	$	(3,484,847)	$	(3,526,764)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended December 31, 2019, were $3,093,534, an increase of $45,033 from the prior year.

The general fund's fund balance increased by $41,657 due to property tax and service revenues exceeding service operation expenditures.

The debt service fund's fund balance increased by $19,735 due to property tax revenues exceeding current year bond principal and interest requirements.

The capital projects fund's fund balance decreased by $16,359 due to capital outlay expenditures exceeding investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to professional fees and capital outlay expenditures being greater than anticipated and sewer service revenues and repairs and maintenance expenditures being less than anticipated. The fund balance as of December 31, 2019, was expected to be $1,956,475 and the actual end-of-year fund balance was $1,862,649.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2019	2018
Land and improvements	$ 7,246,561	$ 7,246,561
Construction in progress	70,771	-
Water facilities	3,348,912	3,490,072
Wastewater facilities	4,438,060	4,624,534
Drainage facilities	6,243,000	6,434,770
Total capital assets	$ 21,347,304	$ 21,795,937

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

Construction in progress related to the conversion of type A to type E drainage inlets and drainage improvements to rear lots on Driver Forest and Cullen Ridge Drive	$ 70,771
2018 Oakhurst wastewater treatment plant effluent re-route and Ceal Road drainage improvements	35,224
Total additions to capital assets	$ 105,995

Debt

The changes in the debt position of the District during the fiscal year ended December 31, 2019, are summarized as follows.

Long-term debt payable, beginning of year	$ 29,044,589
Increases in long-term debt	3,498,171
Decreases in long-term debt	(3,863,951)
Long-term debt payable, end of year	$ 28,678,809

During the fiscal year ended December 31, 2019, the District issued $3,440,000 in unlimited tax refunding bonds to refund $3,320,000 of outstanding Series 2012 bonds. The District refunded the bonds to reduce total debt service payments over future years by $473,384 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $340,296.

At December 31, 2019, the District had $18,630,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "BBB-"by Standard & Poor's and "Baa2" by Moody's Investor's Service. The District's Series 2014 bonds, Series 2015 bonds and Series 2015A refunding bonds carry an "AA" rating by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The District's Series 2017 and Series 2019 refunding bonds carry a "AA" rating by virtue of bond insurance issued by Municipal Assurance Corporation.

<u>Other Relevant Factors</u>

<u>Relationship to the City of Houston</u>

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Statement of Net Position and Governmental Funds Balance Sheet

December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 59,211	$ 1,674,331	$ 506	$ 1,734,048	$ -	$ 1,734,048
Certificates of deposit	1,700,000	960,000	-	2,660,000	-	2,660,000
Short-term investments	124,183	246,982	76,623	447,788	-	447,788
Receivables:						
Property taxes	143,073	486,450	-	629,523	-	629,523
Service accounts	49,118	-	-	49,118	-	49,118
Accrued interest	20,857	11,820	-	32,677	-	32,677
Interfund receivable	399,652	-	-	399,652	(399,652)	-
Due from others	390	-	-	390	-	390
Operating deposit	109,858	-	-	109,858	-	109,858
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	7,246,561	7,246,561
Construction in progress	-	-	-	-	70,771	70,771
Infrastructure	-	-	-	-	14,029,972	14,029,972
Total assets	2,606,342	3,379,583	77,129	6,063,054	20,947,652	27,010,706
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	1,105,549	1,105,549
Total assets and deferred outflows of resources	$ 2,606,342	$ 3,379,583	$ 77,129	$ 6,063,054	$ 22,053,201	$ 28,116,255

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 120,014	$ 4,355	$ -	$ 124,369	$ -	$ 124,369
Retainage payable	6,473	-	-	6,473	-	6,473
Accrued interest payable	-	4,500	-	4,500	352,425	356,925
Customer deposits	82,700	-	-	82,700	-	82,700
Interfund payable	-	399,652	-	399,652	(399,652)	-
Long term liabilities:						
Due within one year	-	-	-	-	685,000	685,000
Due after one year	-	-	-	-	27,993,809	27,993,809
Total liabilities	209,187	408,507	0	617,694	28,631,582	29,249,276
Deferred Inflows of Resources						
Deferred property tax revenue	534,506	1,817,320	0	2,351,826	0	2,351,826
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	1,153,756	-	1,153,756	(1,153,756)	-
Water, sewer and drainage	-	-	77,129	77,129	(77,129)	-
Assigned:						
Future expenditures	140,704	-	-	140,704	(140,704)	-
Operating deposit	109,858	-	-	109,858	(109,858)	-
Unassigned	1,612,087	-	-	1,612,087	(1,612,087)	-
Total fund balances	1,862,649	1,153,756	77,129	3,093,534	(3,093,534)	0
Total liabilities, deferred inflows of resources and fund balances	$ 2,606,342	$ 3,379,583	$ 77,129	$ 6,063,054		
Net position:						
Net investment in capital assets					(6,161,876)	(6,161,876)
Restricted for debt service					801,331	801,331
Restricted for capital projects					13,049	13,049
Unrestricted					1,862,649	1,862,649
Total net position					$ (3,484,847)	$ (3,484,847)

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

Year Ended December 31, 2019

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 430,872	$ 1,796,483	$ -	$ 2,227,355	$ (429)	$ 2,226,926
Water service	537,252	-	-	537,252	-	537,252
Sewer service	87,025	-	-	87,025	-	87,025
Surface water conversion	365,280	-	-	365,280	-	365,280
Penalty and interest	11,204	3,458	-	14,662	-	14,662
Tap connection and inspection fees	9,968	-	-	9,968	-	9,968
Investment income	46,137	45,320	2,106	93,563	-	93,563
Other income	9,594	-	-	9,594	-	9,594
Total revenues	1,497,332	1,845,261	2,106	3,344,699	(429)	3,344,270
Expenditures/Expenses						
Service operations:						
Purchased services	411,499	-	-	411,499	-	411,499
Regional water fee	303,092	-	-	303,092	-	303,092
Professional fees	174,735	242	-	174,977	576	175,553
Contracted services	90,674	34,278	-	124,952	769	125,721
Utilities	2,415	-	-	2,415	-	2,415
Repairs and maintenance	258,159	-	-	258,159	60,599	318,758
Other expenditures	63,327	13,362	-	76,689	-	76,689
Tap connections	2,300	-	-	2,300	-	2,300
Capital outlay	149,474	-	18,465	167,939	(167,939)	-
Depreciation	-	-	-	-	554,628	554,628
Debt service:						
Principal retirement	-	640,000	-	640,000	(640,000)	-
Interest and fees	-	1,138,158	-	1,138,158	33,188	1,171,346
Debt issuance costs	-	160,352	-	160,352	-	160,352
Debt defeasance	-	4,000	-	4,000	(4,000)	-
Total expenditures/expenses	1,455,675	1,990,392	18,465	3,464,532	(162,179)	3,302,353
Excess (Deficiency) of Revenues Over Expenditures	41,657	(145,131)	(16,359)	(119,833)	161,750	
Other Financing Sources (Uses)						
General obligation bonds issued	-	3,440,000	-	3,440,000	(3,440,000)	
Premium on debt issued	-	58,171	-	58,171	(58,171)	
Deposit with escrow agent	-	(3,333,305)	-	(3,333,305)	3,333,305	
Total other financing sources	0	164,866	0	164,866	(164,866)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	41,657	19,735	(16,359)	45,033	(45,033)	
Change in Net Position					41,917	41,917
Fund Balances/Net Position						
Beginning of year	1,820,992	1,134,021	93,488	3,048,501	-	(3,526,764)
End of year	$ 1,862,649	$ 1,153,756	$ 77,129	$ 3,093,534	$ 0	$ (3,484,847)

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Notes to Financial Statements

December 31, 2019

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

Montgomery County Municipal Utility District No. 84 (the District) was created by an order of the Texas Natural Resource Conservation Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective November 12, 1993, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Any collections on the current year tax levy are deferred and recognized in the subsequent fiscal year. Current year revenues recognized are those taxes collected during the fiscal year for prior years' tax levies, plus any collections received during fiscal 2018 on the 2018 levy.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended December 31, 2019, the tax levied in October 2019 is recorded as receivable and deferred inflows of resources and will be considered earned during the fiscal year ending December 31, 2020. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

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

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$ 21,347,304
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	1,105,549
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	(352,425)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.	(28,678,809)
Adjustment to fund balances to arrive at net position.	$ (6,578,381)

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

Change in fund balances.	$	45,033
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense and noncapitalized costs exceeded capital outlay expenditures in the current period.		(448,633)
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any effect on net position.		537,305
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(58,171)
Revenues collected in the current year, which have previously been reported in the statement of activities, are reported as revenues in the governmental funds.		(429)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(33,188)
Change in net position of governmental activities.	$	41,917

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At December 31, 2019, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

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

At December 31, 2019, the District had the following investment and maturities:

		Maturities in Years			
Type	**Fair Value**	**Less Than 1**	**1-5**	**6-10**	**More Than 10**
Texas CLASS	$ 447,788	$ 447,788	$ 0	$ 0	$ 0

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2019, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at December 31, 2019, as follows:

Carrying value:		
Deposits	$	4,394,048
Investments		447,788
Total	$	4,841,836

Included in the following statement of net position captions:

Cash	$	1,734,048
Certificates of deposit		2,660,000
Short-term investments		447,788
Total	$	4,841,836

Investment Income

Investment income of $93,563 for the year ended December 31, 2019, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of December 31, 2019:

- Pooled investments of $447,788 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended December 31, 2019, is presented as follows.

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 7,246,561	$ -	$ 7,246,561
Construction in progress	-	70,771	70,771
Total capital assets, non-depreciable	7,246,561	70,771	7,317,332
Capital assets, depreciable:			
Water production and distribution facilities	4,682,501	-	4,682,501
Wastewater collection and treatment facilities	6,848,009	35,224	6,883,233
Drainage facilities	8,290,636	-	8,290,636
Total capital assets, depreciable	19,821,146	35,224	19,856,370
Less accumulated depreciation:			
Water production and distribution facilities	(1,192,429)	(141,160)	(1,333,589)
Wastewater collection and treatment facilities	(2,223,475)	(221,698)	(2,445,173)
Drainage facilities	(1,855,866)	(191,770)	(2,047,636)
Total accumulated depreciation	(5,271,770)	(554,628)	(5,826,398)
Total governmental activities, net	$ 21,795,937	$ (448,633)	$ 21,347,304

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended December 31, 2019, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 29,330,000	$ 3,440,000	$ 3,960,000	$ 28,810,000	$ 685,000
Add premium on bonds	252,769	58,171	7,299	303,641	-
Less discounts on bonds	538,180	-	103,348	434,832	-
Total governmental activities, long-term liabilities	$ 29,044,589	$ 3,498,171	$ 3,863,951	$ 28,678,809	$ 685,000

General Obligation Bonds

	Series 2011	Series 2012
Amounts outstanding, December 31, 2019	$90,000	$135,000
Interest rates	3.75% to 4.00%	2.75% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2020	September 1, 2020/2021
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2018	September 1, 2019

	Series 2013	Series 2014
Amounts outstanding, December 31, 2019	$2,570,000	$3,100,000
Interest rates	2.25% to 4.70%	3.50% to 4.25%
Maturity dates, serially beginning/ending	September 1, 2020/2042	September 1, 2020/2043
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2020	September 1, 2021

	Series 2015	Refunding Series 2015A
Amounts outstanding, December 31, 2019	$5,165,000	$7,000,000
Interest rates	3.50% to 6.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2020/2045	September 1, 2020/2036
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2022	September 1, 2022

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

	Refunding Series 2017	Refunding Series 2019
Amounts outstanding, December 31, 2019	$7,310,000	$3,440,000
Interest rates	2.00% to 4.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2020/2040	September 1, 2020/2041
Interest payment dates	March 1/September 1	March 1/September 1
Callable dates*	September 1, 2024	September 1, 2024

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at December 31, 2019:

Year	Principal	Interest	Total
2020	$ 685,000	$ 1,074,152	$ 1,759,152
2021	685,000	1,062,964	1,747,964
2022	710,000	1,043,226	1,753,226
2023	730,000	1,020,077	1,750,077
2024	755,000	995,732	1,750,732
2025-2029	4,195,000	4,567,014	8,762,014
2030-2034	5,020,000	3,764,512	8,784,512
2035-2039	6,215,000	2,723,988	8,938,988
2040-2044	7,970,000	1,380,048	9,350,048
2045	1,845,000	73,800	1,918,800
Total	$ 28,810,000	$ 17,705,513	$ 46,515,513

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

Bonds voted	$ 50,000,000
Bonds sold	31,370,000
Refunding bonds voted	50,000,000
Refunding bonds authorization used	1,145,000

Note 5: Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended December 31, 2019, the District levied an ad valorem debt service tax at the rate of $0.6800 per $100 of assessed valuation, which resulted in a tax levy of $1,817,320 on the taxable valuation of $267,253,439 for the 2019 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are $1,759,152.

Note 6: Maintenance Taxes

At an election held February 5, 2005, voters authorized a maintenance tax not to exceed $1.25 per $100 valuation on all property within the District subject to taxation. During the year ended December 31, 2019, the District levied an ad valorem maintenance tax at the rate of $0.2000 per $100 of assessed valuation, which resulted in a tax levy of $534,506 on the taxable valuation of $267,253,439 for the 2019 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Contracts With Other Districts

Water Supply Agreement

Effective June 1, 2004, the District's developers entered into a 40-year contract on behalf of the District with Montgomery County Municipal Utility District No. 83 (District No. 83) whereby District No. 83 agreed to provide a permanent source of water to serve the participating districts. The contract was assigned to the District in February 2005. The contract provides for the construction of a permanent water plant, which was completed during the prior year. The contract was amended July 21, 2005, November 16, 2006, March 20, 2008, July 16, 2009, and November 18, 2010, to specify each district's share of capacity, as follows:

District No. 83	46.09	%
The District	53.91	
	100.00	%

The participants are to share fixed operating costs based on allocated capacity and variable costs based on active connections served by the plant. During the year ended December 31, 2019, the District's share of operating costs was $441,820. The District has also deposited $74,258 with District No. 83 as a plant operating reserve.

Condensed financial information for the water plant for the year ended December 31, 2019, is as follows:

		Water Plant General Fund
Total assets	$	201,511
Total liabilities	$	55,999
Total fund balance		145,512
Total liabilities and fund balance	$	201,511
Total revenues	$	832,952
Total expenditures		832,952
Excess revenues	$	0

Waste Disposal Agreement

The District entered into a 40-year contract on July 21, 2005, which was amended November 16, 2006, and October 21, 2010, with District No. 83, whereby District No. 83 agreed to provide or cause to be provided the regional waste collection, treatment and disposal facilities necessary to serve the participating districts. District No. 83 has completed the construction of Phases 2 and 3 expansions of a wastewater treatment plant. As expanded, the wastewater treatment plant's capacity is 400,000 gallons per day (gpd). Each district's capacity in the wastewater treatment plant after completion of Phase 3 is shown below:

District No. 83	176,800	gpd	44.20	%
The District	223,200		55.80	
	400,000	gpd	100.00	%

The participants are to share fixed operating costs based on allocated capacity and variable costs based on active connections served by the plant. During the year ended December 31, 2019, the District's share of operating costs and capital outlay expenditures was $174,242. The District has also deposited $35,600 with District No. 83 as a plant operating reserve.

Condensed financial information for the wastewater treatment plant for the year ended December 31, 2019, is as follows.

	Wastewater Treatment Plant General Fund
Total assets	$ 104,661
Total liabilities	$ 28,606
Total fund balance	76,055
Total liabilities and fund balance	$ 104,661
Total revenues	$ 299,552
Total expenditures	299,552
Excess revenues	$ 0

Note 8: Water Resources Assessment Agreement

District No. 83, on behalf of participants in the water supply agreement, entered into a contract for Groundwater Reduction Planning, Alternative Water Supply, and Related Goods and Services (GRP Contract) with the San Jacinto River Authority (the Authority) in order to meet the Lone Star Groundwater Conservation District's District Regulatory Plan requirements. As a participant in the Authority's GRP Contract, effective August 1, 2010, District No. 83 is obligated to pay to the Authority a groundwater withdrawal fee for all groundwater produced and used by the plant's participants, and will be required to pay a water purchase fee for any water actually purchased from the Authority in the future. As of December 31, 2019, the Authority was billing District No. 83 $2.73 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

Note 9: Risk Management

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

Note 10: Refunding Bonds

During the fiscal year ended December 31, 2019, the District issued $3,440,000 in unlimited tax refunding bonds to refund $3,320,000 of outstanding Series 2012 bonds. The District refunded the bonds to reduce total debt service payments over future years by $473,384 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $340,296.

Note 11: Uncertainties

As the result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively impact the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Required Supplementary Information

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2019

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 426,000	$ 430,872	$ 4,872
Water service	544,200	537,252	(6,948)
Sewer service	109,200	87,025	(22,175)
Surface water conversion	352,400	365,280	12,880
Penalty and interest	10,700	11,204	504
Tap connection and inspection fees	10,050	9,968	(82)
Investment income	33,200	46,137	12,937
Other income	9,600	9,594	(6)
Total revenues	1,495,350	1,497,332	1,982
Expenditures			
Service operations:			
Purchased services	396,647	411,499	(14,852)
Regional water fee	311,800	303,092	8,708
Professional fees	94,500	174,735	(80,235)
Contracted services	87,200	90,674	(3,474)
Utilities	2,300	2,415	(115)
Repairs and maintenance	297,300	258,159	39,141
Other expenditures	60,620	63,327	(2,707)
Tap connections	-	2,300	(2,300)
Capital outlay	109,500	149,474	(39,974)
Total expenditures	1,359,867	1,455,675	(95,808)
Excess of Revenues Over Expenditures	135,483	41,657	(93,826)
Fund Balance, Beginning of Year	1,820,992	1,820,992	-
Fund Balance, End of Year	$ 1,956,475	$ 1,862,649	$ (93,826)

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Notes to Required Supplementary Information

December 31, 2019

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was not amended during fiscal 2019.

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

Other Information

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Other Schedules Included Within This Report

December 31, 2019

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

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Schedule of Services and Rates

Year Ended December 31, 2019

1. Services provided by the District:

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

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

___ Other ___

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 25.00	6,000	N	$ 1.75	6,001	to	10,000
				$ 2.50	10,001	to	15,000
				$ 3.25	15,001	to	20,000
				$ 4.00	20,001	to	25,000
				$ 4.75	25,001	to	30,000
				$ 5.50	30,001	to	No Limit
Wastewater:	$ 1.75	1	N	$ 1.75	1,001	to	No Limit
Regional water fee:	$ 3.00	1	N	$ 3.00	1,001	to	No Limit

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

Total charges per 10,000 gallons usage (including fees): Water $ 62.00 Wastewater $ 17.50

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,056	1,054	x1.0	1,054
1"	6	6	x2.5	15
1 1/2"	2	2	x5.0	10
2"	12	12	x8.0	96
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	1	1	x80.0	80
10"	-	-	x115.0	-
Total water	1,077	1,075		1,255
Total wastewater	1,046	1,044	x1.0	1,044

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

Gallons pumped into the system:	111,787
Gallons billed to customers:	111,787
Water accountability ratio (gallons billed/gallons pumped):	100.00%

*"ESFC" means equivalent single-family connections

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Schedule of General Fund Expenditures

Year Ended December 31, 2019

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 19,200	
Legal	102,931	
Engineering	52,604	
Financial advisor	-	174,735
Purchased Services for Resale		
Bulk water and wastewater service purchases		411,499
Regional Water Fee		303,092
Contracted Services		
Bookkeeping	25,657	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	6,000	
Other contracted services	59,017	90,674
Utilities		2,415
Repairs and Maintenance		258,159
Administrative Expenditures		
Directors' fees	8,850	
Office supplies	8,503	
Insurance	7,014	
Other administrative expenditures	38,960	63,327
Capital Outlay		
Capitalized assets	105,995	
Expenditures not capitalized	43,479	149,474
Tap Connection Expenditures		2,300
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 1,455,675

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Schedule of Temporary Investments

December 31, 2019

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 9130011875987	2.75%	02/13/20	$ 150,000	$ 3,628
No. 599	2.10%	08/27/20	100,000	719
No. 66000563	2.05%	09/30/20	125,000	632
No. 71130185	2.00%	11/25/20	150,000	288
No. 12078	2.58%	06/10/20	150,000	2,152
No. 102418	2.62%	04/01/20	150,000	2,939
No. 4190323	1.70%	12/08/20	150,000	161
No. 0123046740	2.60%	02/27/20	125,000	2,422
No. 36000632	2.45%	08/18/20	100,000	899
No. 3216000291	2.60%	05/22/20	125,000	1,977
No. 6000029998	2.40%	01/22/20	150,000	3,028
No. 9009004130	2.05%	09/11/20	125,000	765
No. 6002400042	2.60%	07/08/20	100,000	1,247
Texas CLASS	1.94%	Demand	124,183	-
			1,824,183	20,857
Debt Service Fund				
Certificates of Deposit				
No. 66000927	2.30%	02/18/20	240,000	2,026
No. 11762	2.65%	02/20/20	240,000	5,489
No. 36000190	2.25%	02/14/20	240,000	1,997
No. 6000035557	2.60%	08/17/20	240,000	2,308
Texas CLASS	1.94%	Demand	246,982	-
			1,206,982	11,820
Capital Projects Fund				
Texas CLASS	1.94%	Demand	76,623	0
Totals			$ 3,107,788	$ 32,677

Montgomery County Municipal Utility District No. 84,
of Montgomery County, Texas
Analysis of Taxes Levied and Receivable
Year Ended December 31, 2019

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 121,695	$ 508,256
Additions and corrections to prior years' taxes	436	1,821
Adjusted receivable, beginning of year	122,131	510,077
2019 Original Tax Levy	501,954	1,706,645
Additions and corrections	32,552	110,675
Adjusted tax levy	534,506	1,817,320
Total to be accounted for	656,637	2,327,397
Tax collections: Current year	(391,433)	(1,330,870)
Prior years	(122,131)	(510,077)
Receivable, end of year	$ 143,073	$ 486,450
Receivable, by Years		
2019	$ 143,073	$ 486,450

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Analysis of Taxes Levied and Receivable (Continued)

Year Ended December 31, 2019

	2019	2018	2017	2016
Property Valuations				
Land	$ 30,517,769	$ 30,458,739	$ 30,511,679	$ 30,500,789
Improvements	255,544,024	238,353,728	241,873,503	240,563,719
Personal property	3,985,989	3,155,544	3,330,022	2,787,572
Exemptions	(22,794,343)	(19,246,959)	(18,966,942)	(17,962,682)
Total property valuations	$ 267,253,439	$ 252,721,052	$ 256,748,262	$ 255,889,398
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.6800	$ 0.7100	$ 0.7100	$ 0.7300
Maintenance tax rates*	0.2000	0.1700	0.1700	0.1700
Total tax rates per $100 valuation	$ 0.8800	$ 0.8800	$ 0.8800	$ 0.9000
Tax Levy	$ 2,351,826	$ 2,223,941	$ 2,259,380	$ 2,303,002
Percent of Taxes Collected to Taxes Levied**	73%	100%	100%	100%

*Maximum tax rate approved by voters: $1.25 on February 5, 2005

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

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Schedule of Long-term Debt Service Requirements by Years

December 31, 2019

	Series 2011		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1, September 1	Total
2020	$ 90,000	$ 3,600	$ 93,600

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

December 31, 2019

	Series 2012		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1, September 1	Total
2020	$ 65,000	$ 3,888	$ 68,888
2021	70,000	2,100	72,100
Totals	$ 135,000	$ 5,988	$ 140,988

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

December 31, 2019

	Series 2013		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1, September 1	Total
2020	$ 45,000	$ 114,108	$ 159,108
2021	45,000	112,870	157,870
2022	50,000	111,520	161,520
2023	50,000	109,895	159,895
2024	45,000	108,145	153,145
2025	50,000	106,570	156,570
2026	50,000	104,695	154,695
2027	50,000	102,695	152,695
2028	50,000	100,695	150,695
2029	50,000	98,695	148,695
2030	50,000	96,570	146,570
2031	50,000	94,445	144,445
2032	50,000	92,320	142,320
2033	50,000	90,195	140,195
2034	55,000	87,945	142,945
2035	50,000	85,470	135,470
2036	55,000	83,220	138,220
2037	55,000	80,745	135,745
2038	55,000	78,270	133,270
2039	55,000	75,795	130,795
2040	50,000	73,320	123,320
2041	115,000	70,970	185,970
2042	1,395,000	65,565	1,460,565
Totals	$ 2,570,000	$ 2,144,718	$ 4,714,718

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

December 31, 2019

	Series 2014		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1, September 1	Total
2020	$ 50,000	$ 127,437	$ 177,437
2021	50,000	125,438	175,438
2022	50,000	123,437	173,437
2023	50,000	121,438	171,438
2024	50,000	119,437	169,437
2025	50,000	117,438	167,438
2026	50,000	115,437	165,437
2027	50,000	113,688	163,688
2028	50,000	111,937	161,937
2029	50,000	110,188	160,188
2030	75,000	108,312	183,312
2031	75,000	105,500	180,500
2032	75,000	102,500	177,500
2033	75,000	99,500	174,500
2034	75,000	96,500	171,500
2035	75,000	93,500	168,500
2036	75,000	90,500	165,500
2037	75,000	87,500	162,500
2038	75,000	84,500	159,500
2039	75,000	81,500	156,500
2040	75,000	78,406	153,406
2041	100,000	75,313	175,313
2042	100,000	71,187	171,187
2043	1,575,000	66,937	1,641,937
Totals	$ 3,100,000	$ 2,427,530	$ 5,527,530

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

December 31, 2019

	Series 2015		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1, September 1	Total
2020	$ 35,000	$ 210,175	$ 245,175
2021	35,000	208,075	243,075
2022	40,000	205,975	245,975
2023	40,000	203,575	243,575
2024	45,000	201,175	246,175
2025	45,000	198,475	243,475
2026	50,000	195,775	245,775
2027	55,000	192,775	247,775
2028	60,000	190,850	250,850
2029	65,000	188,750	253,750
2030	45,000	186,475	231,475
2031	50,000	184,844	234,844
2032	55,000	183,031	238,031
2033	60,000	181,038	241,038
2034	65,000	178,862	243,862
2035	75,000	176,425	251,425
2036	75,000	173,613	248,613
2037	85,000	170,800	255,800
2038	90,000	167,400	257,400
2039	100,000	163,800	263,800
2040	105,000	159,800	264,800
2041	90,000	155,600	245,600
2042	105,000	152,000	257,000
2043	100,000	147,800	247,800
2044	1,750,000	143,800	1,893,800
2045	1,845,000	73,800	1,918,800
Totals	$ 5,165,000	$ 4,594,688	$ 9,759,688

Montgomery County Municipal Utility District No. 84,
of Montgomery County, Texas
Schedule of Long-term Debt Service Requirements by Years (Continued)
December 31, 2019

	Series 2015A Refunding		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1, September 1	Total
2020	$ 310,000	$ 232,031	$ 542,031
2021	315,000	225,831	540,831
2022	325,000	218,744	543,744
2023	335,000	210,619	545,619
2024	345,000	201,825	546,825
2025	360,000	191,475	551,475
2026	375,000	180,675	555,675
2027	385,000	169,425	554,425
2028	400,000	156,913	556,913
2029	415,000	143,913	558,913
2030	435,000	130,425	565,425
2031	450,000	115,200	565,200
2032	470,000	98,325	568,325
2033	490,000	80,700	570,700
2034	510,000	62,325	572,325
2035	530,000	43,200	573,200
2036	550,000	22,000	572,000
Totals	$ 7,000,000	$ 2,483,626	$ 9,483,626

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

December 31, 2019

	Series 2017 Refunding		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1, September 1	Total
2020	$ 70,000	$ 290,100	$ 360,100
2021	160,000	288,000	448,000
2022	165,000	283,200	448,200
2023	175,000	276,600	451,600
2024	180,000	269,600	449,600
2025	185,000	262,400	447,400
2026	190,000	255,000	445,000
2027	200,000	247,400	447,400
2028	210,000	239,400	449,400
2029	210,000	231,000	441,000
2030	215,000	222,600	437,600
2031	225,000	214,000	439,000
2032	235,000	205,000	440,000
2033	240,000	195,600	435,600
2034	255,000	186,000	441,000
2035	260,000	175,800	435,800
2036	275,000	165,400	440,400
2037	905,000	154,400	1,059,400
2038	940,000	118,200	1,058,200
2039	985,000	80,600	1,065,600
2040	1,030,000	41,200	1,071,200
Totals	$ 7,310,000	$ 4,401,500	$ 11,711,500

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

December 31, 2019

	Series 2019 Refunding		
Due During Fiscal Years Ending December 31	Principal Due September 1	Interest Due March 1, September 1	Total
2020	$ 20,000	$ 92,813	$ 112,813
2021	10,000	100,650	110,650
2022	80,000	100,350	180,350
2023	80,000	97,950	177,950
2024	90,000	95,550	185,550
2025	90,000	92,850	182,850
2026	95,000	90,150	185,150
2027	100,000	88,250	188,250
2028	100,000	86,250	186,250
2029	105,000	83,250	188,250
2030	110,000	80,100	190,100
2031	115,000	76,800	191,800
2032	115,000	73,350	188,350
2033	125,000	69,900	194,900
2034	125,000	66,150	191,150
2035	130,000	62,400	192,400
2036	135,000	58,500	193,500
2037	140,000	54,450	194,450
2038	150,000	50,250	200,250
2039	145,000	45,750	190,750
2040	155,000	41,400	196,400
2041	1,225,000	36,750	1,261,750
Totals	$ 3,440,000	$ 1,643,863	$ 5,083,863

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

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

December 31, 2019

	Annual Requirements For All Series		
Due During Fiscal Years Ending December 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	$ 685,000	$ 1,074,152	$ 1,759,152
2021	685,000	1,062,964	1,747,964
2022	710,000	1,043,226	1,753,226
2023	730,000	1,020,077	1,750,077
2024	755,000	995,732	1,750,732
2025	780,000	969,208	1,749,208
2026	810,000	941,732	1,751,732
2027	840,000	914,233	1,754,233
2028	870,000	886,045	1,756,045
2029	895,000	855,796	1,750,796
2030	930,000	824,482	1,754,482
2031	965,000	790,789	1,755,789
2032	1,000,000	754,526	1,754,526
2033	1,040,000	716,933	1,756,933
2034	1,085,000	677,782	1,762,782
2035	1,120,000	636,795	1,756,795
2036	1,165,000	593,233	1,758,233
2037	1,260,000	547,895	1,807,895
2038	1,310,000	498,620	1,808,620
2039	1,360,000	447,445	1,807,445
2040	1,415,000	394,126	1,809,126
2041	1,530,000	338,633	1,868,633
2042	1,600,000	288,752	1,888,752
2043	1,675,000	214,737	1,889,737
2044	1,750,000	143,800	1,893,800
2045	1,845,000	73,800	1,918,800
Totals	$ 28,810,000	$ 17,705,513	$ 46,515,513

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Changes in Long-term Bonded Debt

Year Ended December 31, 2019

	Bond			
	Series 2011	**Series 2012**	**Series 2013**	**Series 2014**
Interest rates	3.75% to 4.00%	2.75% to 3.00%	2.25% to 4.70%	3.50% to 4.25%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates	September 1, 2020	September 1, 2020/2021	September 1, 2020/2042	September 1, 2020/2043
Bonds outstanding, beginning of current year	$ 170,000	$ 3,520,000	$ 2,615,000	$ 3,150,000
Bonds sold during current year	-	-	-	-
Bonds refunded during current year	-	3,320,000	-	-
Retirements, principal	80,000	65,000	45,000	50,000
Bonds outstanding, end of current year	$ 90,000	$ 135,000	$ 2,570,000	$ 3,100,000
Interest paid during current year	$ 6,600	$ 138,156	$ 115,232	$ 129,438

Paying agent's name and address:

Series 2011 - Wells Fargo Bank, N.A., Fort Worth, Texas
Series 2012 - Wells Fargo Bank, N.A., Dallas, Texas
Series 2013 - Wells Fargo Bank, N.A., Dallas, Texas
Series 2014 - Wells Fargo Bank, N.A., Minneapolis, Minnesota
Series 2015 - Wells Fargo Bank, N.A., Minneapolis, Minnesota
Series 2015A - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	**Other Bonds**	**Refunding Bonds**
Amount authorized by voters	$ 50,000,000	0	$ 50,000,000
Amount issued	$ 31,370,000	0	$ 1,145,000
Remaining to be issued	$ 18,630,000	0	$ 48,855,000

Debt service fund cash and temporary investment balances as of December 31, 2019:	$ 2,881,313
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 1,789,058

Issues

Series 2015	Refunding Series 2015A	Refunding Series 2017	Refunding Series 2019	Total
3.50% to 6.00%	2.00% to 4.00%	2.00% to 4.00%	2.00% to 3.00%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
September 1, 2020/2045	September 1, 2020/2036	September 1, 2020/2040	September 1, 2020/2041	
$ 5,195,000	$ 7,155,000	$ 7,525,000	$ -	$ 29,330,000
-	-	-	3,440,000	3,440,000
-	-	-	-	3,320,000
30,000	155,000	215,000	-	640,000
$ 5,165,000	$ 7,000,000	$ 7,310,000	$ 3,440,000	$ 28,810,000
$ 211,975	$ 235,131	$ 296,550	$ 0	$ 1,133,082

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended December 31,

	Amounts				
	2019	2018	2017	2016	2015
General Fund					
Revenues					
Property taxes	$ 430,872	$ 435,729	$ 434,012	$ 403,779	$ 348,200
Water service	537,252	541,670	538,962	551,618	553,158
Sewer service	87,025	107,417	110,986	94,501	99,510
Surface water conversion	365,280	359,981	353,898	349,701	319,412
Penalty and interest	11,204	10,748	14,524	19,244	15,946
Tap connection and inspection fees	9,968	11,580	8,124	14,193	59,914
Investment income	46,137	27,862	8,684	4,534	4,691
Other income	9,594	9,594	9,654	9,670	9,516
Total revenues	1,497,332	1,504,581	1,478,844	1,447,240	1,410,347
Expenditures					
Service operations:					
Purchased services	411,499	390,188	390,607	295,024	294,887
Regional water fee	303,092	308,197	304,023	324,635	273,755
Professional fees	174,735	75,160	87,306	81,658	92,797
Contracted services	90,674	82,456	75,999	85,544	84,886
Utilities	2,415	2,347	2,270	2,209	2,172
Repairs and maintenance	258,159	269,465	264,077	314,774	256,947
Other expenditures	63,327	57,711	56,115	49,065	51,499
Tap connections	2,300	1,350	450	900	12,975
Capital outlay	149,474	51,870	-	274,498	193,127
Total expenditures	1,455,675	1,238,744	1,180,847	1,428,307	1,263,045
Excess of Revenues Over Expenditures	41,657	265,837	297,997	18,933	147,302
Other Financing Sources (Uses)					
Repayment of developer advances	-	-	-	-	(162,000)
Proceeds from insurance	-	27,500	-	-	-
Total other financing sources (uses)	0	27,500	0	0	(162,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	41,657	293,337	297,997	18,933	(14,698)
Fund Balance, Beginning of Year	1,820,992	1,527,655	1,229,658	1,210,725	1,225,423
Fund Balance, End of Year	$ 1,862,649	$ 1,820,992	$ 1,527,655	$ 1,229,658	$ 1,210,725
Total Active Retail Water Connections	1,075	1,070	1,070	1,067	1,063
Total Active Retail Wastewater Connections	1,044	1,040	1,039	1,036	1,032

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
28.8 %	29.0 %	29.4 %	27.9 %	24.7 %
35.9	36.0	36.4	38.1	39.2
5.8	7.1	7.5	6.5	7.1
24.4	23.9	23.9	24.2	22.7
0.7	0.7	0.9	1.3	1.1
0.7	0.8	0.6	1.0	4.2
3.1	1.9	0.6	0.3	0.3
0.6	0.6	0.7	0.7	0.7
100.0	100.0	100.0	100.0	100.0
27.5	25.9	26.4	20.4	20.9
20.2	20.5	20.5	22.4	19.4
11.7	5.0	5.9	5.6	6.6
6.1	5.5	5.1	5.9	6.0
0.2	0.2	0.2	0.2	0.2
17.2	17.9	17.9	21.8	18.2
4.2	3.8	3.8	3.4	3.7
0.2	0.1	0.0	0.1	0.9
10.0	3.4	-	18.9	13.7
97.3	82.3	79.8	98.7	89.6
2.7 %	17.7 %	20.2 %	1.3 %	10.4 %

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended December 31,

	Amounts				
	2019	2018	2017	2016	2015
Debt Service Fund					
Revenues					
Property taxes	$ 1,796,483	$ 1,810,790	$ 1,863,705	$ 1,852,636	$ 1,741,001
Penalty and interest	3,458	8,629	7,306	2,435	8,486
Investment income	45,320	30,500	9,468	7,097	5,025
Total revenues	1,845,261	1,849,919	1,880,479	1,862,168	1,754,512
Expenditures					
Current:					
Professional fees	242	2,016	773	531	695
Contracted services	34,278	40,070	35,368	29,948	34,288
Other expenditures	13,362	9,497	10,827	10,584	12,395
Debt service:					
Principal retirement	640,000	625,000	550,000	485,000	395,000
Interest and fees	1,138,158	1,209,314	1,064,335	1,306,169	1,024,402
Debt issuance costs	160,352	3,500	316,413	-	319,569
Debt defeasance	4,000	-	127,000	-	180,000
Total expenditures	1,990,392	1,889,397	2,104,716	1,832,232	1,966,349
Excess (Deficiency) of Revenues Over Expenditures	(145,131)	(39,478)	(224,237)	29,936	(211,837)
Other Financing Sources (Uses)					
General obligation bonds issued	3,440,000	-	7,690,000	-	7,455,000
Premium on debt issued	58,171	-	257,153	-	-
Discount on debt issued	-	-	-	-	(131,040)
Deposit with escrow agent	(3,333,305)	-	(7,622,422)	-	(6,998,018)
Total other financing sources	164,866	0	324,731	0	325,942
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	19,735	(39,478)	100,494	29,936	114,105
Fund Balance, Beginning of Year	1,134,021	1,173,499	1,073,005	1,043,069	928,964
Fund Balance, End of Year	$ 1,153,756	$ 1,134,021	$ 1,173,499	$ 1,073,005	$ 1,043,069

Percent of Fund Total Revenues				
2019	2018	2017	2016	2015
97.3 %	97.9 %	99.1 %	99.5 %	99.2 %
0.2	0.5	0.4	0.1	0.5
2.5	1.6	0.5	0.4	0.3
100.0	100.0	100.0	100.0	100.0
0.1	0.1	0.0	0.1	0.0
1.9	2.2	1.9	1.6	2.0
0.7	0.5	0.6	0.6	0.7
34.7	33.8	29.3	26.0	22.5
61.7	65.4	56.6	70.1	58.4
8.7	0.2	16.8	-	18.2
0.2	-	6.7	-	10.3
108.0	102.2	111.9	98.4	112.1
(8.0) %	(2.2) %	(11.9) %	1.6 %	(12.1) %

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Board Members, Key Personnel and Consultants

Year Ended December 31, 2019

Complete District mailing address:	Montgomery County Municipal Utility District No. 84 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056	
District business telephone number:	713.623.4531	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		May 24, 2018
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
David Jezierski	Elected 05/16-05/20	$ 1,650	$ 89	President
Walter L. Simms	Elected 05/16-05/20	2,400	377	Vice President
John Becker	Elected 05/16-05/20	1,650	70	Secretary
Candice H. Creekmore	Elected 05/18-05/22	750	0	Assistant Secretary
Daniel DiGregorio	Elected 05/18-05/22	2,400	415	Assistant Secretary

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

Montgomery County Municipal Utility District No. 84, of Montgomery County, Texas

Board Members, Key Personnel and Consultants (Continued)

Year Ended December 31, 2019

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	02/16/06	$ 21,200	Auditor
Costello, Inc.	11/30/04	56,264	Engineer
Montgomery Central Appraisal District	Legislative Action	19,207	Appraiser
Municipal Accounts & Consulting, L.P.	11/30/04	29,342	Bookkeeper
Municipal District Services, L.L.C.	02/18/10	169,333	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/20/08	242	Delinquent Tax Attorney
Rathmann & Associates, L.P.	11/30/04	44,500	Financial Advisor
Schwartz, Page & Harding, L.L.P.	11/30/04	136,950	Attorney
Wheeler & Associates, Inc.	04/21/05	28,517	Tax Assessor/ Collector
Investment Officers			
Mark M. Burton and Ghia Lewis	10/13/09	N/A	Bookkeepers

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

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