OFFICIAL STATEMENT DATED JULY 14, 2020

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL TO THE EFFECT THAT, UNDER EXISTING LAW AND ASSUMING CONTINUING COMPLIANCE WITH COVENANTS IN THE BOND ORDER, INTEREST ON THE BONDS WILL BE EXCLUDABLE FROM GROSS INCOME OF THE OWNERS THEREOF FOR FEDERAL INCOME TAX PURPOSES. SEE "LEGAL MATTERS -- TAX EXEMPTION" HEREIN.

The District has designated the Bonds as "qualified tax-exempt obligations" for purposes of the calculation of interest expense by financial institutions which may own the Bonds. See "TAX MATTERS -- Qualified Tax-Exempt Obligations for Financial Institutions."

NEW ISSUE	**RATINGS: (S&P–AGM) "AA" (stable outlook)**
BOOK-ENTRY ONLY	**(See "BOND INSURANCE" herein)**
CUSIP Base No. 58320L	**(Moody's–underlying) "A2"**

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

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

$5,195,000

WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE REFUNDING BONDS, SERIES 2020

Bonds Dated: August 1, 2020 **Due: October 1, as shown on inside cover**

The $5,195,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2020 (the "Bonds") are obligations solely of Meadowhill Regional Municipal Utility District (the "District") and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any other political subdivision or agency. See "THE BONDS--Source of and Security for Payment."

Interest on the Bonds will accrue from August 1, 2020, and will be payable October 1, 2020 and each April 1 and October 1 thereafter, and will be calculated on the basis of a 360-day year of twelve 30-day months. The Bonds are issuable only in fully registered form in principal denominations of $5,000 or integral multiples thereof initially registered solely in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, New York, New York ("DTC"), acting as securities depository for the Bonds, until DTC resigns or is discharged. The Bonds initially will be available to purchasers in book-entry form only. So long as Cede & Co. is the registered owner of the Bonds, as nominee for DTC, the Bonds shall be payable to Cede & Co., which will in turn, remit such amount to DTC participants for subsequent disbursement to the beneficial owners of the Bonds. See "THE BONDS--Book-Entry-Only System."

Principal of and the redemption price for the Bonds are payable by UMB Bank n.a., Houston, Texas or any successor paying agent/registrar (the "Paying Agent/Registrar"). Interest on the Bonds will be payable by check mailed on or before the interest payment date to registered owners shown on the records of the Paying Agent/Registrar on the fifteenth (15^{th}) day of the month preceding each interest payment date or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the registered owner at the risk and expense of the registered owner. See "THE BONDS--Description."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP.

ASSURED GUARANTY® MUNICIPAL

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 against all taxable property within the District and from the Net Revenues (hereinafter defined) of the District's water, wastewater and storm drainage facilities. See "THE BONDS--Source of and Security for Payment." The Bonds are subject to special investment considerations described herein. See "RISK FACTORS." **Neither the State of Texas, Harris County, Texas, the City of Houston, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds.**

The Bonds will be delivered when, as, and if issued by the District and accepted by SAMCO Capital Markets, Inc. (the "Underwriter"), subject, amongst other things, to the approval of the Initial Bonds by the Attorney General of the State of Texas and by the approval of certain legal matters by Johnson Petrov LLP, Houston, Texas, Bond Counsel, Houston, Texas, Bond Counsel. Certain matters will be passed upon for the Underwriters by Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Underwriter's Counsel. Delivery of the Bonds is expected on August 19, 2020, in Houston, Texas.

SAMCO Capital

MATURITY SCHEDULE

Bonds Dated: August 1, 2020 **Due: October 1, as shown below**

Maturity	*Amount*	*Interest Rate*	*Initial Yield(a)*	*CUSIP (b)*	*Maturity*	*Amount*	*Interest Rate*	*Initial Yield(a)*	*CUSIP (b)*
2020	$110,000	4.000%	0.730%	58320LMB7	2025	$690,000	4.000%	1.060%	58320LMG6
2021	65,000	4.000%	0.770%	58320LMC5	2026	730,000	4.000%	1.140%	58320LMH4
2022	605,000	4.000%	0.840%	58320LMD3	2027(c)	765,000	2.000%	1.360%	58320LMJ0
2023	630,000	4.000%	0.900%	58320LME1	2028(c)	465,000	2.000%	1.480%	58320LMK7
2024	660,000	4.000%	0.980%	58320LMF8	2029(c)	475,000	2.000%	1.550%	58320LML5

(a) Initial yield represents the initial reoffering yield to the public which has been established by the Underwriter for public offerings and which subsequently may be changed. The initial yields indicated above represent the lower of the yields resulting when priced to maturity or to the first call date. Accrued interest from August 1, 2020 is to be added to the price.

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

(c) Bonds maturing on or after October 1, 2027, are subject to redemption prior to maturity at the option of the District, as a whole or, from time to time, in part, on October 1, 2026, or on any date thereafter, at par plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS--Redemption of Bonds."

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

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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 Underwriter to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the District or the Underwriter.

This Official Statement is not to be used 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, orders, contracts, audited financial statements, engineering and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the District, c/o Johnson Petrov LLP, 2929 Allen Parkway, Suite 3150, Houston, Texas 77019-6100 upon payment of duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or 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. The District has agreed to keep this Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this Official Statement until delivery of the Bonds to the Underwriter and thereafter only as specified in "PREPARATION OF THE OFFICIAL STATEMENT-- Updating of Official Statement" and "CONTINUING DISCLOSURE OF INFORMATION."

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this offering document.

SALE AND DISTRIBUTION OF THE BONDS

Prices and Marketability

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter prior to delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity has been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter or control regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the sole responsibility of the Underwriter.

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. The District assumes no responsibility for registration 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.

Underwriter

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of $5,616,041.45 (being the par amount of the Bonds, plus a net premium on the Bonds of $461,770.25, less an underwriter's discount of $40,728.80), plus accrued interest on the Bonds to the date of delivery. The obligation of the Underwriter to purchase the Bonds is subject to certain conditions contained in the Bond Purchase Agreement.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the inside cover page hereof. The initial offering price may be changed from time to time by the Underwriter within the guidelines prescribed by applicable laws and regulations of the United States Securities and Exchange Commission.

Municipal Bond Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal rating of "AA" (stable outlook) to the Bonds, as a result of a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. at the time of delivery of the Bonds (see "BOND INSURANCE" and "APPENDIX B–Specimen Municipal Bond Insurance Policy"). An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P and the District makes no representation as to the appropriateness of such rating.

In connection with the sale of the Bonds, the District made application to Moody's Investors Service, Inc. ("Moody's"), which has assigned an underlying rating of A2 to the Bonds. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's and the District makes no representation as to the appropriateness of such rating.

The District can make no assurance that the S&P or Moody's ratings will continue for any period of time or that such ratings will not be revised downward or withdrawn entirely by S&P or Moody's if in the judgment of S&P or Moody's circumstances so warrant. Any such downward revision or withdrawal of the ratings may have an adverse effect on the market price of the Bonds.

SUMMARY

The following information is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is made for all purposes. This summary should not be detached and should be used in conjunction with more complete information contained herein.

- The District -

Issuer/Description	Meadowhill Regional Municipal Utility District (the "District"), a political subdivision of the State of Texas, was created by the Texas Legislature as Dove Meadows Municipal Utility District in 1971 and changed its name effective September 24, 2001. The District is located in Harris County, Texas, approximately 25 miles northwest of Houston's central business district, 12 miles northwest of the Houston Intercontinental Airport, and encompasses approximately 911.9182 acres. The District's 2020 population is estimated at 9,530. The District is located within the exclusive extraterritorial jurisdiction of the City of Houston. See "THE DISTRICT–Description."
Authority	The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT--Authority."
Development Within The District	Land within the District has been developed as the completed residential subdivisions of Dove Meadows, Sections 1-6; Windsor Forest; Covington Bridge, Sections 1-2; Spring Landing, Sections 1-2; Hannover Village, Sections 1-4; Meadowhill Run; Forest Ridge, Sections 1-3; and the Park at Meadowhill Run, Sections 1-5. As of June 2020, there were approximately 2,350 single family homes constructed in the District. The District also contains significant commercial and multifamily developments totaling approximately 190 acres located along the three major thoroughfares traversing the District. The 113 acre Kenroc mixed use development is partially developed and contains two apartment complexes, one hotel, one large office building, and a number of retail and restaurant buildings. There are two other apartment complexes. In addition, there are approximately six small retail and commercial strip centers and another approximately 29 individual commercial buildings located within the District outside of the Kenroc development. See "THE DISTRICT–Development."

- The Bonds -

Description	The $5,195,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2020 (the "Bonds") bear interest at the rates per annum set forth on the inside cover page hereof, from August 1, 2020, and are payable October 1, 2020 and each April 1 and October 1 thereafter until the earlier of maturity or prior redemption. The Bonds mature serially on October 1 in the years 2020 through 2029, inclusive, in the principal amounts set forth on the inside cover page hereof. Bonds scheduled to mature on or after October 1, 2027, are subject to optional redemption at the option of the District on any date on or after October 1, 2026, at a price of par plus accrued interest to the date of redemption. See "THE BONDS--Description" and "--Optional Redemption."
Source of Payment	Principal of and interest on the Bonds are payable from (a) the proceeds of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, levied against taxable property within the District and (b) a pledge of the Net Revenues (as defined herein), if any, of the District's waterworks and sewer system. The Bonds are obligations of the District and are not obligations of Harris County, the State of Texas, the City of Houston, or any political subdivision other than the District. See "THE BONDS — Source of and Security for Payment."

Use of Proceeds	Proceeds of the Bonds will be used to currently refund the outstanding portions of the District's Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2012 (the "Refunded Bonds") and to pay the costs of issuance of the Bonds. See "THE BONDS — Use of Proceeds."
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, and represents that the total amount of tax-exempt bonds (including the Bonds) issued by it during the calendar year 2020 is not reasonably expected to exceed $10,000,000. See "TAX MATTERS--Qualified Tax-Exempt Obligations."
Payment Record	The District has never defaulted on the payment of any bond obligation. See "DISTRICT DEBT."
Book-Entry Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company, New York, New York ("DTC"), pursuant to the Book-Entry Only System described herein. Beneficial ownership of the Bonds may be acquired in principal denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal and interest on the Bonds will be payable by the UMB Bank n.s., Houston, Texas, the initial Paying Agent/Registrar, to Cede & Co. and Cede & Co. will make distribution of the amounts so paid to the beneficial owners of the Bonds (see "THE BONDS--Book-Entry Only System").
Bond Counsel	Johnson Petrov LLP, Houston, Texas, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
Underwriter's Counsel	Orrick, Herrington & Sutcliffe LLP, Houston, Texas.
Verification Agent	Ritz & Associates PA, A Professional Association, Bloomington, Minnesota.
Financial Advisor	Blitch Associates, Inc., Houston, Texas.
Municipal Bond Rating	The District made application to Moody's Investors Service, Inc., which has assigned a rating of "A2" to the Bonds based upon the District's underlying credit. See "SALE AND DISTRIBUTION OF THE BONDS–Municipal Bond Rating."
Municipal Bond Rating and Municipal Bond Insurance	S&P is expected to assign a municipal rating of "AA" (stable outlook), as a result of a municipal bond insurance policy issued by Assured Guaranty Municipal Corp. See "SALE AND DISTRIBUTION OF THE BONDS–Municipal Bond Rating," "BOND INSURANCE" and "APPENDIX B–Specimen Municipal Bond Insurance Policy."

RISK FACTORS

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

- Financial Highlights -
(Unaudited)

2019 Taxable Assessed Valuation (100% of Market Value)		$621,610,648	(a)
Estimated Taxable Valuation as of January 1, 2020		$652,822,454	(b)
Direct Debt			
Outstanding Bonds (As of June 1, 2020)		$30,310,000	
Less: The Refunded Bonds		(5,315,000)	
The Bonds		5,195,000	
Total Direct Debt		$30,190,000	
Estimated Overlapping Debt		35,208,197	(c)
Direct and Estimated Overlapping Debt		$65,398,197	
Direct Debt Ratios:	***Est. 1/1/20 A.V.***	***2019 A.V.***	
Direct Debt to Value	4.62%	4.86%	
Direct & Estimated Overlapping Debt to Value	10.02%	10.52%	
2019 Tax Rate per $100 of Assessed Value			
Debt Service		$0.380	
Maintenance		0.315	
Total		$0.695	
	Current	***Total***	
2018 Tax Collection Percentage	99.26%	100.38%	
Five-Year Average (2014/2018) Collection Percentage	98.99%	99.98%	
Average Annual Debt Service Requirements (2020/37)		$2,239,130	
Maximum Annual Debt Service Requirements (2034)		$2,374,963	
Tax Rate Required to pay such Requirements at 98% Collection	***Est. 1/1/20 A.V.***	***2019 A.V.***	
Average (2020/2037)	$0.350	$0.368	
Maximum (2034)	$0.372	$0.390	
Fund Balances as of June 15, 2020 (Cash & Investments)			
General Fund		$6,284,993	
Debt Service Fund		$4,042,994	
Capital Projects Fund		$75,091	

(a) Certified by the Harris County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only; represents the estimate of the taxable value of all taxable property located within the District as of January 1, 2020. This estimated value is provided for informational purposes only. Taxes will be levied against the final assessed valuation in the District following the resolution of protests and other adjustments. See "TAX PROCEDURES."
(c) See "DISTRICT DEBT--Estimated Overlapping Debt."

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
$5,195,000
WATERWORKS AND SEWER SYSTEM COMBINATION
UNLIMITED TAX AND REVENUE REFUNDING BONDS, SERIES 2020

This Official Statement of Meadowhill Regional Municipal Utility District (the "District") is provided to furnish certain information with respect to the sale by the District of its $5,195,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2020 (the “Bonds”).

The Bonds are issued pursuant to the Texas Constitution, the general laws of the State of Texas and an order authorizing the issuance of the Bonds (the "Order") adopted by the Board of Directors of the District (the "Board"); Article XVI, Section 59 of the Texas Constitution; Chapters 49 and 54 of the Texas Water Code, as amended; and Chapter 1207, Texas Government Code, as amended. In the Order, the Board delegated pricing of the Bonds and certain other matters to a “Pricing Officer” who will approve and execute a “Pricing Certificate” which will complete the sale of the Bonds (the Order and the Pricing Certificate are jointly referred to as the “Bond Order”). See "THE BONDS."

This Official Statement includes descriptions of the Bonds, the Bond Order and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document, copies of which may be obtained by contacting the District, c/o Johnson Petrov LLP, located at 2929 Allen Parkway, Suite 3150, Houston, Texas 77019-6100.

THE BONDS

Description

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order. A copy of the Bond Order may be obtained upon request to the District and payment of the applicable copying charges.

The Bonds will mature on October 1 of the years and in principal amounts, and will bear interest from August 1, 2020, at the rates per annum, set forth on the inside cover page of this Official Statement. Interest on the Bonds will be payable on October 1, 2020, and semiannually thereafter on each April 1 and October 1 thereafter until the earlier of maturity or redemption. Principal of and interest on the Bonds will be payable to Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York (“DTC”), by the paying agent/registrar, initially UMB Bank n.a., Houston, Texas (the “Paying Agent/Registrar”). Cede & Co. will make distribution of the principal and interest so paid to the beneficial owners of the Bonds. For so long as DTC shall continue to serve as securities depository for the Bonds, all transfers of beneficial ownership interest will be made by book-entry only and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of the Bonds is to receive, hold or deliver any Bond certificate.

If at any time, DTC ceases to hold the Bonds as securities depository, then principal of the Bonds will be payable to the registered owner at maturity or redemption upon presentation and surrender at the principal payment office of the Paying Agent/Registrar. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to the registered owners as shown on the records of the Paying Agent/Registrar at the close of business on the 15th day of the month next preceding the interest payment date (the “Record Date”). The Bonds of each maturity will be issued in fully-registered form only in the principal amount of $5,000 or any integral multiple thereof.

If the specified date for any payment of principal (or redemption price) or interest on the Bonds shall be a Saturday, Sunday or legal holiday or equivalent (other than a moratorium) for banking institutions generally in the City of Houston, Texas, such payment may be made on the next succeeding date which is not one of the foregoing days without additional interest and with the same force and effect as if made on the specified date for such payments.

Use of Proceeds

Proceeds of the Bonds will be used to currently refund the outstanding callable portions of the District's Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2012 (the "Refunded Bonds") and to pay the costs of issuance of the Bonds. The Refunded Bonds consist of the following:

Maturity	***Amount***	***Rate***	
2020	$75,000	2.250%	(a)
2021	75,000	2.250%	(a)
2022	615,000	4.000%	
2023	640,000	4.000%	
2024	670,000	4.000%	
2025	705,000	4.000%	
2026	745,000	4.000%	
2027	780,000	4.000%	
2028	495,000	4.000%	
2029	515,000	4.000%	
Totals	$5,315,000		
Call Date	October 1, 2020		

(a) Represents sinking fund redemption payment for term bond maturing on October 1, 2021.

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

Sources:	
Par Amount	$5,195,000.00
Reoffering Premium	461,770.25
Accrued Interest	8,685.00
Total Sources	$5,665,455.25
Uses:	
Cash Deposit for Refunding	$5,419,987.50
Underwriter's Discount	40,728.80
Insurance Premium	12,072.70
Costs of Issuance	183,981.25
Accrued Interest Deposit to the Debt Service Fund	8,685.00
Total Uses	$5,665,455.25

Refunded Bonds

In the Bond Order, the District will give irrevocable instructions to provide notice to the owners of the Refunded Bonds that the Refunded Bonds will be redeemed prior to stated maturity on which date money will be made available to redeem the Refunded Bonds from money held by the paying agent for the Refunded Bonds, BOKF, N.A. (the "Paying Agent for the Refunded Bonds").

Proceeds from the sale of the Bonds will be used to refund the Refunded Bonds in order to lower the District's overall debt service and to pay costs of issuing the Bonds. The Refunded Bonds and the interest due thereon are to be paid on the date of redemption from funds to be deposited with the Paying Agent for the Refunded Bonds.

The Bond Order provides that from a portion of the proceeds of the sale of the Bonds to the underwriter listed on the cover page hereof (the "Underwriter"), together with other legally available funds of the District, if any, the District will deposit with the Paying Agent for the Refunded Bonds, the amount necessary to accomplish the discharge and final payment of the Refunded Bonds.'

Ritz & Associates PA, A Professional Association, a firm of independent certified public accountants, will verify at the time of delivery of the Bonds to the Underwriter thereof the mathematical accuracy of the schedules that demonstrate the funds on deposit with the Paying Agents for the Refunded Bonds will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. Such funds on deposit with the Paying Agents for the Refunded Bonds will not be available to pay the Bonds. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS."

By the deposit of the cash with the Paying Agent for the Refunded Bonds, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of Chapter 1207, Texas Government Code, and 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, and such Refunded Bonds will be deemed to be fully paid and no longer outstanding, except for the purpose of being paid from the funds deposited with the Paying Agent for the Refunded Bonds.

Book-Entry-Only System

This section describes how ownership of the Bonds are to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by 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 Underwriter believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.

The District and the Underwriter cannot and do 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.

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for the Bonds, in the aggregate principal amount of such issue, 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 a 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 companies 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 DTC Participants, which will receive a credit for such purchases 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 or 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 interest 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 the 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 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.

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

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

Redemption proceeds and principal and interest 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 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 nor its nominee, Paying Agent/Registrar or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or Paying Agent/Registrar, disbursement of such payments to Direct Participants shall 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 securities depository with respect to the Bonds at any time by giving reasonable notice to the District or Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds 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, Bonds will be printed and delivered.

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

Registration and Transfer

The Bonds will be transferable only on the bond register kept by the Paying Agent/Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal aggregate principal of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the principal office of the Paying Agent/Registrar in Houston, Texas. No service charge will be made for any registration, transfer or exchange of Bonds, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Neither the District nor the Paying Agent/Registrar is required to issue, transfer or exchange any Bond during the period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date or to transfer or exchange any Bond selected for redemption, in whole or in part, beginning 15 calendar days prior to the date of the first mailing of any notice of redemption and ending at the close of business on the date of such mailing, or to transfer or exchange any Bond called for redemption during the thirty (30) day period prior to the date fixed for redemption of such Bond.

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds maturing on or after October 1, 2027, in whole or in part in principal amounts of $5,000 or any integral multiple thereof on October 1, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the Paying Agent/Registrar shall select by lot those Bonds to be redeemed.

At least thirty (30) days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption by depositing such notice in the United States mail, first class, postage prepaid, addressed to each such registered owner at his address shown on the registration books of the Paying Agent/Registrar; provided, however, that the failure to receive such notice shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or the portions thereof which are to be so redeemed, plus accrued interest to the date fixed for redemption. If a portion of any Bond shall be redeemed, a substitute Bond having the same maturity date, bearing interest at the same rate, in any integral multiple of $5,000, and in aggregate principal amount equal to the unredeemed position thereof, will be issued to the registered owner upon the surrender of the Bonds being redeemed, at the expense of the District, all as provided for in the Bond Order.

Ownership

The District, the Paying Agent/Registrar and any agent of either may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of receiving payment of the principal and the interest thereon, and for all other purposes, whether or not such Bond is overdue. Neither the District, the Paying Agent/Registrar nor any agent of either shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the owner of any Bond in accordance with the Bond Order shall be valid and effective and shall discharge the liability of the District and the Paying Agent/Registrar for such Bond to the extent of the sums paid.

Source of and Security for Payment

The Bonds and the Outstanding Bonds (as hereinafter defined) (together with any additional unlimited tax or combination unlimited tax bonds as may hereafter be issued) are payable as to principal and interest from the proceeds of a continuing, direct, annual ad valorem tax without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Order, the District covenants to levy annually a tax sufficient in amount to pay principal of and interest on the Bonds, full allowance being made for delinquencies and costs of collection. Collected taxes will be placed in the District's Debt Service Fund and used solely to pay principal and interest on the Bonds, the Outstanding Bonds and on any additional bonds payable from taxes which may be issued. See "Issuance of Additional Debt" below.

The Bonds are further payable from and secured by a pledge of and lien on certain Net Revenues, if any, of the District's water, wastewater and storm water drainage facilities serving land within the District (the "System"). Net Revenues are defined in the Bond Order as all income or increment which may grow out of the ownership and operation of the District's System, less such funds as reasonably may be required to provide for the administration, efficient operation and adequate maintenance of the District's plants, facilities and improvements. It is not expected that the Net Revenues from the District's System will ever be used to pay debt service on the Bonds. The Net Revenues are entirely dependent upon the sale of water and sewer services to users in the District.

Replacement of Paying Agent/Registrar

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

Authority for Issuance

The District has previously issued seventeen installments of bonds in the aggregate principal amount of $44,830,000 for waterworks, sanitary sewer and drainage facilities authorized at various elections held within the District for that purpose in 1971, 1981, 1999 and 2003. An aggregate of $24,435,000 principal amount of unlimited tax and revenue bonds will remain authorized but unissued. Additionally, unlimited tax and revenue refunding bonds in the amount of 150% of the remaining outstanding bonds have been authorized by the District's voters. See "Issuance of Additional Debt."

The Bonds are issued pursuant to the Bond Order; Chapters 49 and 54 of the Texas Water Code, as amended; Chapter 1201, Texas Government Code, as amended; and Article XVI, Section 59 of the Texas Constitution.

Outstanding Debt

In addition to bonds issued by the District that have been retired or refunded, the District has previously issued $5,315,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2011 (the "Series 2011 Bonds"); $5,960,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2012 (the "Series 2012 Refunding Bonds"); $1,220,000 Unlimited Tax and Revenue Bonds, Series 2012 (the "Series 2012 Bonds); $9,760,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"); $3,565,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds"); $6,180,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2015 (the "Series 2015

Refunding Bonds"); $2,600,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2016 (the "Series 2016 Bonds"); and $3,980,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2017 (the "Series 2017 Bonds").

As of June 1, 2020, $1,155,000 of the Series 2011 Bonds; $5,315,000 of the Series 2012 Refunding Bonds; $680,000 of the Series 2012 Bonds; $8,545,000 of the Series 2013 Refunding Bonds; $2,875,000 of the Series 2014 Refunding Bonds; $5,650,000 of the Series 2015 Refunding Bonds; $2,225000 of the Series 2016 Bonds; and $3,865,000 of the Series 2017 Bonds remain outstanding (collectively, the "Outstanding Bonds"). The District has timely made payments due on the Outstanding Bonds.

Issuance of Additional Debt

The District may issue additional bonds to provide those improvements for which the District was created. Following the issuance of the Bonds, $24,435,000 unlimited tax and revenue bonds authorized by the District's voters will remain unissued. The District does not expect to issue additional bonds within the next year.

According to the District's Engineer, the remaining authorized but unissued bonds will be sufficient to extend the utility system to the remaining undeveloped acres within the District. Depending upon the rate of development and increases in assessed valuation of taxable property within the District and the amount, maturity schedule and time of issuance of such additional bonds, increases in the District's annual tax rate may be required to provide for the payment of the principal of and interest on such additional bonds, the Outstanding Bonds and the Bonds. Additional tax bonds and/or tax and revenue bonds may be voted in the future. The Board is further empowered to borrow money for any lawful purpose and pledge the revenues of the waterworks and sewer system therefor and to issue bond anticipation notes and tax anticipation notes.

The Bond Order imposes no limitation on the amount of additional bonds which may be issued by the District. Any additional bonds issued by the District may be on a parity with the Bonds, and may dilute the security of the Bonds.

Defeasance

The Bond Order provides that the obligation of the District to make money available to pay the principal of and interest on the Bonds may be terminated by the deposit of money and/or non-callable direct or indirect Bonds of the United States of America, sufficient for such purpose, in the manner described in the Bond Order.

Mutilated, Lost, Stolen or Destroyed Bonds

The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds to the Paying Agent/Registrar, or receipt of satisfactory evidence of such destruction, loss or theft, and receipt by the District and Paying Agent/Registrar of security or indemnity as may be required by either of them to hold them harmless. The District may require payment of taxes, governmental charges and other expenses in connection with any such replacement.

Annexation and Consolidation

The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas (the "City"). Under prior Texas law, a municipality could annex and dissolve a utility district located within its extraterritorial jurisdiction without consent of the district or its residents. Under House Bill 347 approved during the 86th Regular Legislative Session ("HB 347"), (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the district through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests annexation. As of the date hereof, the District had an estimated population in excess of 200, thus triggering the voter approval and/or landowner consent requirements discussed in clause (b) above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the District.

The District has the right to consolidate with other districts and, in connection therewith, to provide for the consolidation of its water and sewer system with the water and sewer systems of the district or districts with which it is consolidating. Should any such consolidation occur, the net revenues from the operation of the consolidated system would be applied to the payment of principal, interest, redemption price and bank charges on the combination unlimited tax and revenue bonds of the District, if any, and of the district or districts with which the District is consolidated without prejudice to any series of bonds, except that bonds with subordinate liens on net revenues shall continue to be subordinate. No representations are made that the District will ever consolidate its utility system with other systems.

Amendments to the Bond Order

The District may, without the consent of or notice to any registered owners, amend the Bond Order in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency or formal defect or omission therein. In addition, the District may, with the written consent of the registered owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, add to or rescind any of the provisions of the Bond Order; provided that, without the consent of the registered owners of all of the Bonds affected, no such amendment, addition or rescission may (a) extend the time or times of payment of the principal of and interest (or accrual of interest) on the Bonds, or reduce the principal amount thereof or the rate of interest thereon or in any other way modify the terms of payment of the principal of or interest on the Bonds, (b) give preference of any Bond over any other Bond, or (c) extend any waiver of default to subsequent defaults. In addition, a state, consistent with federal law, may in the exercise of its police power make such modifications in the terms and conditions of contractual covenants relating to the payment of indebtedness of a political subdivision as are reasonable and necessary for attainment of an important public purpose.

Registered Owners' Remedies and Effects of Bankruptcy

The Bond Order provides that, in the event the District defaults in the observance or performance of any covenant in the Bond Order, including payment when due of the principal of and interest on the Bonds, any registered owner may apply for a writ of mandamus from a court of competent jurisdiction requiring the Board or other officers of the District to observe or perform any covenants, obligations or conditions prescribed by the Bond Order. Such right is in addition to other rights of the registered owners of the Bonds that may be provided by the laws of the State of Texas.

The Bond Order does not provide additional remedies to a registered owner. Specifically, the Bond Order does not provide for appointment of a trustee to protect and enforce the interests of the registered owners or for the acceleration of maturity of the Bonds upon the occurrence of a default in the District's obligations. Consequently, the remedy of mandamus may have to be relied upon from year to year by the registered owners.

Under Texas law, no judgment obtained against the District may be enforced by execution or a levy against the District's public purpose property. The registered owners cannot themselves foreclose on taxable property within the District or sell property within the District in order to pay principal of and interest on the Bonds. In addition, the enforceability of the rights and remedies of the registered owners may be subject to limitation pursuant to federal bankruptcy laws or other similar laws affecting the rights of creditors of political subdivisions.

Bankruptcy Limitation to Registered Owners' Rights

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

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

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to Chapter 1201, Texas Government Code, and Section 49.186, Texas Water Code, the Bonds, whether rated or unrated, are (a) legal investments for banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and (b) legal investments and lawful security for the public funds of the State, and all agencies, subdivisions, and instrumentalities of the State, including all counties, cities, towns, villages, school districts, and other political subdivisions or public agencies of the State of Texas. The Bonds are also eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State of Texas or any political subdivision or public agency of the State of Texas and are lawful and sufficient security for those deposits to the extent of their market value.

Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than "A" or its equivalent to be legal investments for such entity's funds. The District makes no representation that the Bonds will be acceptable to banks, savings and loan associations or public entities for investment purposes or to secure deposits of public funds. The District has made no investigation of other laws, regulations or investment criteria which might apply to or otherwise limit the suitability of the Bonds for investment or collateral purposes. Prospective purchasers are urged to carefully evaluate the investment quality of the Bonds as to the suitability of the Bonds for investment or collateral purposes.

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 Appendix B to this Official Statement.

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

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 July 16, 2020, S&P announced that it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further rating actions that S&P may take.

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 August 13, 2019, Moody's announced that it had 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 of AGM 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) pic ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

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

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 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."

THE DISTRICT

Authority

Meadowhill Regional Municipal Utility District was created as Dove Meadows Municipal Utility District pursuant to Article XVI, Section 59 of the Texas Constitution by special act of the 62nd Legislature of Texas, 1971 Regular Session, Art. 8280-525, V.A.C.S. On September 24, 2001, the Texas Natural Resource Conservation Commission (predecessor to the TCEQ) issued *An Order Approving A Request By Dove Meadows Municipal Utility District To Change Its Name To Meadowhill Regional Municipal Utility District*, effective as of that date. The District is vested with all of the rights, privileges, authority, and functions conferred by the general laws of the State applicable to municipal utility districts, including without limitation those conferred by Chapter 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate, acquire, own, and maintain all water and wastewater facilities, improvements and the control and diversion of storm water. The District is additionally empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, and to issue bonds for such purposes, after approval by the City of Houston and the TCEQ and the District's voters. The District is subject to the continuing supervisory jurisdiction of the TCEQ.

Description

Originally created with 191.7686 acres, through various annexations, the District currently encompasses approximately 911.9182 acres. The District is located approximately 25 miles northwest of Houston's central business district, 2 miles west of U.S. Interstate Highway 45 and approximately 12 miles northwest of Houston's Intercontinental Airport. The northern boundary of the District, except for the approximately 64-acre Forest Ridge subdivision and the 4.4 acre Lindsey Tract, is Spring-Stuebner Road. Property in the District fronts on both the north and south sides of FM 2920. The southern border of the District is located south of Spring Cypress Road east of Falvel Road. The District lies entirely within the exclusive extraterritorial jurisdiction of the City of Houston and is located within the Klein Independent School District.

Land within the District is primarily single-family residential in nature, but also includes significant commercial and multifamily development along the major thoroghfares. Undeveloped acreage generally consists of partially open fields with small clusters of trees and underlying brush. The District lies in an elevated area between Spring and Cypress Creeks, and according to the Federal Emergency Management Agency's Flood Insurance Rate Maps for Harris County effective June 18, 2007, all of the land located within the District lies outside the 100-year flood plain except for small areas located within the drainage channels, right of way, or immediately adjacent to it, of the Harris County Flood Control District Channel No. K-124-02-00 and No. K-120-03-00. The average ground elevation varies from 139 feet mean sea level ("msl") to approximately 128 feet msl, and has a natural drainage toward the Harris County Flood Control District's drainage ditches.

Management of the District

The District is governed by the Board of Directors, consisting of five directors, which has management control over and management supervision of all affairs of the District. All Board members own property and/or reside within the District. Directors are elected to serve four-year staggered terms. Elections are held within the District in May of each even-numbered year. The current members and officers of the Board are as follows:

Name	Title	Term Expires
Alan E. Liczwek	President	May, 2022
Douglas Larkins	Vice President	May, 2024
Edward Varosky	Secretary/Treasurer	May, 2024
Michael Gleason	Assistant Secretary/Treasurer	May, 2022
Cassandra Woods	Director	May, 2022

The District contracts for the services indicated below:

Auditor - The District's audited financial statements for the year ended September 30, 2020 were prepared by McCall Gibson Swedlund Barfoot PLLC, Houston, Texas, Certified Public Accountants. A copy of such audit appears herein as Appendix A.

Bond Counsel - The District employs Johnson Petrov LLP, Houston, Texas, as general counsel and as Bond Counsel in connection with the issuance of the Bonds. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of Bonds actually issued and sold; and therefore, such fees are contingent on the sale and delivery of the Bonds. See "LEGAL MATTERS."

Financial Advisor - The District's financial advisor is Blitch Associates, Inc., Houston, Texas.

Engineer - The consulting engineer for the District is IDS Engineering Group, Inc.

Operator - The District’s System is operated by TNG Utility Corp., Spring, Texas

Tax Assessor/Collector - The District's Tax Assessor/Collector is Bob Leared Interests, Inc., Houston, Texas.

Development

Land within the District has been developed as the completed residential subdivisions of Dove Meadows, Sections 1-6; Windsor Forest; Covington Bridge, Sections 1-2; Spring Landing, Sections 1-2; Hannover Village, Sections 1-4; Meadowhill Run; Forest Ridge, Sections 1-3; and the Park at Meadowhill Run, Sections 1-5. As of June 2020, there were approximately 2,530 single family homes constructed in the District. The District also contains significant commercial and multifamily developments totaling approximately 190 acres located along the three major thoroughfares traversing the District. The 113 Acre Kenroc mixed use development is partially developed and contains two apartment complexes, one hotel, one large office building, and a number of retail and restaurant buildings. There are two other apartment complexes. In addition, there are approximately six small retail and commercial strip centers and another approximately 29 individual commercial buildings located within the District outside of the Kenroc development.

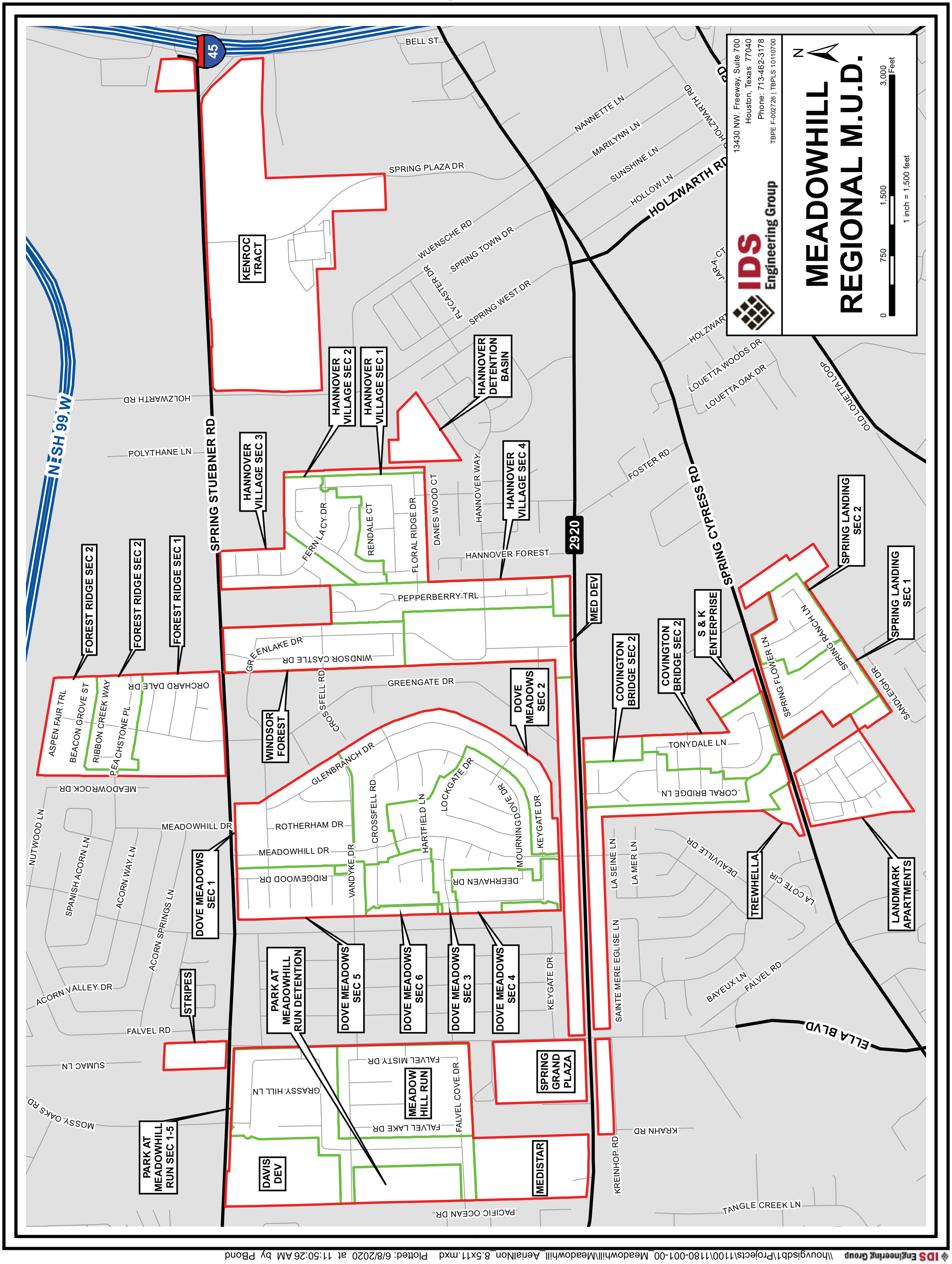
Summary of Acreage

	Acres (Approx.)
Developed from Proceeds of the Outstanding Bonds	743.60
Remaining Developable Acreage	134.32
Plan and Detention Sites	32.50
Streets and Easements	1.50
Total Acres in District	911.92

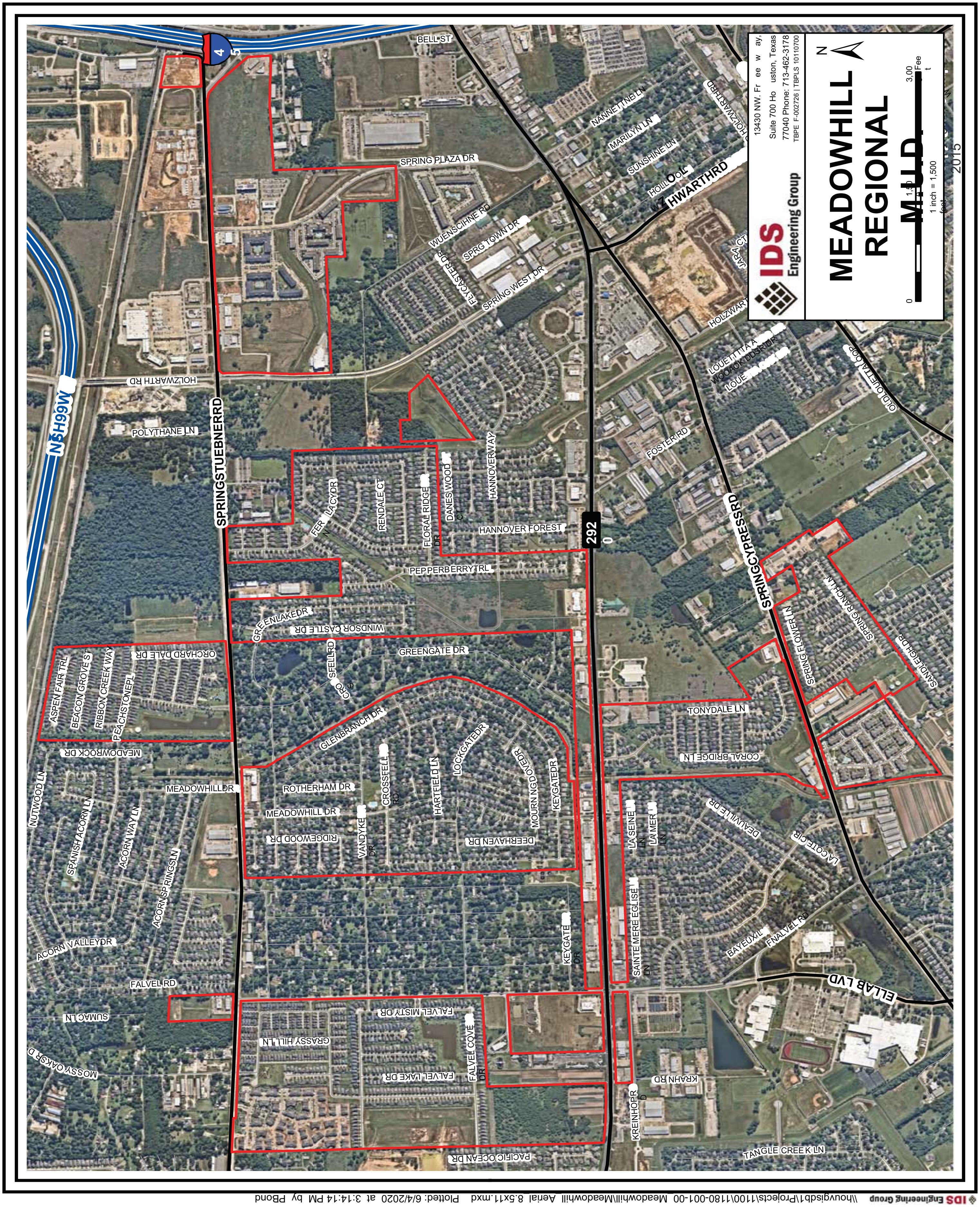
The Developers

All planned single family residential subdivisions are complete and built out. The Kenroc commercial subdivision utilities are mostly complete. Individual building construction within Kenroc continues and currently the 350 unit Alexan Woodcreek Apartments, a 102 room Holiday Inn Express, a Daug Haus restaurant and a 7-11 convenience store are nearing completion. Davis Development is constructing the 350 unit Spring Stuebner Apartmentes on Spring Stuebner Road east of Falvel Road. Pisula Development has recently completed their Phase 2 retail/office strip centerl on FM 2920.

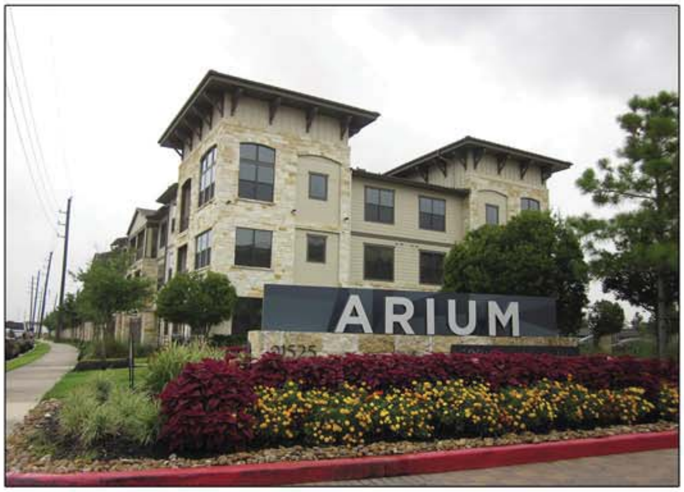
Map of the District



Aerial Map of the District



Photographs Taken in the District (June 2020)


ARIUM


DUNKIN'
DONUTS


ALEXAN EXCHANGE


INVINCIBLE FITNESS






DISTRICT DEBT
(Unaudited)

Debt Statement

2019 Taxable Assessed Valuation (100% of Market Value)		$621,610,648	(a)
Estimated Taxable Valuation as of January 1, 2020		$652,822,454	(b)
Direct Debt			
Outstanding Bonds (As of June 1, 2020)		$30,310,000	
Less: The Refunded Bonds		(5,315,000)	
The Bonds		5,195,000	
Total Direct Debt		$30,190,000	
Estimated Overlapping Debt		35,208,197	(c)
Direct and Estimated Overlapping Debt		$65,398,197	
Direct Debt Ratios:	***Est. 1/1/20 A.V.***	***2019 A.V.***	
Direct Debt to Value	4.62%	4.86%	
Direct & Estimated Overlapping Debt to Value	10.02%	10.52%	
Average Annual Debt Service Requirements (2020/37)		$2,239,130	
Maximum Annual Debt Service Requirements (2034)		$2,374,963	
Fund Balances as of June 15, 2020 (Cash & Investments)			
General Fund		$6,284,993	
Debt Service Fund		$4,042,994	
Capital Projects Fund		$75,091	

(a) Certified by the Harris County Appraisal District (the "Appraisal District"). See "TAX PROCEDURES."
(b) Provided by the Appraisal District for informational purposes only; represents the estimate of the taxable value of all taxable property located within the District as of January 1, 2020. This estimated value is provided for informational purposes only. Taxes will be levied against the final assessed valuation in the District following the resolution of protests and other adjustments. See "TAX PROCEDURES."
(c) See "Estimated Overlapping Debt."

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdiction and/or the Texas Municipal Reports. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes. See "TAX DATA--Estimated Overlapping Taxes."

Jurisdiction	*Debt As Of June 1, 2020*	*Overlapping Percent*	*Overlapping Amount*
Harris County (a)(b)	$2,105,487,125	0.128%	$2,695,024
Harris County Department of Education	6,320,000	0.128%	8,090
Harris County Flood Control District	83,075,000	0.128%	106,336
Harris County Hospital District	86,050,000	0.128%	110,144
Klein Independent School District	1,098,240,000	2.721%	29,883,110
Lone Star College System	570,855,000	0.293%	1,672,605
Port of Houston Authority	572,569,397	0.128%	732,889
Estimated Overlapping Debt			$35,208,197
The District			30,190,000
Total Direct & Estimated Overlapping Debt			$65,398,197

(a) Includes $220,305,000 Toll Road Bonds assumed to be self-supporting.
(b) Includes $406,485,000 Flood Control District Contract Bonds, paid from Harris County ad valorem taxes.

Debt Service Schedule

The following sets forth the debt service requirements on the District's Outstanding Bonds and the Bonds. (*Note: Totals may not add due to rounding*)

Year	*Outstanding Debt Service*	*Refunded Debt Service*	*The Bonds Principal*	*The Bonds Interest*	*The Bonds Total D/S*	*Grand Total Debt Service*
2020	$2,367,056	($179,988)	$110,000	$28,950	$138,950	$2,326,019
2021	2,367,669	(283,288)	65,000	169,300	234,300	2,318,681
2022	2,365,806	(821,600)	605,000	166,700	771,700	2,315,906
2023	2,367,006	(822,000)	630,000	142,500	772,500	2,317,506
2024	2,366,106	(826,400)	660,000	117,300	777,300	2,317,006
2025	2,368,406	(834,600)	690,000	90,900	780,900	2,314,706
2026	2,368,706	(846,400)	730,000	63,300	793,300	2,315,606
2027	2,366,481	(851,600)	765,000	34,100	799,100	2,313,981
2028	2,366,288	(535,400)	465,000	18,800	483,800	2,314,688
2029	2,370,156	(535,600)	475,000	9,500	484,500	2,319,056
2030	2,368,269					2,368,269
2031	2,372,806					2,372,806
2032	2,371,913					2,371,913
2033	2,371,913					2,371,913
2034	2,374,963					2,374,963
2035	2,372,263					2,372,263
2036	1,441,463					1,441,463
2037	1,457,588					1,457,588
	$40,804,856	($6,536,875)	$5,195,000	$841,350	$6,036,350	$40,304,331

Average Annual Debt Service (2020/2037)	$ 2,239,130
Maximum Annual Debt Service (2034)	$ 2,374,963

Historical Operations of the Debt Service Fund

The following statement sets forth in condensed form the historical operations of the District's Debt Service Fund. Such information has been prepared based upon information obtained from the District's audited financial statements and other information provided by the District. Reference is made to such statements for further and complete information.

	Fiscal Years Ended September 30,				
	2019	***2018***	***2017***	***2016***	***2015***
Revenues					
Property Tax	$2,481,675	$2,470,185	$2,412,228	$2,005,284	$1,659,854
Penalty & Interest	61,112	46,224	33,743	26,570	21,535
Interest & Other Income	71,560	38,062	10,611	5,081	4,896
Total Revenues	$2,614,347	$2,554,471	$2,456,582	$2,036,935	$1,686,285
Expenditures					
Principal	$1,280,000	$1,200,000	$1,050,000	$1,075,000	$970,000
Interest & Fees	1,072,994	1,049,079	954,481	956,015	900,190
Cost of Collection	107,337	104,219	79,044	80,518	68,995
Total Expenditures	$2,460,281	$2,353,298	$2,083,525	$2,111,533	$1,939,185
Net Revenues (Expenditures)	$154,066	$201,173	$373,057	($74,598)	($252,900)
Fund Balance (October 1)	4,127,525	3,926,352	3,553,295	3,627,893	3,883,591
Proceeds of Bonds (Net)	0	0	0	0	(2,798)
Fund Balance (September 30)	$4,281,591	$4,127,525	$3,926,352	$3,553,295	$3,627,893
Cash & Investments (Sep 30)(a)	$4,304,202	$4,151,597	$3,943,536	$3,568,795	$3,636,054

(a) The Auditor has adjusted the Debt Service Fund to record the October 1 debt service payment in the period due rather than when paid. Accordingly, both the Fund Balance and the Cash & Investments at September 30 include the October 1 payment.

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in sufficient amount to pay the principal of and interest on the District’s Outstanding Bonds, the Bonds and any additional bonds payable from taxes which the District may hereafter issue, and to pay the expenses of assessing and collecting such taxes. The Board is also authorized to levy and collect annual ad valorem taxes for the administration, operation and maintenance of the District and its properties and for the payment of certain contractual obligations other than bonds if such taxes are authorized by vote of the District's electors at an election. At an election held within the District on November 29, 1971, the voters in the District authorized the levy of a maintenance and operation tax without limitation as to rate. Currently, a maintenance and operation tax of $0.315 per $100 assessed value is levied within the District.

Property Tax Code and County-Wide Appraisal Districts

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; certain farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons, to the extent deemed advisable by the Board of Directors of the District. The District currently grants a homestead exemption of $70,000 to persons who are 65 years of age or older and to disabled homestead owners. The District may be required to offer such exemptions if a majority of voters approve same at an election. The District would be required to call an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces, if requested, but only to the maximum extent of between $5,000 and $12,000 depending upon the disability rating of the veteran claiming the exemption. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. This exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. Also, the surviving spouse of a member of the armed forces who was killed in action is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption may be transferred to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

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

Residential Homestead Exemption: The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District currently grants the 20% homestead exemption.

Freeport Goods Exemption: A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas), and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas which are destined to be forwarded outside of Texas and which are detained in Texas for assembling, storing, manufacturing, processing or fabricating for less than 175 days. Although certain taxing units may take official action to tax such property in transit and negate such exemption, the District does not have such an option. A "Goods-in-Transit" Exemption is applicable to the same categories of tangible personal property which are covered by the Freeport Exemption, if, for tax year 2012 and prior applicable years, such property is acquired in or imported into Texas for assembling, storing, manufacturing, processing, or fabricating purposes and is subsequently forwarded to another location inside or outside of Texas not later than 175 days after acquisition or importation, and the location where said property is detained during that period is not directly or indirectly owned or under the control of the property owner. For tax year 2013 and subsequent years, such Goods-in-Transit Exemption includes tangible personal property acquired in or imported into Texas for storage purposes only if such property is stored under a contract of bailment by a public warehouse operator at one or more public warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

The County or the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City (after annexation of the land within the District), the County, and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. Currently, no part of the District has been designated as a reinvestment zone.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Tax Code. Nevertheless, certain land may be appraised at less than market value, as such is defined in the Tax Code. The Texas Constitution limits increases in the appraised value of residence homesteads to 10 percent annually regardless of the market value of the property.

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

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

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a timely petition for review in district court. 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 compel compliance with the Property Code.

The Property Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Property 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.

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

Under current law, the qualified voters of the District have the right to petition for a rollback of the District's operation and maintenance tax rate only if the total tax bill on the average residence homestead increases by more than eight percent. If a rollback election is called and passes, the rollback tax rate is the current year's debt service and contract tax rates plus 1.08 times the previous year's operation and maintenance tax rate. Thus, debt service and contract tax rates cannot be changed by a rollback election.

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

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

Special Taxing Units

Special Taxing Units that adopt a total tax rate that would impose more than1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts

Developed Districts that adopt a total tax rate that would impose more than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

Developing Districts

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

The District

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

District's Rights in the Event of Tax Delinquencies

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

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

Reappraisal of Property after Disaster

The Texas Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are pro rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property. Although the Texas governor declared Harris County (and therefore the District) a disaster area after Hurricane Harvey, the District did not authorize a reappraisal of property in the District.

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the tax payer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date. The District does not anticipate that taxpayers in the District, if any, that choose to pay taxes in installments as a result of Hurricane Harvey will have a material effect on the District's finances or its ability to pay debt service on the Bonds.

TAX DATA

General

All taxable property within the District is subject to the assessment, levy and collection by the District of a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Outstanding Bonds, the Bonds, and any future tax-supported bonds which may be issued from time to time as may be authorized. Taxes are levied by the District each year against the District's assessed valuation as of January 1 of that year. Taxes become due October 1 of such year, or when billed, and become delinquent after January 31 of the following year. 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 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.

Tax Collection History

The following table indicates the collection history for taxes assessed by the District:

Tax Year	Assessed Valuation	Debt Tax Rate	M&O Tax Rate	Total Tax Rate	Tax Levy	Percent Current	Percent Total	Yr. End Sept. 30
2004	$164,535,45	$0.750	$0.230	$0.980	$1,605,57	98.47%	99.66%	2005
2005	190,386,776	0.775	0.205	0.980	1,835,023	98.38%	99.61%	2006
2006	219,164,901	0.720	0.260	0.980	2,131,968	97.37%	99.80%	2007
2007	261,179,698	0.695	0.285	0.980	2,514,182	97.23%	99.87%	2008
2008	290,577,057	0.725	0.255	0.980	2,798,822	98.67%	101.43%	2009
2009	291,058,395	0.725	0.215	0.940	2,683,853	98.40%	99.77%	2010
2010	287,565,809	0.725	0.215	0.940	2,697,053	97.72%	99.54%	2011
2011	287,861,877	0.712	0.228	0.940	2,699,980	99.02%	106.11%	2012
2012	272,802,856	0.772	0.168	0.940	2,569,982	98.91%	99.88%	2013
2013	289,503,175	0.700	0.175	0.875	2,516,883	99.12%	101.96%	2014
2014	329,230,807	0.500	0.290	0.790	2,599,459	99.15%	100.52%	2015
2015	323,517,304	0.620	0.170	0.790	2,553,882	99.32%	100.23%	2016
2016	392,648,516	0.620	0.790	0.790	3,092,055	99.00%	99.41%	2017
2017	503,766,194	0.490	0.260	0.750	3,798,230	98.22%	99.32%	2018
2018	548,677,214	0.450	0.270	0.720	3,953,237	99.26%	100.38%	2019
2019	621,610,648	0.380	0.315	0.695	4,318,291	97.50%	98.33%	2020(a)

(a) Collections through 5/26/2020 only.

Principal Taxpayers

The following table, sets forth the District's principal taxpayers, was provided by the District's Tax Assessor/Collector based upon the 2019 and 2018 certified tax rolls (which reflect ownership of property as of January 1, 2019 and January, 2018, respectively) according to the records of the Appraisal District.

Name of Taxpayer	*Type of Property*	*2019 Taxable Ass'd Value*	*% of Total*	*2018 Taxable Ass'd Value*	*% of Total*
CPI Carroll Spring Crossing	Apartments	$40,749,737	6.56%	$29,637,188	5.40%
EAN Holdings LLC	Vehicles	40,527,263	6.52%	43,639,315	7.95%
Spring Cypress Apartments	Apartments	39,900,000	6.42%	35,235,000	6.42%
CRP / Maple Spring Owner	Apartments	27,429,196	4.41%	3,910,728	0.71%
K-Kies VII Ltd	Mini-Warehouses	10,575,736	1.70%	9,130,889	1.66%
Kenrock Tr 2 LP	Acreage	7,404,040	1.19%	5,671,980	1.03%
WSS Retail Shops at Spring	Shopping Center	6,420,917	1.03%	(a)	
Kenroc Tr 1 LP	Acreage	5,755,974	0.93%	4,687,007	0.85%
Pingree 2000 Real Estate	Office Building	5,562,547	0.90%	5,400,000	0.98%
2920 Med Dev Partners	Acreage	5,025,376	0.81%	5,025,376	0.92%
Michael J Carroll LLC ET	Shopping Center	(a)		3,879,890	0.71%
Totals		$189,350,786	30.47%	$146,217,373	26.65%

(a) Not among top ten this year.

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's tax base occurs beyond the 2019 Taxable Value ($621,610,648), or alternatively, beyond the Estimated Value as of January 1, 2020 ($652,822,454). The calculations assume collection of 98% of taxes levied and the sale of no additional bonds by the District.

Average Annual Debt Service Requirements (2020/2037)	$2,239,130
Tax Rate of $0.368 on the 2019 Taxable Value produces	$2,241,777
Tax Rate of $0.350 on the Estimated Value as of January 1, 2020 produces	$2,239,181
Annual Debt Service Requirements (2034)	$2,374,963
Tax Rate of $0.390 on the 2019 Taxable Value produces	$2,375,796
Tax Rate of $0.372 on the Estimated Value as of January 1, 2020 produces	$2,379,930

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the tax roll valuations for each of the years indicated:

	2019 Tax Year			*2018 Tax Year*		
	Amount	***Amount***	***Prct***	***Amount***	***Amount***	***Prct***
Land	$149,775,772		20.33%	$135,188,601		21.10%
Improvement	531,844,547		72.19%	449,662,398		70.18%
Personal	55,061,783		7.47%	55,917,515		8.73%
Total Appraised Value		$736,682,102			$640,768,514	
Less: Exemptions						
20% H/S Exempt	$60,043,923			$56,481,864		
Tax Exempt	11,621,424			10,741,559		
Over 65	24,800,232			13,640,000		
Disabled	5,245,882			4,006,314		
Other	13,633,831	115,345,292		7,221,563	92,091,300	
		$621,336,810			$548,677,214	

	2017 Tax Year			*2016 Tax Year*		
	Amount	***Amount***	***Prct***	***Amount***	***Amount***	***Prct***
Land	$128,453,372		21.62%	$117,742,932		24.20%
Improvements	430,007,250		72.38%	358,442,288		73.67%
Personal	35,647,185		6.00%	10,379,168		2.13%
Total Appraised Value		$594,107,807			$486,564,388	
Less: Exemptions						
20% H/S Exempt	$55,962,871			$52,166,199		
Tax Exempt	10,089,691			10,195,594		
Over 65	10,080,000			9,668,258		
Disabled	3,193,063			2,705,992		
Other	11,010,988	90,341,613		19,179,829	93,915,872	
		$503,766,194			$392,648,516	

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, a tax lien attaches to property to secure the payment of all taxes, penalty, and interest for the year, on January 1 of that year. The tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions, 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 Entities	*2019 Tax Rates*
Harris County	$0.407130
Harris Co. Department of Education	0.005000
Harris Co. Emergency Service District No. 7	0.099390
Harris Co. Emergency Service District No. 11	0.034707
Harris Co. Flood Control District	0.027920
Harris Co. Hospital District	0.165910
Klein Independent School District	1.360000
Lone Star College System	0.107800
Port of Houston Authority	0.010740
Overlapping Taxes	$2.218597
The District	0.695000
Total Direct & Overlapping Taxes	$2.913597

THE SYSTEM

Regulation

The water, wastewater and storm water drainage facilities serving land within the District were 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, Harris County Engineering Department, Harris County Flood Control District and the City of Houston. During construction, facilities are subject to inspection by the District's Engineer and the foregoing governmental agencies.

Operation of the District's System is subject to regulation by, among others, the United States Environmental Protection Agency, the TCEQ, Harris County Engineering Department and the City. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Description of the System

According to the District's Engineer, the total number of connections projected for the District at full development of approximately 911.9182 acres is approximately 4,790 equivalent single family connections ("ESFC"). Following the issuance of the Bonds, there will be $24,435,000 remaining in authorized but unissued bonds, which in the opinion of the Engineer, will be sufficient to serve the District at current projected build-out. A description of the primary components of the System follows and is based upon information supplied by the Engineer based in part on drawings and data furnished by others.

Proceeds of the sale of the District's outstanding bonds were used to finance the construction or acquisition of underground water supply, water distribution lines, wastewater collection lines, wastewater treatment plant, storm water drainage facilities, and the District's share of surface water conversion capital outlay (see "*Conversion to Surface Water*," below).

-Water Supply and Distribution-

The District's water supply is provided from three water wells. The District's Water Plant No. 1 obtains water from an onsite well currently producing approximately 1,268 gallons per minute ("gpm") and can serve up to 2,229 ESFCs. The District entered into a Water Supply Agreement with Shasla Public Utility District ("Shasla") dated February 14, 2002, in which the District agreed to purchase 50% of the capacity in a new well drilled by Shasla. The Shasla Joint Well, located on the Shasla Water Plant Site, currently produces approximately 1,106 gpm. Northwest Harris County Municipal Utility District No. 28 ("NW 28") owns capacity in Water Plant No. 1 and the Shasla Joint Well (see paragraph below). The District's Water Plant No. 2 uses 483 gpm from the Shasla well (equal to 87.40% of the District's share in the Shasla Well) and can serve up to 806 ESFCs. The District's Water Plant No. 3, which includes a 1,932 gpm on-site well, can serve up to 2,615 ESFCs. Thus, the District's combined water plant capacity is equivalent to 5,680 ESFCs, and the District's share of this capacity is 5,087 ESFCs.

In 1994 NW 28 contracted with the District to purchase water supply in Water Plant No. 1. After subsequent amendments, NW 28 currently owns, in most cases, 25% of the Water Plant No. 1 components and 12.6 % of the District's share of the Shasla Joint Well capacity, which together can serve up to 565 ESFCs. NW 28's portion of its service area served by the District's Water System has a projected build-out of 563 ESFCs.

Water lines have been extended to serve all of the lots within Dove Meadows, Sections 1-6; Windsor Forest; Covington Bridge, Sections 1-2; Spring Landing, Sections 1-2; Hannover Village, Sections 1-4; Meadow Hill Run; Forest Ridge, Sections 1-3; and The Park at Meadowhill Run, Sections 1-5, and approximately 190 acres of commercial reserves.

The District and Shasla have constructed an emergency water supply interconnect between the systems of the two districts for use during emergencies. Utilization of this interconnect is governed by the terms of the Amended and Restated Emergency Water Supply Contract, dated October 11, 2012. The District and Spring West Municipal Utility District have constructed an emergency water supply interconnect between the systems of the two districts for use during emergencies. Utilization of this interconnect is governed by the terms of an Emergency Interconnect Agreement, dated June 19, 2000. The District and Harris County Improvement District No. 18 have constructed an emergency water supply interconnect between the systems of the two districts for use during emergencies. Utilization of this interconnect is governed by the terms of an Emergency Interconnect Agreement, dated October 17, 2016.

According to the District's Engineer, the District's water supply and distribution facilities, including the capacity purchased from Shasla, will be sufficient to serve the District at anticipated build-out.

-Conversion to Surface Water-

The District is located within the boundaries of the Harris-Galveston Subsidence District ("Subsidence District") and the North Harris County Regional Water Authority ("NHCRWA"). The NHCRWA was created to provide for conversion of the area within its boundaries from groundwater usage to alternative sources of water supply (e.g., surface water). The NHCRWA covers an area located in northern Harris County and adjacent to the City of Houston. Pursuant to the Subsidence District's Regulatory Plan last amended in 2013 and the NHCRWA's Groundwater Reduction Plan (as approved by the Subsidence District), the area within the boundaries of the NHCRWA were converted to at least 30% alternate source (e.g., surface) water use in 2010, and must be converted to at least 60% alternate source water use by 2025, and 80% alternate source water use by 2035. To implement the required conversion to alternate source water use in accordance with such schedule, the NHCRWA has constructed and is operating a network of transmission and distribution lines, storage tanks, and pumping stations to transport and distribute water within the NHCRWA (the "NHCRWA System"). In addition, the NHCRWA has entered into a water supply contract to secure a long-term supply of treated surface water from the City of Houston.

The District is subject to and participates in the NHCRWA's Groundwater Reduction Plan. Accordingly, the District must pay a capital contribution to the NHCRWA to cover the District's proportionate share of the costs associated with the acquisition and construction of the NHCRWA System (including the costs associated with the acquisition of alternate sources of water supply). The District may alternatively elect to pay its share of such costs over time through payment of higher fees to the NHCRWA. Payment of such costs will entitle the District to participate in the NHCRWA surface water conversion project and to purchase water from or through the facilities of the NHCRWA. Noncompliance with the NHCRWA's Groundwater Reduction Plan and nonparticipation in the NHCRWA's surface water conversion project could result in the District's exclusion from the NHCRWA's Groundwater Reduction Plan and assessment of the Subsidence District's disincentive fee (currently $9.24 per 1,000 gallons) against groundwater pumped from wells located within the District.

Groundwater pumped from wells located within the District is not currently subject to the Subsidence District's groundwater disincentive fee. However, groundwater pumped from wells located within the District is currently subject to a $3.85 per 1,000 gallon pumpage fee (the "Pumpage Fee), that is assessed and collected by the NHCRWA pursuant to the NHCRWA's Groundwater Reduction Plan. The Pumpage Fee is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to finance the acquisition and construction of surface water infrastructure (whether such costs are incurred directly by the District or through projects undertaken by the NHCRWA). The NHCRWA has issued Senior Lien Revenue Bonds, currently outstanding in the aggregate principal amount of $1,736,215,000, to finance costs related to the design, acquisition and construction of Phase I of the Surface Water Facilities. Such bonds are secured by revenues of the NHCRWA, including the pumpage fee.

-Wastewater Collection and Treatment-

The District's wastewater is being treated at a 1,800,000 gallon per day ("gpd") regional wastewater treatment plant owned jointly with NW 28 and Shasla. The District owns 1,282,500 gpd of capacity in such plant, which is sufficient to serve approximately 4,933 equivalent single family connections based on 260 gallons per day per equivalent connection. The participants also share in the cost of operating and maintaining the wastewater treatment plant.

Sanitary sewer lines have been extended to serve all of the lots within Dove Meadows, Sections 1-6; Windsor Forest; Covington Bridge, Sections 1-2; Spring Landing, Sections 1-2; Hannover Village, Sections 1-4; Meadow Hill Run; Forest Ridge, Sections 1-3; The Park at Meadowhill Run, Sections 1-5; and approximately 171 acres of commercial reserves. The District's wastewater collection and treatment facilities are sufficient to serve the District at currently anticipated full development, according to the District's Engineer.

- Stormwater Drainage -

Storm sewer lines have been extended to serve all of the lots within Dove Meadows, Sections 1-6; Windsor Forest; Covington Bridge, Sections 1-2; Spring Landing, Sections 1-2; Hannover Village, Sections 1-4; Meadow Hill Run; Forest Ridge, Sections 1-3; The Park at Meadowhill Run, Sections 1-5; and approximately 150 acres of commercial reserves. All of these subdivisions and commercial reserves drain to one of the following HCFCD channels: Kothman Gully, HCFCD Channel K-124-02-00l; Bonds Gulley, HCFCD Channel K-124-05-00; Senger Gulley, HCFCD Channel K-120-01-00; or Wunsche Gulley, HCFCD Channel K-120-03-00. Depending on the HCFCD design criteria in effect at the time of development, some of these developments are served by either private or public stormwater detention basins.
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According to the Federal Emergency Management Agency's Flood Insurance Rate Maps for Harris County effective June 18, 2007, all of the land located within the District lies outside the 100-year flood plain except for small areas located within or immediately adjacent to HCFCD drainage channel rights of way, except for the Kenroc Tract.

Rate Order

The District's utility rate order, which is subject to change from time to time by Board, is summarized in part below and was approved on February 22, 2019:

-Water Rates-

Single Family Homes	
First 5,000 gallons	$14.00 (minimum)
Next 5,000 gallons	$1.00 per 1,000 gallons
Next 10,000 gallons	$1.25 per 1,000 gallons
Next 10,000 gallons	$1.50 per 1,000 gallons
Over 30,000 gallons	$2.00 per 1,000 gallons
Commercial	
First 10,000 gallons	$32.00 (minimum)
Next 10,000 gallons	$1.25 per 1,000 gallons
Next 10,000 gallons	$1.50 per 1,000 gallons
Next 10,000 gallons	$2.50 per 1,000 gallons
Next 20,000 gallons	$5.00 per 1,000 gallons
Over 60,000 gallons	$7.50 per 1,000 gallons

In addition, each water customer will pay 110% of the NHCRWA pumpage fee per 1,000 gallons of usage.

-Sewer Rates-

Single Family Homes	
First 10,000 gallons	$30.00 (minimum)
Next 15,000 gallons	$1.25 per 1,000 gallons
Over 25,000 gallons	$1.50 per 1,000 gallons
Commercial	
First 5,000 gallons	$12.00 (minimum)
Next 20,000 gallons	$1.25 per 1,000 gallons
Next 20,000 gallons	$2.00 per 1,000 gallons
Next 20,000 gallons	$5.00 per 1,000 gallons
Over 65,000 gallons	$7.00 per 1,000 gallons

Historical Operations of the General Operating Fund

The following statement sets forth in condensed form the historical operations of the District's General Operating Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such information has been prepared based upon information obtained from the District's audited financial statements (except for the eight-month period ended May 31, 2020, which was extracted from unaudited District records), reference to which is made for further and complete information.

	10/1/2019 to	Fiscal Year Ended September 30,				
	5/31/20(a)	2019	2018	2017	2016	2015
Revenues						
Utility Revenue	$1,875,035	$2,741,608	$2,675,281	$2,423,425	$2,018,852	$1,870,500
Maintenance Tax	1,915,434	1,486,724	1,302,366	661,704	553,410	953,231
Tap Connection	39,465	284,731	272,443	403,126	200,263	440,896
Other	152,519	237,887	156,006	134,570	266,135	108,125
Total Revenues	$3,982,453	$4,750,950	$4,406,096	$3,622,825	$3,038,660	$3,372,752
Expenditures						
Contracted Services	$590,511	$859,832	$803,646	$777,106	$750,898	$723,671
Purchased Sewer Service	1,125,924	1,698,531	1,315,327	1,089,120	887,146	782,711
Repairs & Maintenance	150,096	334,143	349,977	294,490	245,263	230,905
Operating Expenditures	227,843	305,025	278,774	328,416	370,556	205,676
Utilities	23,350	102,444	91,612	79,553	70,575	67,898
Professional Fees	155,943	240,464	303,189	257,152	210,094	260,574
Capital Outlay	0	26,445	1,092,246	147,971	107,968	19,648
Total Expenditures	$2,273,667	$3,566,884	$4,234,771	$2,973,808	$2,642,500	$2,291,083
Net Operating Revenues	$1,708,786	$1,184,066	$171,325	$649,017	$396,160	$1,081,669
Bond Issuance Expense	0	0	0	0	(45,600)	0
Developer Contribution	0	0	600,000	0	0	0
Developer Reimbursement (b)	(2,144,077)	0	0	0	0	0
From Capital Projects Fund	0	81,357	0	45,600	0	915,937
Net Changes to Fund Balance		$1,265,423	$771,325	$694,617	$350,560	$1,997,606
Fund Balance - October 1		6,298,424	5,527,099	4,832,482	4,481,922	2,484,316
Fund Balance - September 30		$7,563,847	$6,298,424	$5,527,099	$4,832,482	$4,481,922
Cash/Investments–Sept 30		$7,256,218	$5,885,668	$5,147,178	$4,454,265	$3,985,232
% of Expense (c)		204.95%	187.29%	182.15%	175.74%	175.45%
Customers - September 30		2,634	2,629	2,618	2,645	2,510

(a) Unaudited.
(b) The District determined to reimburse a developer from general funds rather than to sell a bond issue.
(c) Net of Capital Outlay

RISK FACTORS

General

The Bonds, which are obligations of the District and are not obligations of the State of Texas, Harris County, Texas, the City of Houston or any other political subdivision, will be secured by a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property, or in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. At this point in the development of the District, the potential increase in taxable values of property is directly related to the demand for commercial and residential development, not only because of general economic conditions, but also due to particular factors discussed below.

The economy of the Harris County and southeast Texas regional area is largely dependent on the petrochemical industry. Recent decreases in the price of oil have the potential to negatively affect the economy of Harris County and southeast Texas and decrease housing prices and assessed valuations in the District. The District can make no prediction on what effect current or future oil prices may have on assessed valuations in the District or on the Harris County economy generally.

Recent Extreme Weather Events; Hurricane Harvey

The greater Houston area, including the District, is subject to occasional severe weather events, including tornadoes, flooding, 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 Houston area, including Harris County, sustained widespread rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days.

According to the District, the System operated without material damage. The flood waters caused structural flooding of approximately four homes during the Hurricane Harvey event. The District cannot predict the effect that additional extreme weather events may have upon the District and the Gulf Coast. Additional extreme weather events have the potential to cause damage within the District and along the Gulf Coast generally that could have a negative effect on taxable assessed valuations in the District and the economy of the District and the region.

If a future weather event significantly damaged taxable property 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

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

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The growth of taxable values in the District is directly related to the vitality of the commercial development and housing and building industry in the Houston metropolitan area. The housing and building industry has historically been a cyclical industry, affected by both short and long-term interest rates, availability of mortgage and development funds, labor conditions and general economic conditions. During the late 1980's, an oversupply of single-family residential housing in the Houston metropolitan market and the general downturn in the Houston economy adversely affected the local residential development and construction industries. In addition to a decline in housing demand, mortgage foreclosure by private banks and government and financial institutions depressed housing prices and the value of residential real estate in the Houston metropolitan area. The Houston economy is still dependent on energy prices and a precipitous decline in such prices could result in additional adverse effects on the economy.

Maximum Impact on District Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2019 Taxable Valuation is $621,610,468 and the Estimated Taxable Value as of January 1, 2020 is $652,822,454. See "TAX DATA." After issuance of the Bonds, the maximum annual debt service requirement (2034) is $2,374,963 and the average annual debt service requirements (2020/2037) is $2,239,130. Assuming no increase or decrease from the 2019 Taxable Valuation and no use of funds other than tax collections, tax rates of $0.390 and $0.368 per $100 assessed valuation at a 98% collection rate against the 2019 Assessed Valuation, respectively, would be necessary to pay such debt service requirements. Similarly, for the Estimated Taxable Value as of January 1, 2020, the tax rates would be $0.372 and $0.350 respectively. The Board levied a tax rate of $0.380 for debt service purposes and a tax rate of $0.315 for maintenance and operation purposes for tax year 2019. See "DISTRICT DEBT--Debt Service Schedule" and "TAX DATA--Tax Rate Calculations."

Overlapping Tax Rates

Consideration should be given to the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The combination of the District's tax rate and the overlapping taxing entities' tax rates is higher than the combined tax rates levied upon certain other comparable developments in the market area. Consequently, an increase in the District's tax rate above those anticipated above may have an adverse impact on future development or the construction of taxable improvements in the District. See "DISTRICT DEBT--Estimated Overlapping Debt" and "TAX DATA--Estimated Overlapping Taxes."

Infectious Disease Outbreak–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 the State. 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 (the "President") declared the Pandemic a national emergency and the State Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in the State (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.

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 the disaster, and issuing executive orders that have the force and effect of law. The Governor has issued a series of executive orders relating to COVID-19 preparedness and mitigation. Due to a recent spike in COVID-19 cases, recent executive orders modified the phased reopening of businesses in Texas, subject to further restrictions in the Governor’s discretion. For example, Executive Order GA-28, which was issued on June 26, 2020, and remains in effect until modified, amended, rescinded or superseded by the Governor, established occupancy limits to 50 percent for most businesses in Texas, limited bars and similar establishments to drive-through, pickup or delivery options, and made most outdoor gatherings of more than 100 people subject to approval by local authorities, subject to exceptions outlined in the order. Businesses otherwise subject to a 50 percent occupancy limit and located in a county meeting certain Department of State Health Services criteria are eligible to operate at up to 75 percent of occupancy. In separate orders, the Governor imposed a moratorium on elective surgeries in numerous Texas counties including Harris, Travis, Bexar and Dallas Counties. The Governor retains the authority to impose additional restrictions on activities. Under Executive Order GA-28, for the remainder of the 2019-2020 school year, public schools may resume operations in the summer under protocols outlined in guidance from the TEA. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within the State. Stock values and crude oil prices, in the U.S. and globally, have seen significant declines attributed to COVID-19 concerns. The State 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.

Such adverse economic conditions, if they continue, 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. 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.

The District continues to monitor the spread of COVID-19 and the potential impact of COVID-19 on the District. 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. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District’s financial condition.

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 foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (a) collection procedures, (b) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Because ownership of the land within the District may become highly fragmented among a number of taxpayers, attorney's fees and other costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, any bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer.

Registered Owners' Remedies

In the event of default in the payment of principal of or interest on the Bonds, the registered owners may seek a writ of mandamus requiring the District to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Order does not specifically provide for remedies to a registered owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Although the registered owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the registered owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. 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. For example, a Chapter IX bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the registered owners.

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of registered owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 USC sections 901-946. The filing of such petition would automatically stay the enforcement of registered owner's remedies, including mandamus and the foreclosure of tax liens upon property within the District discussed above. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivisions.

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

Environmental Regulation and Air Quality

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; and
- Requiring remedial action to prevent or mitigate pollution.

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

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

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

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

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

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

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

Water Supply & Discharge Issues: Water supply and discharge regulations that 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 non-stormwater discharges into surface water in the state. It has a 5-year permit term and is then subject to renewal. Moreover, the Clean Water Act ("CWA") and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the Texas water quality standards. Any water quality-based limitations and requirements with which a municipal utility district must comply may have an impact on the municipal utility district's ability to obtain and maintain compliance with TPDES permits.

Operations of utility districts, including the District, are also potentially subject to requirements and restrictions under the CWA regarding the use and alteration of wetland areas that are within the "waters of the United States." The District must also obtain a permit from the United States Army Corps of Engineers ("USACE") if operations of the District require that wetlands be filled, dredged, or otherwise altered. In 2015, the EPA and the United States Army Corps of Engineers ("USACE") promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in various jurisdictions, including the Southern District of Texas causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal 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 new 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 new 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 60 days after the date of its publication in the Federal Register, and will likely become the subject of further litigation.

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

Future Debt

The District has $24,435,000 in authorized but unissued unlimited tax and revenue bonds. The District has the right to issue such bonds and such additional bonds as may hereafter be approved by both the Board and voters of the District. The remaining authorized but unissued bonds may be issued by the District from time to time as needed.

The District does not expect to issue additional bonds within the next twelve months.

Proposed Tax Legislation

Tax legislation, administrative actions taken by tax authorities, and court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. For example, future legislation to resolve certain federal budgetary issues may significantly reduce the benefit of, or otherwise affect, the exclusion from gross income for federal income tax purposes of interest on all state and local obligations, including the Bonds. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) could affect the market price or marketability of the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and its impact on their individual situations, as to which Bond Counsel expresses no opinion.

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.

Marketability

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

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General, however, does not pass upon or guarantee the security of the Bonds as an investment, nor has the Attorney General passed upon the adequacy or accuracy of the information contained in this Official Statement.

LEGAL MATTERS

The District will furnish the Underwriter a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District. The District will also furnish the legal opinion of Johnson Petrov LLP, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are legal, valid and binding obligations of the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations, published rulings and court decisions as described below under "TAX EXEMPTION." Such opinions will express no opinions with respect to the sufficiency of the security for or the marketability of the Bonds.

Legal Review

Bond Counsel has reviewed the information appearing in this Official Statement under the sections captioned: "THE BONDS" (except the subsection "--Book-Entry-Only System"), "THE DISTRICT--Authority," "TAX PROCEDURES--Authority," "LEGAL MATTERS - Legal Opinions," "LEGAL MATTERS–Legal Review," "TAX MATTERS–Tax Exemption," and "CONTINUING DISCLOSURE OF INFORMATION" (except the subsection "--Compliance with Prior Undertakings") solely to determine whether such information fairly summarizes matters of law with respect to the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the information contained herein, other than the matters discussed immediately above.

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

No-Litigation Certificate

On the date of delivery of the Bonds to the Underwriter, the District will execute and deliver to the Underwriter a certificate to the effect that no litigation of any nature has been filed or is pending, as of that date, of which the District has notice, to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner question the validity of the Bonds.

No Material Adverse Change

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

Legal Opinions

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District secured by the proceeds of an ad valorem tax levied, without limit as to rate or amount, upon all taxable property in the District and, based upon examination of the transcript of the proceedings incident to authorization and issuance of the Bonds, the legal opinion of Bond Counsel to the effect that (1) the Bonds are valid and legally binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity, and (2) are payable from annual ad valorem taxes, which are not limited by applicable law in rate or amount, levied against all property within the District which is not exempt from taxation by or under applicable law. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this Official Statement.

TAX MATTERS

Opinion

Bond Counsel will render its opinion that, under existing law, and assuming compliance with certain covenants and the accuracy of certain representations, discussed below, interest on the Bonds is excludable from gross income for federal income tax purposes.

Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") establishes certain requirements that must be met at and subsequent to the issuance of the Bonds in order for interest on the Bonds to be and remain excludable from federal gross income. Included among these continuing requirements are certain restrictions and prohibitions on the use of bond proceeds, yield and other restrictions on the investment of gross proceeds and other amounts, and the arbitrage rebate requirement that certain earnings on gross proceeds be rebated to the federal government. Failure to comply with these continuing requirements may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactively to the date of their issuance. The District has covenanted to comply with certain procedures and has made certain representations and certifications designed to assure compliance with these Code requirements. In rendering its opinion, Bond Counsel will rely on these covenants, on representations and certifications of the District relating to matters solely within its knowledge (which Bond Counsel has not independently verified) and will assume continuing compliance by the District.

The statutes, regulations, published rulings, and court decisions on which Bond Counsel has based its opinion are subject to change by Congress, as well as to subsequent judicial and administrative interpretation by courts and the Internal Revenue Service (the "Service"). No assurance can be given that such law or its interpretation will not change in a manner that would adversely affect the tax treatment of receipt or accrual of interest on, or the acquisition, ownership, market value, or disposition of, the Bonds. No ruling concerning the tax treatment of the Bonds has been sought from the Service, and the opinion of Bond Counsel is not binding on the Service. The Service has an ongoing audit program of tax-exempt obligations to determine whether, in the Service's view, interest on such tax-exempt obligations is excludable from gross income for federal income tax purposes. No assurance can be given regarding whether or not the Service will commence an audit of the Bonds. If such an audit were to be commenced, under current procedures, the Service would treat the District as the taxpayer, and owners of the Bonds would have no right to participate in the audit process. In this regard, in responding to or defending an audit with respect to the Bonds, the District might have different or conflicting interests from those of the owners of the Bonds.

In rendering the foregoing opinions, Bond Counsel will rely upon the representations and certifications of the District made in a certificate dated the date of delivery of the Bonds pertaining to the use, expenditure, and investment of the proceeds of the Bonds and will assume continuing compliance with the provisions of the Bond Order subsequent to the issuance of the Bonds. The Bond Order contains covenants by the District with respect to, among other matters, the use of the proceeds of the Bonds, the manner in which the proceeds of the Bonds are to be invested, the reporting of certain information to the United States Treasury and rebating any arbitrage profits to the United States Treasury. Failure to comply with any of these covenants would cause interest on the Bonds to be includable in the gross income of the owners thereof from date of the issuance of the Bonds.

The opinions set forth above are based on existing law and Bond Counsel's knowledge of relevant facts on the date of issuance of the Bonds. Such opinions are an expression of professional judgment and are not a guarantee of result. Except as stated above, Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences under current law or proposed legislation resulting from the receipt or accrual of interest on, or the acquisition, ownership, or disposition of, the Bonds. Further, Bond Counsel assumes no obligation to update or supplement its opinions to reflect any facts or circumstances that may come to its attention or any changes in law that may occur after the issuance date of the Bonds. In addition, Bond Counsel has not undertaken to advise in the future whether any events occurring after the issuance date of the Bonds may affect the tax-exempt status of interest on the Bonds.

Original Issue Discount

Certain maturities of the Bonds (the "Discount Bonds") may be offered and sold to the public at an "original issue discount" ("OID"). OID is the excess of the stated redemption price at maturity (the principal amount) over the "issue price" of such Bonds. In general, the issue price of Discount Bonds is the first price at which a substantial amount of Discount Bonds of the same maturity are sold to the public (other than bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers).

For federal income tax purposes, OID accrues to the owner of a Discount Bond over such Discount Bond's period to maturity based on the constant interest rate method, compounded semiannually (or over a shorter permitted compounding interval selected by the owner). Bond Counsel is of the opinion that the portion of OID that accrues during the ownership period of a Discount Bond (i) is interest excludable from the owner's gross income for federal income tax purposes to the same extent, and subject to the same considerations discussed above, as is other interest on the Bonds, and (ii) is added to the owner's tax basis for purposes of determining gain or loss on the maturity, redemption, sale, or other disposition of that Discount Bond. OID may be treated as continuing to accrue even if payment of the Discount Bonds becomes doubtful in the event that the District encounters financial difficulties, and it is treated as interest earned by cash-basis owners, even though no cash corresponding to the accrual is received in the year of accrual. An owner's adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond.

The federal income tax consequences of the acquisition, ownership, redemption, sale, or other disposition of Discount Bonds not purchased in the initial offering at the initial offering price may be determined according to rules different from those described above. Owners of such Discount Bonds should consult their tax advisors regarding the federal, state, and local income tax treatment and consequences of acquisition, ownership, redemption, sale, or other disposition of such Discount Bonds.

Original Issue Premium

Certain maturities of the Bonds (the "Premium Bonds") may be offered and sold to the public at prices greater than their stated redemption prices (the principal amount) payable at maturity ("Bond Premium"). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner's yield over the remaining term of the Premium Bond determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Bonds should consult their own tax advisors regarding the treatment of bond premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Collateral Tax Consequences Summary

The following discussion is a brief discussion of certain collateral federal income tax consequences resulting from the purchase, ownership, or disposition of the Bonds. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond. This discussion is based on existing statutes, regulations, published rulings, and court decisions, all of which are subject to change or modification, retroactively. Prospective investors should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. PROSPECTIVE 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, owners 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 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 owner 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 of 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.

Changes in Law

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent Owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Qualified Tax-Exempt Obligations For Financial Institutions

Section 265(a) of the Code provides, in general, that interest expense incurred to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. Section 265(b) of the Code limits the portion of interest a financial institution can deduct when it owns obligations yielding tax exempt interest. It also provides an exception to this rule for interest expense allocable to tax-exempt obligations (other than private activity bonds) which are designated by an issuer, such as the District, as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed $10,000,000.

The District will designate the Bonds as "qualified tax-exempt obligations" and will or has certified its expectation that the above-described $10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions that purchase the Bonds will not be subject to the limitation of interest expense allocable to interest on the Bonds under section 265(b) of the Code; however, 20% of the interest expense incurred by a financial institution which is allocable to the interest on the Bonds will not be deductible pursuant to section 291 of the Code.

CONTINUING DISCLOSURE OF INFORMATION

The District, in the Bond Order, 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 material events, to certain information vendors. This information will be available free of charge from the Municipal Securities Rule Making Board ("MSRB") via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org.

Annual Reports

The District will provide certain financial information and operating data annually. The information to be updated includes the quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," "THE SYSTEM- Historical Operations of the General Operating Fund," and the District's audited financial statements and supplemental schedules as found in "APPENDIX A- Financial Statements of the District." The District will update and provide this information within six (6) months after the end of each of its fiscal years ending in or after 2020. The District will provide the updated information to the MSRB or any successor to its functions as a repository through its EMMA system. Any information concerning the District so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report of the District is not complete within such period, then the District shall provide unaudited financial statements for the applicable entity and fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District shall notify the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders 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; (13) the consummation of a merger, consolidation, or acquisition involving the District or the System or the sale of all or substantially all of the assets of the District, 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 trustee, if material; (15) incurrence of a financial obligation of the District or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the District or obligated person, any of which reflect financial difficulties.

For these purposes, any event described in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the District in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry or an order confirming a plan or reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

The term "Financial Obligation" shall mean, for purposes of the events in clauses (15) and (16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing, or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "Financial Obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in Rule 15c2-12) has been provided to the MSRB consistent with Rule 15c2-12. The District intends the words used in clauses (15) and (16) and the definition of Financial Obligation to have the meanings ascribed to them in SEC Release No. 34-83885 dated August 20, 2018 (the "2018 Release") and any further written guidance provided by the SEC or its staff with respect to the amendments to Rule 15c2-12 effected by the 2018 Release.

Availability of Information From EMMA

Investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org. The District has agreed in the Bond Order to provide the foregoing information only to the MSRB through EMMA. The information will be available to holders of Bonds only if the holders comply with the procedures of the MSRB or obtain the information through securities brokers who do so.

Limitations and Amendments

The District has agreed to update information and to provide notices of material events only as described above. The District has not agreed to provide other information that may be relevant or material to 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 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 (the "Rule"), taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as any 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 qualified professional unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. 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 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. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgement that such provisions of the Rule are invalid, and the District also may amend its continuing disclosure agreement in its discretion in any other manner or circumstance, but in either case only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

Compliance with Prior Undertakings

During the last five (5) years, the District has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

VERIFICATION OF ACCURACY OF MATHEMATICAL CALCULATIONS

The accuracy of the mathematical computations with respect to the adequacy of the funds available to provide for the payment of the Refunded Bonds will be verified by Ritz & Associates PA, a firm of independent certified public accountants. These computations will be based upon information and assumptions supplied by the Underwriter. Ritz & Associates PA has restricted its procedures to recalculating the computations provided by the Underwriter and has not evaluated or examined the assumptions or information used in the computations.

PREPARATION OF OFFICIAL STATEMENT

General

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

Consultants

The information contained in this Official Statement relating to the physical characteristics of the District and engineering matters and, in particular, that engineering information included in the sections captioned "THE DISTRICT" and "THE SYSTEM" has been provided by the District's Engineer and has been included herein in reliance upon the authority of such 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 historical breakdown of District valuations, principal taxpayers and collection rates contained in the sections captioned "TAX DATA" and "DISTRICT DEBT" has been provided by the Appraisal District and the District's Tax Assessor/Collector and has been included herein in reliance upon their authority as experts in the field of tax assessing and collecting.

The information contained in this Official Statement in the section captioned "THE DISTRICT–The Developer" has been provided by the developer named in that section.

The financial statements contained in "APPENDIX A–Financial Statements of the District" have been included in reliance upon the accompanying report of the District's Auditor.

Updating the Official Statement

If, subsequent to the date of the Official Statement, the District learns, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, unless the Underwriter elects to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate when the District delivers the

Bonds to the Underwriter, unless the Underwriter notifies the District on or before such date that less than all of the Bonds have been sold to ultimate customers, in which case the District's obligations hereunder will extend for an additional period of time (but not more than 90 days after the date the District delivers the Bonds to the Underwriter) until all of the Bonds have been sold to ultimate customers.

Certification of Official Statement

The District, acting through the Board in its official capacity, hereby certifies, as of the date hereof, that the information, statements and descriptions pertaining to the District and its affairs contained herein, to the best of its knowledge and belief, contain no untrue statements of a material fact and do not omit to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading. With respect to information included in this Official Statement other than that relating to the District, the Board has no reason to believe that such information contains any untrue statement of a material fact or omits to state any material fact necessary to make the statements herein, in light of the circumstances under which they are made, not misleading; however, the Board can give no assurance as to the accuracy or completeness of the information derived from sources other than the District. This Official Statement is duly certified and approved by the Board of Directors of Meadowhill Regional Municipal Utility District as of the date specified on the first page hereof.

/s/ Alan E. Liczwek
President, Board of Directors
Meadowhill Regional Municipal Utility District

ATTEST:
/s/ Edward Varosky
Secretary, Board of Directors
Meadowhill Regional Municipal Utility District

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

T A B L E O F C O N T E N T S

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Meadowhill Regional Municipal Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Meadowhill Regional Municipal Utility District (the "District"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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 September 30, 2019, and the respective changes in financial position 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 the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue Funds be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by the Texas Commission on Environmental Quality as published in the *Water District Financial Management Guide* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 20, 2020

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Management's discussion and analysis of Meadowhill Regional Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2019. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances. This report also includes required and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all of the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid.

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has four governmental fund types. The General Fund accounts for resources not accounted for in another fund, customer service revenues, operating costs and general expenditures. The Special Revenue Funds account for financial resources collected and administered by the District for the operations of a joint water plant and a regional sewage treatment plant. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position, and the Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). A budgetary comparison schedule is included as RSI for the General Fund and each Special Revenue Fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $7,542,497 as of September 30, 2019.

A portion of the District's net position reflects its net investment in capital assets (e.g. water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide water and wastewater services.

The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2019	2018	Change Positive (Negative)
Current and Other Assets	$ 14,338,479	$ 13,414,395	$ 924,084
Capital Assets (Net of Accumulated Depreciation)	29,749,489	30,193,060	(443,571)
Total Assets	$ 44,087,968	$ 43,607,455	$ 480,513
Deferred Outflows of Resources	$ 650,879	$ 700,173	$ (49,294)
Due to Developer	$ 3,732,483	$ 3,732,483	$
Long -Term Liabilities	30,619,118	31,951,077	1,331,959
Other Liabilities	2,844,749	2,614,925	(229,824)
Total Liabilities	$ 37,196,350	$ 38,298,485	$ 1,102,135
Net Position:			
Net Investment in Capital Assets	$ (5,037,338)	$ (5,225,061)	$ 187,723
Restricted	3,817,563	3,665,234	152,329
Unrestricted	8,762,272	7,568,970	1,193,302
Total Net Position	$ 7,542,497	$ 6,009,143	$ 1,533,354

The following table provides a summary of the District's operations for the years ending September 30, 2019, and September 30, 2018. The District's net position increased $1,533,354 during the current fiscal year.

Summary of Changes in the Statement of Activities

	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	$ 3,930,730	$ 3,810,349	$ 120,381
Charges for Services	3,740,946	3,577,354	163,592
Other Revenues	285,719	143,808	141,911
Total Revenues	$ 7,957,395	$ 7,531,511	$ 425,884
Expenses for Services	6,424,041	6,068,850	(355,191)
Change in Net Position	$ 1,533,354	$ 1,462,661	$ 70,693
Net Position, Beginning of Year	6,009,143	4,546,482	1,462,661
Net Position, End of Year	$ 7,542,497	$ 6,009,143	$ 1,533,354

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2019, were $12,053,492, an increase of $798,118 from the prior year.

The General Fund fund balance increased by $1,265,423, primarily due to revenues contributions exceeding operation and capital expenditures.

The Debt Service Fund fund balance increased by $154,066, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance decreased by $621,371, primarily due to the use of bond proceeds received in the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal. Actual excess revenues over expenditures were $20,796 more than budgeted due to a transfer from the Capital Projects Fund not budgeted.

CAPITAL ASSETS

Capital assets as of September 30, 2019, total $29,749,489 (net of accumulated depreciation) and include land and the administration building, as well as the water, wastewater and drainage systems.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,746,044	$ 1,746,044	$
Construction in Progress	1,169,407	787,583	381,824
Capital Assets, Net of Accumulated Depreciation:			
Buildings	110,828	115,530	(4,702)
Water System	8,550,139	8,961,523	(411,384)
Wastewater System	8,225,254	8,365,617	(140,363)
Drainage System	9,575,452	9,829,163	(253,711)
Drainage Impact Fees	25,211	26,189	(978)
Investment in Shasla Joint Water Plant	347,154	361,411	(14,257)
Total Net Capital Assets	$ 29,749,489	$ 30,193,060	$ (443,571)

Additional information on the District's capital assets can be found in Note 6 of this report.

LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total bond debt payable of $31,620,000.

The changes in the debt position of the District during the fiscal year ended September 30, 2019, are summarized as follows:

Bond Debt Payable, October 1, 2018	$ 32,900,000
Less: Bond Principal Paid	1,280,000
Bond Debt Payable, September 30, 2019	$ 31,620,000

The District's bonds carry an underlying rating of "A2" by Moody's. The Series 2011 Refunding, 2012 Refunding, 2012, 2013 Refunding and 2015 Refunding bonds carry an "A2" rating by Moody's by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2015 Refunding bonds also carry a "AA" rating by Standard and Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corporation. The Series 2014 Refunding, Series 2016 and Series 2017 bonds carry an "AA" rating by Standard and Poor's by virtue of bond insurance issued by Build America Mutual. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The ratings above include all ratings changes of bond insurers through September 30, 2019.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Meadowhill Regional Municipal Utility District, c/o Johnson Petrov LLP, 2929 Allen Parkway, Suite 3150, Houston, TX 77019-7100.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	General Fund	Special Revenue Funds: Water Plant	Special Revenue Funds: Wastewater Treatment Plant
ASSETS			
Cash	$ 3,178,934	$ 100,866	$ 121,121
Investments	4,077,284		
Cash with Fiscal Agent			
Receivables:			
Property Taxes	16,797		
Penalty and Interest on Delinquent Taxes			
Service Accounts	210,827		
Accrued Interest	1,059		
Due from Developer	215,556		
Due from Other Funds	484,625	626,672	47,501
Prepaid Costs	47,606		
Regional Water Authority Capital Contribution			
Due from Other Governmental Units	105,308	337,696	54,018
Advance for Water Plant Operations	361,028		
Advance for Regional Wastewater Treatment Plant Operations	101,210		
Land			
Construction in Progress			
Capital Assets (Net of Accumulated Depreciation)			
TOTAL ASSETS	$ 8,800,234	$ 1,065,234	$ 222,640
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refunding Bonds	$ - 0 -	$ - 0 -	$ - 0 -
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 8,800,234	$ 1,065,234	$ 222,640

The accompanying notes to the financial statements are an integral part of this report.

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 505,749	$ 214,988	$ 4,121,658	$	$ 4,121,658
1,957,019	53,955	6,088,258		6,088,258
1,841,434		1,841,434		1,841,434
34,021		50,818		50,818
			31,385	31,385
		210,827		210,827
		1,059		1,059
		215,556		215,556
		1,158,798	(1,158,798)	
		47,606	125,577	173,183
			1,056,051	1,056,051
		497,022		497,022
		361,028	(309,800)	51,228
		101,210	(101,210)	
			1,746,044	1,746,044
			1,169,407	1,169,407
			26,834,038	26,834,038
$ 4,338,223	$ 268,943	$ 14,695,274	$ 29,392,694	$ 44,087,968
$ - 0 -	$ - 0 -	$ - 0 -	$ 650,879	$ 650,879
$ 4,338,223	$ 268,943	$ 14,695,274	$ 30,043,573	$ 44,738,847

The accompanying notes to the financial
statements are an integral part of this report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	General Fund	Special Revenue Funds: Water Plant	Special Revenue Funds: Wastewater Treatment Plant
LIABILITIES			
Accounts Payable	$ 159,010	$ 221,578	$ 68,447
Accrued Interest Payable			
Due to Developers			
Due to Other Funds	674,173	465,000	
Due to Taxpayers			
Security Deposits	386,407		
Reserved for Water Plant Operations		378,656	
Reserved for Regional Wastewater Treatment Plant Operations			154,193
Long Term Liabilities:			
Due Within One Year			
Due After One Year			
TOTAL LIABILITIES	$ 1,219,590	$ 1,065,234	$ 222,640
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	$ 16,797	$ - 0 -	$ - 0 -

The accompanying notes to the financial statements are an integral part of this report.

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 2,161	$ 33,126	$ 484,322	$	$ 484,322
			529,434	529,434
	15,841	15,841	3,716,642	3,732,483
7,703	11,922	1,158,798	(1,158,798)	
12,747		12,747		12,747
		386,407		386,407
		378,656	(309,800)	68,856
		154,193	(101,210)	52,983
			1,310,000	1,310,000
			30,619,118	30,619,118
$ 22,611	$ 60,889	$ 2,590,964	$ 34,605,386	$ 37,196,350
$ 34,021	$ - 0 -	$ 50,818	$ (50,818)	$ - 0 -

The accompanying notes to the financial
statements are an integral part of this report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	General Fund	Special Revenue Funds: Water Plant	Special Revenue Funds: Wastewater Treatment Plant
FUND BALANCES			
Nonspendable:			
Prepaid Costs	$ 47,606	$	$
Advance For Water Plant Operations	361,028		
Advance For Regional Wastewater Treatment Plant Operations	101,210		
Restricted for Authorized Construction			
Restricted for Debt Service			
Unassigned	7,054,003		
TOTAL FUND BALANCES	$ 7,563,847	$ - 0 -	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 8,800,234	$ 1,065,234	$ 222,640
NET POSITION			
Net Investment in Capital Assets			
Restricted for:			
Debt Service			
Unrestricted			
TOTAL NET POSITION			

The accompanying notes to the financial statements are an integral part of this report.

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$	$ 47,606	$ (47,606)	$
		361,028	(361,028)	
		101,210	(101,210)	
	208,054	208,054	(208,054)	
4,281,591		4,281,591	(4,281,591)	
		7,054,003	(7,054,003)	
$ 4,281,591	$ 208,054	$ 12,053,492	$ (12,053,492)	$ - 0 -
$ 4,338,223	$ 268,943	$ 14,695,274		
			$ (5,037,338)	$ (5,037,338)
			3,817,563	3,817,563
			8,762,272	8,762,272
			$ 7,542,497	$ 7,542,497

The accompanying notes to the financial statements are an integral part of this report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds		$ 12,053,492
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital contributions to the North Harris County Regional Water Authority are not current financial resources and, therefore, are not reported as assets in the governmental funds.		1,056,051
Prepaid bond insurance is amortized over the term of the refunding bonds.		125,577
Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		29,749,489
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		650,879
Deferred inflows of resources related to property tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.		82,203
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (3,716,642)	
Accrued Interest Payable	(529,434)	
Bonds Payable Within One Year	(1,310,000)	
Bonds Payable After One Year	(30,619,118)	(36,175,194)
Total Net Position - Governmental Activities		$ 7,542,497

The accompanying notes to the financial statements are an integral part of this report.

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MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

		Special Revenue Funds	
	General Fund	Water Plant	Wastewater Treatment Plant
REVENUES			
Property Taxes	$ 1,486,724	$	$
Water Service	801,351	1,609,355	
Wastewater Service	1,148,271		679,526
Regional Water Authority Fees	791,986		
Penalty and Interest	52,946		
Tap Connection and Inspection Fees	284,731		
Investment Revenues	134,813	110	232
Miscellaneous Revenues	50,128	26,570	
TOTAL REVENUES	$ 4,750,950	$ 1,636,035	$ 679,758
EXPENDITURES/EXPENSES			
Service Operations:			
Professional Fees	$ 240,464	$ 12,529	$ 20,293
Contracted Services	859,832	122,823	150,080
Purchased Water Service	1,233,992	95,338	
Purchased Wastewater Service	464,539		
Utilities	102,444	41,284	112,207
Regional Water Authority Assessment		1,062,550	
Repairs and Maintenance	334,143	53,852	263,640
Depreciation			
Other	305,025	8,172	133,538
Capital Outlay	26,445	239,487	
Debt Service:			
Bond Principal			
Bond Interest			
TOTAL EXPENDITURES/EXPENSES	$ 3,566,884	$ 1,636,035	$ 679,758
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 1,184,066	$ - 0 -	$ - 0 -
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ 81,357	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCES	$ 1,265,423	$	$
CHANGE IN NET POSITION			
FUND BALANCES/NET POSITION - OCTOBER 1, 2018	6,298,424		
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2019	$ 7,563,847	$ - 0 -	$ - 0 -

The accompanying notes to the financial statements are an integral part of this report.

Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
$ 2,481,675	$	$ 3,968,399	$ (37,669)	$ 3,930,730
		2,410,706	(1,233,992)	1,176,714
		1,827,797	(464,539)	1,363,258
		791,986		791,986
61,112		114,058	10,199	124,257
		284,731		284,731
71,500	2,306	208,961		208,961
60		76,758		76,758
$ 2,614,347	$ 2,306	$ 9,683,396	$ (1,726,001)	$ 7,957,395
$ 28,934	$ 10,628	$ 312,848	$	$ 312,848
71,666		1,204,401		1,204,401
		1,329,330	(1,233,992)	95,338
		464,539	(464,539)	
		255,935		255,935
		1,062,550	46,966	1,109,516
		651,635	20,471	672,106
			1,160,427	1,160,427
6,737	425	453,897		453,897
	531,267	797,199	(737,327)	59,872
1,280,000		1,280,000	(1,280,000)	
1,072,944		1,072,944	26,757	1,099,701
$ 2,460,281	$ 542,320	$ 8,885,278	$ (2,461,237)	$ 6,424,041
$ 154,066	$ (540,014)	$ 798,118	$ 735,236	$ 1,533,354
$ - 0 -	$ (81,357)	$ - 0 -	$ - 0 -	$ - 0 -
$ 154,066	$ (621,371)	$ 798,118	$ (798,118)	$
			1,533,354	1,533,354
4,127,525	829,425	11,255,374	(5,246,231)	6,009,143
$ 4,281,591	$ 208,054	$ 12,053,492	$ (4,510,995)	$ 7,542,497

The accompanying notes to the financial statements are an integral part of this report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Net Change in Fund Balances - Governmental Funds	$ 798,118
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(37,669)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	10,199
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,160,427)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	716,856
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,280,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(26,757)
Governmental funds report the return of principal from capital contributions to the water authority as income. However, in the Statement of Net Position, the return of principal reduces long-term assets.	(46,966)
Change in Net Position - Governmental Activities	$ 1,533,354

The accompanying notes to the financial statements are an integral part of this report.

NOTE 1. CREATION OF DISTRICT

Meadowhill Regional Municipal Utility District of Harris County, Texas (the "District") was created by an Order of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting in 1973, and the first bonds were sold on December 20, 1973.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board ("GASB"). In addition, the accounting records of the District are maintained generally in accordance with the *Water District Financial Management Guide* published by the Commission.

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District's financial statement as component units.

The District has entered into an agreement with Shasla Public Utility District and Northwest Harris County Municipal Utility District No. 28 for wastewater disposal through the Meadowhill Regional Wastewater Treatment Plant. The District has oversight responsibility over the sewage treatment plant. Additional disclosure concerning this agreement is provided in Note 8. Separate financial statements of the Meadowhill Regional Wastewater Treatment Plant are available by contacting the District's Auditor.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has entered into an agreement with Northwest Harris County Municipal Utility District No. 28 for water service through the Meadowhill Joint Water Plant. The District has oversight responsibility over the water plant. Additional disclosure concerning this agreement is provided in Note 9. Separate financial statements of the Meadowhill Joint Water Plant are available by contacting the District's Auditor.

The District has entered into an agreement with Shasla Public Utility District for water service through the Shasla Joint Water Plant. Shasla has oversight responsibility over the water plant. Additional disclosure concerning this agreement is provided in Note 9. Separate financial statements for Shasla Public Utility District are available by contacting the District's auditor.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting ("GASB Codification").

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Items such as purchased water service and purchased wastewater service are eliminated to eliminate an overstatement of overall District operating costs and to eliminate an overstatement of revenues for water and wastewater services.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

The District has four governmental fund types and considers each of them to be a major fund.

General Fund - To account for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures.

Special Revenue Funds – To account for financial resources collected and administered by the District for the operation of the joint wastewater treatment plant and a joint water plant which are joint ventures of the District.

Debt Service Fund - To account for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

Capital Projects Fund - To account for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenue reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenue include taxes collected during the year and taxes collected after year-end, which were considered available to defray the expenditures of the current year. Deferred inflows of resources related to property tax revenues are those taxes which the District does not reasonably expect to be collected soon enough in the subsequent period to finance current expenditures.

Amounts transferred from one fund to another fund are reported as an other financing source or use. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of September 30, 2019, the District's General Fund owed the wastewater treatment plant operating costs in the amount of $47,501 and owed the water plant operating costs in the amount of $626,672. In addition, the Debt Service Fund owed the General Fund $7,703 for maintenance tax collections and arbitrage report costs, the water plant Special Revenue Fund owed the General Fund $465,000 for a loan to cover operating costs and the Capital Projects Fund owed the General Fund $11,922 sanitary sewer rehabilitation engineering costs. During the current fiscal year, the Capital Projects Fund transferred $81,357 to the General Fund to reimburse for water plant no. 2 recoating and interconnect line to serve Northwest Harris County Municipal Utility District No. 28 costs paid in a prior year.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
Water System	10-45
Wastewater System	10-45
Drainage System	10-45
All Other Equipment	3-20

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund and each Special Revenue Fund. The budgets were not amended during the current fiscal year.

Pensions

A pension plan has not been established. The District does not have employees, except that the Internal Revenue Service has determined that directors are considered to be “employees” for federal payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

Nonspendable: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted: amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

Committed: amounts that can be spent only for purposes determined by a formal action of the Board of Directors. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting 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 amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

	Refunding Series 2011	Refunding Series 2012
Amount Outstanding – September 30, 2019	$ 1,700,000	$ 5,390,000
Interest Rates	3.00%-3.25%	2.25%-4.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2019/2021	October 1, 2019/2029
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2018*	October 1, 2020*

	Series 2012	Refunding Series 2013
Amount Outstanding – September 30, 2019	$ 750,000	$ 8,705,000
Interest Rates	2.00%-2.50%	2.00%-4.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2019/2029	October 1, 2019/2033
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2021*	October 1, 2021*

* Or any date thereafter in such order as the District may determine, callable at par plus unpaid accrued interest, in whole or in part, at the option of the District. Series 2012 Refunding term bonds maturing October 1, 2021, are subject to mandatory redemption beginning October 1, 2020. Series 2012 term bonds maturing October 1, 2025, and October 1, 2029, are subject to mandatory redemption beginning October 1, 2022, and October 1, 2026, respectively. Series 2013 Refunding term bonds maturing October 1, 2021, and October 1, 2030, are subject to mandatory redemption beginning October 1, 2020 and October 1, 2029, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Refunding Series 2014	Refunding Series 2015
Amount Outstanding – September 30, 2019	$ 3,040,000	$ 5,760,000
Interest Rates	2.00%-3.625%	2.00%-4.00%
Maturity Dates – Serially Beginning/Ending	October 1, 2019/2031	October 1, 2019/2035
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2022*	October 1, 2022*

	Series 2016	Series 2017
Amount Outstanding – September 30, 2019	$ 2,350,000	$ 3,925,000
Interest Rates	1.50%-3.00%	3.00%-3.375%
Maturity Dates – Serially Beginning/Ending	October 1, 2019/2035	October 1, 2019/2037
Interest Payment Dates	October 1/April 1	October 1/April 1
Callable Dates	October 1, 2023*	October 1, 2024*

* Or any date thereafter in such order as the District may determine, callable at par plus unpaid accrued interest, in whole or in part, at the option of the District. Series 2014 Refunding term bonds maturing October 1, 2025, and are subject to mandatory redemption beginning October 1, 2024. Series 2015 Refunding term bonds maturing October 1, 2024, October 1, 2028, October 1, 2030, October 1, 2032, and October 1, 2034, and are subject to mandatory redemption beginning October 1, 2023, October 1, 2025, October 1, 2029, October 1, 2031, and October 1, 2033, respectively. Series 2016 term bonds maturing October 1, 2026, October 1, 2028, October 1, 2030, October 1, 2033, and October 1, 2035, and are subject to mandatory redemption beginning October 1, 2025, October 1, 2027, October 1, 2029, October 1, 2031, and October 1, 2034, respectively. Series 2017 term bonds maturing October 1, 2031, and October 1, 2035, and are subject to mandatory redemption beginning October 1, 2028, and October 1, 2032, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended September 30, 2019:

	October 1 2018	Additions	Retirements	September 30, 2019
Bonds Payable	$ 32,900,000	$	$ 1,280,000	$ 31,620,000
Unamortized Discounts	(178,735)		(17,730)	(161,005)
Unamortized Premiums	509,812		39,689	470,123
Bonds Payable, Net	$ 33,231,077	$ -0-	$ 1,301,959	$ 31,929,118

Amount Due Within One Year	$ 1,310,000
Amount Due After One Year	30,619,118
Bonds Payable, Net	$ 31,929,118

As of September 30, 2019, the District had authorized but unissued bonds in the amount of $24,435,000 for utility facilities.

As of September 30, 2019, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2020	$ 1,310,000	$ 1,042,962	$ 2,352,962
2021	1,340,000	1,009,864	2,349,864
2022	1,375,000	974,236	2,349,236
2023	1,410,000	933,907	2,343,907
2024	1,455,000	886,556	2,341,556
2025-2029	8,080,000	3,615,514	11,695,514
2030-2034	9,580,000	2,114,960	11,694,960
2035-2038	7,070,000	446,294	7,516,294
	$ 31,620,000	$ 11,024,293	$ 42,644,293

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount, and are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system.

NOTE 3. LONG-TERM DEBT (Continued)

During the current fiscal year, the District levied an ad valorem debt service tax at the rate of $0.45 per $100 of assessed valuation, which resulted in a tax levy of $2,470,773 on the adjusted taxable valuation of $549,269,520 for the 2018 tax year. 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 and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

The District's tax calendar is as follows:

Levy Date	- October 1, or as soon thereafter as practicable.
Lien Date	- January 1.
Due Date	- Not later than January 31.
Delinquent Date	- February 1, at which time the taxpayer is liable for penalty and interest.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The Bond Orders state that to the extent prudent and ordinary for political subdivisions of types and operating properties similar to the District, the District will maintain its properties in good condition and repair, ordinary wear and tear and obsolescence excepted, and operate such properties in an efficient manner and at a reasonable cost. The District agreed to maintain insurance on its properties of a kind and in an amount, which usually would be carried by private companies operating similar properties, and engaged in a similar type of business, but considering any governmental immunities to which the District may be entitled.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Deposits (Continued)

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District deposits was $4,273,357 and the bank balance was $4,291,944. Of the bank balance, $707,044 was covered by federal depository insurance and the balance was covered by collateral pledged in the name of the District and held in a third party depository. The District was not exposed to any custodial credit risk.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2019, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 3,178,934	$ 151,699	$ 3,330,633
SPECIAL REVENUE FUNDS	221,987		221,987
DEBT SERVICE FUND	505,749		505,749
CAPITAL PROJECTS FUND	214,988		214,988
TOTAL DEPOSITS	$ 4,121,658	$ 151,699	$ 4,273,357

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District's financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District's investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." No person may invest District funds without express written authority from the Board of Directors.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool meets measures all of its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. Certificates of deposit are measured at amortized costs.

As of September 30, 2019, the District had the following investments and maturities:

		Maturities in Years			
Fund and Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
GENERAL FUND					
TexPool	$ 3,925,585	$ 3,925,585	$	$	$
Certificates of Deposit	151,699	151,699			
DEBT SERVICE FUND					
TexPool	1,957,019	1,957,019			
CAPITAL PROJECTS FUND					
Money Market Mutual Fund	53,955	53,955			
TOTAL INVESTMENTS	$ 6,088,258	$ 6,088,258	$ - 0 -	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the District's investment in TexPool was rated AAAm by Standard and Poor's. The District's investment in the Money Market Mutual Fund was rated Aaa by Moody's. The District also manages credit risk by investing in certificates of deposits insured by the FDIC.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool and the Money Market Mutual Fund to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

value. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately one year or less.

Restrictions

All cash and investments of the Special Revenue Funds are restricted for the water plant and wastewater treatment plant operations. All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2019:

	October 1, 2018	Increases	Decreases	September 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 1,746,044	$	$	$ 1,746,044
Construction in Progress	787,583	716,856	335,032	1,169,407
Total Capital Assets Not Being Depreciated	$ 2,533,627	$ 716,856	$ 335,032	$ 2,915,451
Capital Assets Subject to Depreciation				
Administration Building	$ 188,083	$	$	$ 188,083
Water System	14,051,652			14,051,652
Wastewater System	13,565,655	335,032		13,900,687
Drainage System	12,137,185			12,137,185
Drainage Impact Fees	39,101			39,101
Investment in Shasla Joint Water Plant	570,272			570,272
Total Capital Assets Subject to Depreciation	$ 40,551,948	$ 335,032	$ - 0 -	$ 40,886,980

NOTE 6. CAPITAL ASSETS (Continued)

	October 1, 2018	Increases	Decreases	September 30, 2019
Less Accumulated Depreciation				
Administration Building	$ 72,553	$ 4,702	$	$ 77,255
Water System	5,090,129	411,384		5,501,513
Wastewater System	5,200,038	475,395		5,675,433
Drainage System	2,308,022	253,711		2,561,733
Drainage Impact Fees	12,912	978		13,890
Investment in Shasla Joint Water Plant	208,861	14,257		223,118
Total Accumulated Depreciation	$ 12,892,515	$ 1,160,427	$ - 0 -	$ 14,052,942
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 27,659,433	$ (825,395)	$ - 0 -	$ 26,834,038
Total Capital Assets, Net of Accumulated Depreciation	$ 30,193,060	$ (108,539)	$ 335,032	$ 29,749,489

NOTE 7. MAINTENANCE TAX

On November 29, 1971, the voters of the District approved the levy and collection of a maintenance tax which was unlimited in amount, to be assessed per $100 of assessed valuation of taxable property within the District. During the current fiscal year, the District levied an ad valorem maintenance tax at the rate of $0.27 per $100 of assessed valuation, which resulted in a tax levy of $1,482,464 on the adjusted taxable valuation of $549,269,520 for the 2018 tax year. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system.

NOTE 8. JOINT WASTEWATER TREATMENT PLANT OPERATIONS

On June 1, 1994, the District, Shasla Public Utility District (Shasla) and Northwest Harris County Municipal Utility District No. 28 (District No. 28) executed a Wastewater Treatment Facilities Agreement; this agreement supersedes and replaces all previous agreements relating to permanent waste disposal and in particular the Agreement for Expansion of Joint Sewage Treatment Facility dated March 19, 1981. On August 27, 1996, the parties executed a first Amendment to the contract and September 17, 2000, a second amendment was approved. This agreement allowed for any above named participants to expand the existing wastewater treatment plant.

Any future expansion of the plant is at the option of each participant and will be accounted for by the initiating participant. The second amendment to the contract provides for the rehabilitation

NOTE 8. JOINT WASTEWATER TREATMENT PLANT OPERATIONS (Continued)

of the existing plant and expansion of the plant to 1.2 million gallons per day (mgd). The expansion was completed in a prior fiscal year at a total cost of $2,775,104. Contributions to the Phase I expansion were based upon the following percentages:

Meadowhill Regional Municipal Utility District	58.81%
Shasla Public Utility District	9.90
Northwest Harris County Municipal Utility District No. 28	31.29
Total	100.00%

During a prior fiscal year, the District completed the expansion of the plant to 1.8 million gallons per day. The additional 600,000 gallons per day of capacity created by the expansion was paid by the District and is owned by the District.

The following percentage of ownership and capacity was effective upon completion of the Plant expansion to 1.8 million gallons per day:

	Capacity In Gallons Per Day	Percentage of Ownership
Meadowhill Regional Municipal Utility District	1,282,500	71.30%
Shasla Public Utility District	252,500	14.00
Northwest Harris County Municipal Utility District No. 28	265,000	14.70
TOTALS	1,800,000	100.00%

The agreement provides for a three-month operating reserve based upon an annual budget and for all operation costs to be billed based upon fixed and variable costs of operating the system with fixed costs defined in the agreement based upon owned capacity and variable costs based upon each participant's equivalent single family connections. The term of the agreement is 40 years.

During the year ended September 30, 2019, the District's share of the Plant's expenditures was $464,539 of which $47,501 was payable at year end. The District has also made an advance for operations of the plant under the terms of the agreement. Total operating advances from all participants is $154,193 and the District's share is $101,210.

NOTE 9. CONSTRUCTION AND SHARED FACILITY AGREEMENTS – JOINT WATER PLANT

Meadowhill Facilities

On June 1, 1994, the District and Northwest Harris County Municipal Utility District No. 28 (District No. 28) agreed to jointly participate in the construction of a new water well and to grant certain rights of expansion of the District's water production facilities to each district. The 1,200 gpm water well has been completed and is located on the District's water plant site. The District owns 75% and District No. 28 owns 25% of the production capacity. On January 17, 2005, the District entered into the Second Amended and Restated Water Production Facilities Agreement. Per this agreement, District No. 28 purchased an additional 63 equivalent single family connection from the District for $140,490.

The District charges District No. 28 a pro rata share of monthly operating and maintenance costs of the District's water plant. The agreement provides for a three month operating reserve and for all operation costs to be billed based upon fixed and variable costs of operating the system. Fixed costs are based upon capacity owned and variable costs based upon each participant's equivalent single family connections. The term of the agreement is 40 years.

During the year ended September 30, 2019, the District's share of the joint water plant's expenditures was $1,233,992 of which $626,672 was a payable at year end. The District has made an advance to the reserve of the joint water plant of $309,800. The total reserve from all participants is $378,656.

As of September 30, 2019, and through the date of this report, the District has a dispute with District No. 28 over the payment of District No. 28's share of costs under this agreement. The District believes District No. 28 has underpaid amounts due to the District under these agreements. District No. 28 has made some good faith payments to the District, but the District believes those payments fall short of what is owed to the District. The total sum due to the District is still under investigation and undeterminable at the date of this report.

Shasla Facilities

On February 14, 2002, the District and Shasla Public Utility District (Shasla) entered into a Water Supply Agreement. The agreement called for each District to jointly participate in the construction of the new water well (Well No. 2). Upon completion of the anticipated 1,500 gallons per minute (gpm) water well, which is located at Shasla's water plant site, the District owns 33.33% and Shasla owns 66.67% of the production capacity. Its production has exceeded 2,000 gpm. With the increase in anticipated production, by agreement, the allocation of cost changed to a 50/50 basis.

NOTE 9. CONSTRUCTION AND SHARED FACILITY AGREEMENTS – JOINT WATER PLANT (Continued)

Shasla Facilities (Continued)

During a prior year, the District issued bonds to pay for its 33.33% share of the costs related to the new water well. In accordance with the agreement, the District transferred $308,333 to Shasla for its pro-rata share of the construction costs. Due to the cost basis change to 50/50, the District incurred an additional cost of $152,963 related to this project. The District was responsible for the costs of the water interconnect line necessary for it to receive its pro-rata share of the water capacity from the District. The operation of the plant as a joint venture began March, 2005.

Shasla charges the District for its pro-rata share of operating and maintenance costs of the water plant. The agreement also provides for a three month operating reserve. During the current fiscal year, the District's share of operating and maintenance costs were $95,338. The District has advanced Shasla $51,228 for its share of the reserve. The term of the contract is 40 years and shall thereafter automatically renew for successive one year terms.

NOTE 10. ESCROW REQUIREMENTS AND USE OF SURPLUS FUND

The District issued $7,485,000 in aggregate principal amount of bonds in its Series 2006 Bonds. Upon the sale of the bonds, the Texas Commission on Environmental Quality (the "Commission") required the District to escrow $6,713,511. On February 23, 2007, the Commission authorized the release of $2,610,500 from escrow. On May 4, 2007, the Commission authorized the release of $159,000 from escrow. On June 19, 2007, the Commission authorized the release of $731,058 from escrow. On July 24, 2007, the Commission authorized the release of $2,682,463 from escrow. On February 20, 2008, the Commission authorized the release of $405,964 from escrow. On August 16, 2012, the Commission authorized the release of $28,665 from escrow to reimburse the Developer for legal fees incurred for the installation of the District's storm drainage system. On September 12, 2013, the Commission authorized the release of $43,237 from escrow to fund the land acquisition costs for water plant no. 3. As of September 30, 2019, $52,624 remained that was subject to an escrow requirement from the Series 2006 Bonds.

Subsequent to year end, on October 1, 2019, the Commission authorized and approved the release and reallocate $52,624 from escrow from Series 2006 bonds and $2,128,508 in surplus operating funds to reimburse the developer for the remaining portion of the forcemain and 12-inch waterline extension to serve Kenroc Tracy and a portion of the water, wastewater and drainage facilities to serve Spring Plaza Drive. No funds remain in escrow as of the date of this report.

NOTE 11. EMERGENCY WATER SUPPLY CONTRACTS

On June 19, 2000 the District executed an Emergency Water Supply Contract with the Spring West Municipal Utility District (Spring West). The agreement provides for Spring West to design and construct the facilities necessary to reach the District's facilities. The District's pro-rata share shall be limited to the engineering and construction costs associated with that portion of the interconnect line from the current terminus of the District's water supply system to the eastern boundary of the Eastwood tract. The District agreed to execute a reimbursement agreement with a developer within the boundaries of Spring West to reimburse the developer from funds available from the District's next bond issue following the commencement of development along the most easterly portion of the line.

The agreement provides for verbal and written notification of emergency conditions causing the use of the interconnect. The rate for water sold is $1.00 per thousand gallons of water used, however, in the event that the supplying District purchased all or a portion of the water supplied during such emergency from an adjoining district due to an inability of such supplying District to meet the water demand of its in-district customers and the receiving District solely through utilization of its own water production facilities, the receiving District shall pay the supplying District for water received at a rate per 1,000 gallons equal to the rate paid by the supplying District for such water in the event that such rate is greater than the rate above provided. For those districts that have converted to surface water the rate will be the actual cost of water per thousand gallons.

The agreement is for a term of 20 years and shall automatically renew for one year terms.

On October 11, 2012 the District and Shasla approved an Amended and Restated Emergency Water Supply Contract to reflect changes in circumstances. The agreement replaces the previous Emergency Water Supply Agreement dated March 19, 1981. The price to be paid for water delivered during an emergency shall be sixty cents ($0.60) per thousand gallons of water usage. The parties hereby agree that said rate shall be reviewed on the 10^{th}, 20^{th}, 30^{th} and 40^{th} anniversary dates of this agreement and may then be adjusted upward or downward in accordance with the mutual agreement of the parties. Should the parties fail to reach an agreement with respect to a proposed adjustment to said rate, then either party may terminate this agreement upon six (6) months written notice to the other party. In the event that the supplying party purchased all or a portion of the water supplied during such emergency from an adjoining district due to an inability of such supplying party to meet the water demand of its in-district customers and the receiving party solely through utilization of its own water production facilities, the receiving party shall pay the supplying party for water received at a rate per 1,000 gallons equal to the rate paid by the supplying party for such water in the event that such rate is greater than the rate provided above.

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, error and omission and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 13. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District ("HGSD") pumpage requirements, which mandate that districts within HGSD boundaries, including the District, to convert a percentage of its water use to surface water over a period of time.

A five-member board of directors governs the Authority. The directors serve staggered four-year terms.

The Authority currently charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The fee being charged is $3.85 per 1,000 gallons of water pumped from each well. During the current fiscal year, the Joint Water Plant recorded expenditures of $1,062,550 related to these fees.

On July 7, 2003, the District entered into a Capital Contribution Contract with the Authority and on October 2, 2003, approved the First Amendment to the Capital Contribution Contract. The District agreed to pay $898,711 to the Authority for the District's share of the construction of Phase I of the 2010 Surface Water Distribution and Transmission System. The District will receive capital contribution credits to be applied to the quarterly pumpage fees which the Authority assesses, applied to any water purchased by the District from the Authority, or to be paid to the District in cash. The Authority will calculate the credit by amortizing the Capital Contribution over the life of the Authority's bonds after the Authority issues its bonds for this project. During a prior fiscal year, the District transferred $898,711 to the Authority in accordance with this agreement. During a prior fiscal year, the District transferred $530,533 to the Authority as an additional capital contribution. The total capital contributions to date total $1,429,244. Total credits received in the current fiscal year were $101,677, of which $46,966

NOTE 13. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (Continued)

was principal repayment. This left a balance of $1,056,051 that has been recorded as Regional Water Authority Capital Contribution as of September 30, 2019. These monthly credits are shown as a reduction of the District's purchased water costs on the joint water plant billings.

NOTE 14. DUE TO DEVELOPER

The District has executed developer financing agreements with a Developer within the District. The agreements call for the Developer to fund costs associated with water, sewer, and drainage facilities until such time as the District can sell bonds. As reflected in the Statement of Net Position, $3,716,642 has been recorded as a liability for facilities financed by the Developer which the District now operates and maintains. Reimbursement to the Developer will come from future bond sales.

NOTE 15. BONDS GULLY IMPROVEMENTS COST SHARING AGREEMENT

Effective July 10, 2018, the District, Bridgestone Municipal Utility District ("Bridgestone"), Klein Independent School District ("KISD") and Champion Forest Baptist Church ("CFBC") (collectively the "Parties") entered into a cost sharing agreement for the improvements Bridgestone constructed to the Bonds Gully, which directly benefit property located in Bridgestone and the District, as well as an approximately 68.5815-acre tract of land owned by KISD and the portion of the approximately 44.7317-acre tract of land owned by CFBC that drains generally southward toward Bonds Gully, which totals approximately 28 acres. The District, KISD and CFBC desire to construct drainage improvements (Modified Option C-2 Improvements) to send additional stormwater drainage outfall to Bonds Gully. The Parties have agreed that the District, KISD and CFBC should reimburse Bridgestone $1,500,000 for improvements made by Bridgestone because the improvements directly benefit the District, KISD and CFBC and as consideration for Bridgestone agreeing to the additional outfall from the Modified Option C-2 Improvements into the Bonds Gully. During the prior fiscal year, the District contributed their share totaling $790,800.

NOTE 16. BONDS GULLY OUTFALL COST SHARING AGREEMENT

On July 10, 2018, the District, KISD and CFBC entered in to the Bonds Gully Outfall Cost Sharing Agreement (collectively the “Parties”) for drainage improvements to the Bonds Gully. See Note 15. The Parties agree to cooperate to acquire necessary rights-of-way and easements, design, construct, and provide for maintenance for the drainage improvements. (“Modified Option C-2 Improvements”). Subject to payment by the District and CFBC, KISD is responsible for the design and construction of the Modified Option C-2 Improvements pursuant to the plans and specifications approved by Bridgestone. After construction, KISD will convey ownership of the Modified Option C-2 Improvements to the District. The District will maintain the Modified Option C-2 Improvements and KISD and CFBC will reimburse the District for their share per this agreement. The term of this agreement is 10 years. During the prior fiscal year, the District contributed $249,923 to KISD.

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MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2019

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 1,449,175	$ 1,486,724	$ 37,549
Water Service	1,080,000	801,351	(278,649)
Wastewater Service	1,075,000	1,148,271	73,271
Regional Water Authority Fee	831,700	791,986	(39,714)
Penalty and Interest	45,000	52,946	7,946
Tap Connection and Inspection Fees		284,731	284,731
Investment Revenues	60,000	134,813	74,813
Miscellaneous Revenues	45,000	50,128	5,128
TOTAL REVENUES	$ 4,585,875	$ 4,750,950	$ 165,075
EXPENDITURES			
Services Operations:			
Professional Fees	$ 317,000	$ 240,464	$ 76,536
Contracted Services	836,322	859,832	(23,510)
Purchased Water Service	1,080,000	1,233,992	(153,992)
Purchased Wastewater Service	404,841	464,539	(59,698)
Utilities	100,000	102,444	(2,444)
Repairs and Maintenance	365,000	334,143	30,857
Other	238,085	305,025	(66,940)
Capital Outlay		26,445	(26,445)
TOTAL EXPENDITURES	$ 3,341,248	$ 3,566,884	$ (225,636)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,244,627	$ 1,184,066	$ (60,561)
OTHER FINANCING SOURCES(USES)			
Transfers In	$ -0-	$ 81,357	$ 81,357
NET CHANGE IN FUND BALANCE	$ 1,244,627	$ 1,265,423	$ 20,796
FUND BALANCE - OCTOBER 1, 2018	6,298,424	6,298,424	
FUND BALANCE - SEPTEMBER 30, 2019	$ 7,543,051	$ 7,563,847	$ 20,796

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - WATER PLANT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 1,247,723	$ 1,507,678	$ 259,955
Capital Contribution Credits	101,677	101,677	
Interest Earned		110	110
Micsellaneous Revenues		26,570	26,570
TOTAL REVENUES	$ 1,349,400	$ 1,636,035	$ 286,635
EXPENDITURES			
Services Operations:			
Professional Fees	$ 18,300	$ 12,529	$ 5,771
Contracted Services	90,900	122,823	(31,923)
Purchased Water Service	135,000	95,338	39,662
Utilities	62,000	41,284	20,716
Regional Water Authority Assessment	920,000	1,062,550	(142,550)
Repairs and Maintenance	110,000	53,852	56,148
Other	13,200	8,172	5,028
Capital Outlay		239,487	(239,487)
TOTAL EXPENDITURES	$ 1,349,400	$ 1,636,035	$ (286,635)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - OCTOBER 1, 2018			
FUND BALANCE - SEPTEMBER 30, 2019	$ -0-	$ -0-	$ -0-

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND - WASTEWATER TREATMENT PLANT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Wastewater Service	$ 616,775	$ 679,526	$ 62,751
Interest Earned		232	232
TOTAL REVENUES	$ 616,775	$ 679,758	$ 62,983
EXPENDITURES			
Services Operations:			
Professional Fees	$ 27,125	$ 20,293	$ 6,832
Contracted Services	147,000	150,080	(3,080)
Utilities	120,000	112,207	7,793
Repairs and Maintenance	135,000	263,640	(128,640)
Other	187,650	133,538	54,112
TOTAL EXPENDITURES	$ 616,775	$ 679,758	$ (62,983)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - OCTOBER 1, 2018			
FUND BALANCE - SEPTEMBER 30, 2019	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

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MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2019

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

1. SERVICES PROVIDED BY THE DISTRICT DURING THE FISCAL YEAR:

X	Retail Water		Wholesale Water	X	Drainage
X	Retail Wastewater		Wholesale Wastewater		Irrigation
	Parks/Recreation		Fire Protection	X	Security
X	Solid Waste/Garbage		Flood Control		Roads
X	Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect)				
	Other (specify):				

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 5/8" METER (OR EQUIVALENT):

Based on the Rate Order Approved February 22, 2019.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 14.00	5,000	N	$ 1.00	5,000 to 10,000
				$ 1.25	10,001 – 20,000
				$ 1.50	20,001 – 30,000
				$ 2.00	30,001 and up
WASTEWATER:	$ 30.00	10,000	N	$ 1.25	10,001 to 25,000
				$ 1.50	25,001 and up
SURCHARGE:					
Solid Waste/ Garbage					
Commission Regulatory Assessments					
Regional Water Authority Fees			N	$ 4.24	0001 and up
Other					

District employs winter averaging for wastewater usage? ______ Yes X No

Total monthly charges per 10,000 gallons usage: Water: $19.00 Wastewater: $30.00 Surcharge: $42.40 Total: $91.40

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	2,573	2,556	x 1.0	2,556
1"	20	16	x 2.5	40
1½"	14	13	x 5.0	65
2"	39	38	x 8.0	304
3"	3	3	x 15.0	45
4"			x 25.0	
6"	4	4	x 50.0	200
8"	4	4	x 80.0	320
10"			x 115.0	
Total Water Connections	2,657	2,634		3,530
Total Wastewater Connections	2,602	2,585	x 1.0	2,585

3. TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: (Unaudited)

Gallons pumped into system:	303,923,000	Water Accountability Ratio: 94% (Gallons billed and sold/Gallons pumped)
Gallons billed to customers:	234,308,000	
Gallons sold:	51,619,000	To: Northwest Harris County Municipal Utility District No. 28 and Shasla Public Utility District

See accompanying independent auditor's report.

4. STANDBY FEES (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes __ No __X__

Does the District have Operation and Maintenance standby fees? Yes __ No __X__

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No _____

County or Counties in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly ______ Not at all __X__

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

Entirely __X__ Partly ______ Not at all ____

ETJ's in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

PROFESSIONAL FEES:		
Auditing	$	18,450
Engineering		51,876
Legal		170,138
TOTAL PROFESSIONAL FEES	$	240,464
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	1,233,992
Purchased Wastewater Service		464,539
TOTAL PURCHASED SERVICES FOR RESALE	$	1,698,531
CONTRACTED SERVICES:		
Bookkeeping	$	25,050
Operations and Billing		69,266
Recording Secretary		2,025
Security		286,254
Solid Waste Disposal		477,237
TOTAL CONTRACTED SERVICES	$	859,832
UTILITIES:		
Electricity	$	82,137
Telephone		20,307
TOTAL UTILITIES	$	102,444
REPAIRS AND MAINTENANCE	$	334,143
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	33,900
Dues		650
Insurance		19,756
Office Supplies and Postage		48,860
Payroll Taxes		2,592
Travel and Meetings		7,891
Other		5,988
TOTAL ADMINISTRATIVE EXPENDITURES	$	119,637

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

CAPITAL OUTLAY:		
Capitalized Assets	$	26,445
Expenditures Not Capitalized		
TOTAL CAPITAL OUTLAY:	$	26,445
TAP CONNECTIONS	$	112,027
OTHER EXPENDITURES:		
Laboratory Fees	$	8,800
Permit Fees		6,303
Reconnection Fees		48,419
Inspection Fees		1,000
Regulatory Assessment		8,839
TOTAL OTHER EXPENDITURES	$	73,361
TOTAL EXPENDITURES	$	3,566,884

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2019

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0002	Varies	Daily	$ 3,925,585	$
Certificate of Deposit	XXXX3431	2.60%	06/24/20	151,699	1,059
TOTAL GENERAL FUND				$ 4,077,284	$ 1,059
DEBT SERVICE FUND					
TexPool	XXXX0001	Varies	Daily	$ 1,957,019	$ -0-
CAPITAL PROJECTS FUND					
Money Market Mutual Fund	XXXX3017	Varies	Daily	$ 53,955	$ -0-
TOTAL - ALL FUNDS				$ 6,088,258	$ 1,059

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2018	$ 28,455		$ 60,032	
Adjustments to Beginning Balance	(7,398)	$ 21,057	(15,109)	$ 44,923
Original 2018 Tax Levy	$ 1,480,602		$ 2,467,670	
Adjustment to 2018 Tax Levy	1,862	1,482,464	3,103	2,470,773
TOTAL TO BE ACCOUNTED FOR		$ 1,503,521		$ 2,515,696
TAX COLLECTIONS:				
Prior Years	$ 15,229		$ 29,184	
Current Year	1,471,495	1,486,724	2,452,491	2,481,675
TAXES RECEIVABLE - SEPTEMBER 30, 2019		$ 16,797		$ 34,021
TAXES RECEIVABLE BY YEAR:				
2018		$ 10,969		$ 18,282
2017		1,969		3,711
2016		815		2,971
2015		862		3,144
2014		955		1,647
2013 and Prior		1,227		4,266
TOTAL		$ 16,797		$ 34,021

See accompanying independent auditor’s report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2018	2017	2016	2015
PROPERTY VALUATIONS:				
Land	$ 135,188,601	$ 129,007,232	$ 115,877,152	$ 85,620,162
Improvements	449,662,398	431,173,673	358,442,288	324,647,132
Personal Property	55,941,248	34,616,114	10,130,154	9,558,233
Exemptions	(91,522,727)	(88,367,016)	(93,050,373)	(96,496,496)
TOTAL PROPERTY VALUATIONS	$ 549,269,520	$ 506,430,003	$ 391,399,221	$ 323,329,031
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.45	$ 0.49	$ 0.62	$ 0.62
Maintenance	0.27	0.26	0.17	0.17
TOTAL TAX RATES PER $100 VALUATION	$ 0.72	$ 0.75	$ 0.79	$ 0.79
ADJUSTED TAX LEVY*	$ 3,953,237	$ 3,798,230	$ 3,092,055	$ 2,554,300
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.26 %	99.85 %	99.88 %	99.84 %

* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

Maintenance Tax – Maximum tax rate is unlimited in amount as approved by voters on November 29, 1971.

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2011 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 545,000	$ 44,300	$ 589,300
2021	565,000	27,650	592,650
2022	590,000	9,587	599,587
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 1,700,000	$ 81,537	$ 1,781,537

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2012 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 75,000	$ 210,819	$ 285,819
2021	75,000	209,132	284,132
2022	75,000	207,444	282,444
2023	615,000	194,300	809,300
2024	640,000	169,200	809,200
2025	670,000	143,000	813,000
2026	705,000	115,500	820,500
2027	745,000	86,500	831,500
2028	780,000	56,000	836,000
2029	495,000	30,500	525,500
2030	515,000	10,300	525,300
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 5,390,000	$ 1,432,695	$ 6,822,695

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES - 2012		
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 70,000	$ 15,750	$ 85,750
2021	70,000	14,350	84,350
2022	75,000	12,900	87,900
2023	55,000	11,600	66,600
2024	60,000	10,450	70,450
2025	65,000	9,200	74,200
2026	65,000	7,900	72,900
2027	65,000	6,438	71,438
2028	70,000	4,750	74,750
2029	75,000	2,938	77,938
2030	80,000	1,000	81,000
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 750,000	$ 97,276	$ 847,276

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2013 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 160,000	$ 281,762	$ 441,762
2021	165,000	278,513	443,513
2022	160,000	275,262	435,262
2023	260,000	270,738	530,738
2024	270,000	262,412	532,412
2025	275,000	251,513	526,513
2026	285,000	240,312	525,312
2027	295,000	228,713	523,713
2028	300,000	216,812	516,812
2029	630,000	201,363	831,363
2030	655,000	181,269	836,269
2031	1,285,000	149,744	1,434,744
2032	680,000	117,812	797,812
2033	1,605,000	80,681	1,685,681
2034	1,680,000	27,300	1,707,300
2035			
2036			
2037			
2038			
	$ 8,705,000	$ 3,064,206	$ 11,769,206

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2014 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 165,000	$ 92,006	$ 257,006
2021	170,000	88,656	258,656
2022	165,000	85,306	250,306
2023	170,000	81,531	251,531
2024	175,000	76,782	251,782
2025	180,000	71,456	251,456
2026	185,000	65,981	250,981
2027	185,000	60,432	245,432
2028	195,000	54,487	249,487
2029	200,000	48,069	248,069
2030	195,000	41,407	236,407
2031	200,000	34,494	234,494
2032	855,000	15,497	870,497
2033			
2034			
2035			
2036			
2037			
2038			
	$ 3,040,000	$ 816,104	$ 3,856,104

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2015 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 110,000	$ 216,100	$ 326,100
2021	115,000	213,275	328,275
2022	120,000	209,750	329,750
2023	120,000	206,150	326,150
2024	120,000	202,550	322,550
2025	125,000	198,875	323,875
2026	120,000	195,200	315,200
2027	125,000	191,525	316,525
2028	125,000	187,775	312,775
2029	130,000	183,950	313,950
2030	135,000	179,300	314,300
2031	135,000	173,900	308,900
2032	140,000	168,400	308,400
2033	140,000	162,800	302,800
2034	120,000	157,600	277,600
2035	1,905,000	117,100	2,022,100
2036	1,975,000	39,500	2,014,500
2037			
2038			
	$ 5,760,000	$ 3,003,750	$ 8,763,750

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2016		
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 125,000	$ 55,925	$ 180,925
2021	120,000	53,788	173,788
2022	130,000	51,287	181,287
2023	130,000	48,688	178,688
2024	125,000	46,137	171,137
2025	125,000	43,638	168,638
2026	135,000	41,038	176,038
2027	130,000	38,388	168,388
2028	135,000	35,484	170,484
2029	135,000	32,277	167,277
2030	140,000	28,837	168,837
2031	160,000	24,900	184,900
2032	165,000	20,325	185,325
2033	160,000	15,450	175,450
2034	165,000	10,575	175,575
2035	130,000	6,150	136,150
2036	140,000	2,100	142,100
2037			
2038			
	$ 2,350,000	$ 554,987	$ 2,904,987

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2017		
Due During Fiscal Years Ending September 30	Principal Due October 1	Interest Due October 1/ April 1	Total
2020	$ 60,000	$ 126,300	$ 186,300
2021	60,000	124,500	184,500
2022	60,000	122,700	182,700
2023	60,000	120,900	180,900
2024	65,000	119,025	184,025
2025	65,000	117,075	182,075
2026	65,000	115,125	180,125
2027	70,000	113,100	183,100
2028	65,000	111,075	176,075
2029	65,000	109,125	174,125
2030	70,000	107,100	177,100
2031	70,000	105,000	175,000
2032	75,000	102,825	177,825
2033	75,000	100,481	175,481
2034	80,000	97,963	177,963
2035	80,000	95,362	175,362
2036	80,000	92,763	172,763
2037	1,350,000	69,525	1,419,525
2038	1,410,000	23,794	1,433,794
	$ 3,925,000	$ 1,973,738	$ 5,898,738

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	$ 1,310,000	$ 1,042,962	$ 2,352,962
2021	1,340,000	1,009,864	2,349,864
2022	1,375,000	974,236	2,349,236
2023	1,410,000	933,907	2,343,907
2024	1,455,000	886,556	2,341,556
2025	1,505,000	834,757	2,339,757
2026	1,560,000	781,056	2,341,056
2027	1,615,000	725,096	2,340,096
2028	1,670,000	666,383	2,336,383
2029	1,730,000	608,222	2,338,222
2030	1,790,000	549,213	2,339,213
2031	1,850,000	488,038	2,338,038
2032	1,915,000	424,859	2,339,859
2033	1,980,000	359,412	2,339,412
2034	2,045,000	293,438	2,338,438
2035	2,115,000	218,612	2,333,612
2036	2,195,000	134,363	2,329,363
2037	1,350,000	69,525	1,419,525
2038	1,410,000	23,794	1,433,794
	$ 31,620,000	$ 11,024,293	$ 42,644,293

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Description	Original Bonds Issued	Bonds Outstanding October 1, 2018
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2011	$ 5,315,000	$ 2,225,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2012	5,960,000	5,460,000
Meadowhill Regional Municipal Utility District Unlimited Tax and Revenue Bonds - Series 2012	1,220,000	815,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2013	9,760,000	8,865,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2014	3,565,000	3,205,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2015	6,180,000	5,875,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2016	2,600,000	2,475,000
Meadowhill Regional Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2017	3,980,000	3,980,000
TOTAL	$ 38,580,000	$ 32,900,000

See accompanying independent auditor’s report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding September 30, 2019	Paying Agent
$	$ 525,000	$ 59,037	$ 1,700,000	BOKF, N.A. Austin, TX
	70,000	212,362	5,390,000	BOKF, N.A. Austin, TX
	65,000	17,100	750,000	BOKF, N.A. Austin, TX
	160,000	284,963	8,705,000	BOKF, N.A. Austin, TX
	165,000	95,306	3,040,000	BOKF, N.A. Austin, TX
	115,000	218,350	5,760,000	BOKF, N.A. Austin, TX
	125,000	57,800	2,350,000	BOKF, N.A. Austin, TX
	55,000	128,026	3,925,000	BOKF, N.A. Austin, TX
$ - 0 -	$ 1,280,000	$ 1,072,944	$ 31,620,000	

See accompanying independent auditor's report.

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MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Bond Authority:	Tax Bonds**	Refunding Bonds
Amount Authorized by Voters	$ 69,265,000	$ *
Amount Issued	44,830,000	1,710,000
Remaining to be Issued	$ 24,435,000	

* One-hundred-fifty percent of outstanding bonds payable.

** Includes all bonds secured with tax revenues. Bonds in this category may also be secured with other revenues in combination with taxes.

Debt Service Fund cash, investments and cash with paying agents balance as of September 30, 2019:	$ 4,304,202
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 2,244,436

For interest rates, interest payment dates and maturity dates, see Note 3.

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 1,486,724	$ 1,302,366	$ 661,704
Payment of Lieu of Taxes			13,875
Water Service	801,351	750,161	719,360
Wastewater Service	1,148,271	1,140,824	1,090,281
Regional Water Authority Fees	791,986	784,296	613,784
Penalty and Interest	52,946	54,407	54,549
Tap Connection and Inspection Fees	284,731	272,443	403,126
Investment Revenues	134,813	65,738	17,227
Miscellaneous Revenues	50,128	35,861	48,919
TOTAL REVENUES	$ 4,750,950	$ 4,406,096	$ 3,622,825
EXPENDITURES			
Professional Fees	$ 240,464	$ 303,189	$ 257,152
Contracted Services	859,832	803,646	777,106
Purchased Water Service	1,233,992	928,976	728,903
Purchased Wastewater Service	464,539	386,351	360,217
Utilities	102,444	91,612	79,553
Repairs and Maintenance	334,143	349,977	294,490
Other	305,025	278,774	328,416
Capital Outlay	26,445	1,092,246	147,971
TOTAL EXPENDITURES	$ 3,566,884	$ 4,234,771	$ 2,973,808
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,184,066	$ 171,325	$ 649,017
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$ 81,357	$	$ 45,600
Developer Contribution		600,000	
TOTAL OTHER FINANCING SOURCES (USES)	$ 81,357	$ 600,000	$ 45,600
NET CHANGE IN FUND BALANCE	$ 1,265,423	$ 771,325	$ 694,617
BEGINNING FUND BALANCE	6,298,424	5,527,099	4,832,482
ENDING FUND BALANCE	$ 7,563,847	$ 6,298,424	$ 5,527,099

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2016	2015	2019	2018	2017	2016	2015
$ 553,410	$ 953,231	31.2 %	29.6 %	18.2 %	18.3 %	28.2 %
152,875				0.4	5.0	
583,721	555,590	16.9	17.0	19.9	19.2	16.5
962,204	909,161	24.2	25.9	30.1	31.7	27.0
472,927	405,749	16.7	17.8	16.9	15.6	12.0
61,697	51,359	1.1	1.2	1.5	2.0	1.5
200,263	440,896	6.0	6.2	11.1	6.6	13.1
7,546	5,377	2.8	1.5	0.5	0.2	0.2
44,017	51,389	1.1	0.8	1.4	1.4	1.5
$ 3,038,660	$ 3,372,752	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 210,094	$ 260,574	5.1 %	6.9 %	7.1 %	6.9 %	7.7 %
750,898	723,671	18.1	18.2	21.5	24.7	21.5
532,688	504,525	26.0	21.1	20.1	17.5	15.0
354,458	278,186	9.8	8.8	9.9	11.7	8.2
70,575	67,898	2.2	2.1	2.2	2.3	2.0
245,263	230,905	7.0	7.9	8.1	8.1	6.8
416,156	205,676	6.4	6.3	9.1	13.7	6.1
107,968	19,648	0.6	24.8	4.1	3.6	0.6
$ 2,688,100	$ 2,291,083	75.2 %	96.1 %	82.1 %	88.5 %	67.9 %
$ 350,560	$ 1,081,669	24.8 %	3.9 %	17.9 %	11.5 %	32.1 %
$	$ 915,937					
$ - 0 -	$ 915,937					
$ 350,560	$ 1,997,606					
4,481,922	2,484,316					
$ 4,832,482	$ 4,481,922					

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 2,481,675	$ 2,470,185	$ 2,412,228
Penalty and Interest	61,112	46,224	33,743
Interest on Investments	71,500	38,062	10,611
Miscellaneous Revenues	60		
TOTAL REVENUES	$ 2,614,347	$ 2,554,471	$ 2,456,582
EXPENDITURES			
Tax Collection Expenditures	$ 103,337	$ 100,719	$ 77,544
Debt Service Principal	1,280,000	1,200,000	1,050,000
Debt Service Interest and Fees	1,076,944	1,052,579	955,981
Bond Issuance Costs			
TOTAL EXPENDITURES	$ 2,460,281	$ 2,353,298	$ 2,083,525
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 154,066	$ 201,173	$ 373,057
OTHER FINANCING SOURCES (USES)			
Transfer to Refunding Escrow Agent	$	$	$
Long-Term Debt Issued			
Premium on Bonds Issued			
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ -0-	$ -0-
NET CHANGE IN FUND BALANCE	$ 154,066	$ 201,173	$ 373,057
BEGINNING FUND BALANCE	4,127,525	3,926,352	3,553,295
ENDING FUND BALANCE	$ 4,281,591	$ 4,127,525	$ 3,926,352
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,634	2,629	2,618
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,585	2,587	2,604

See accompanying independent auditor’s report.

		Percentage of Total Revenue				
2016	2015	2019	2018	2017	2016	2015
$ 2,005,284	$ 1,659,854	95.0 %	96.7 %	98.2 %	98.5 %	98.4 %
26,570	21,535	2.3	1.8	1.4	1.3	1.3
5,016	4,816	2.7	1.5	0.4	0.2	0.3
65	80					
$ 2,036,935	$ 1,686,285	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 77,518	$ 65,495	4.0 %	3.9 %	3.2 %	3.8 %	3.9 %
1,075,000	970,000	49.0	47.0	42.7	52.8	57.5
959,015	903,690	41.2	41.2	38.9	47.1	53.6
	277,645					16.5
$ 2,111,533	$ 2,216,830	94.2 %	92.1 %	84.8 %	103.7 %	131.5 %
$ (74,598)	$ (530,545)	5.8 %	7.9 %	15.2 %	(3.7) %	(31.5) %
$	$(6,133,573)					
	6,180,000					
	228,420					
$ - 0 -	$ 274,847					
$ (74,598)	$ (255,698)					
3,627,893	3,883,591					
$ 3,553,295	$ 3,627,893					
2,645	2,510					
2,594	2,471					

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019

District Mailing Address	-	Meadowhill Regional Municipal Utility District c/o Johnson Petrov LLP 2929 Allen Parkway, Suite 3150 Houston, TX 77019-6100
District Telephone Number	-	(713) 489-8977

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended September 30, 2019	Expense Reimbursements for the year ended September 30, 2019	Title
Alan E. Liczwek	05/2018 05/2022 (Elected)	$ 6,000	$ 3,913	President
Douglas Larkins	05/2016 05/2020 (Elected)	$ 7,200	$ -0-	Vice President
Edward Varosky	05/2016 05/2020 (Elected)	$ 7,200	$ 2,792	Secretary/ Treasurer
Michael Gleason	05/2018 05/2022 (Elected)	$ 7,200	$ 2,003	Assistant Secretary/ Assistant Treasurer
Pasquale J. Testa	05/2018 05/2022 (Elected)	$ 6,300	$ 77	Director

Notes: No Director has any business or family relationships (as defined by the Texas Water Code) with major landowners in the District, with the District's developers or with any of the District's consultants.

Submission date of most recent District Registration Form: June 6, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on July 30, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

MEADOWHILL REGIONAL MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019

Consultants:	Date Hired	District Fees for the year ended September 30, 2019	Water Plant and Wastewater Treatment Plant Fees for the year ended September 30, 2019	Title
Johnson Petrov LLP	05/91	$ 172,118	$ 1,850	Attorney
McCall Gibson Swedlund Barfoot PLLC	09/28/96	$ 17,250	$ 8,350	Auditor
		$ 4,450	$ -0-	Special Project
Myrtle Cruz, Inc.	06/81	$ 28,942	$ 25,268	Bookkeeper/ Investment Officer
Perdue Brandon Fielder Collins & Mott	05/99	$ 24,485	$ -0-	Delinquent Tax Attorney
IDS Engineering, Inc.	09/24/02	$ 130,665	$ 56,205	Engineer
Blitch Associates, Inc.	09/90	$ -0-	$ -0-	Financial Advisor
TNG Utility Corp.	09/24/02	$ 526,037	$ 635,842	Operator
Bob Leared Interests	10/15/90	$ 43,244	$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

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