OFFICIAL STATEMENT DATED OCTOBER 13, 2020

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

THE BONDS HAVE BEEN DESIGNATED "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS. SEE "LEGAL MATTERS—QUALIFIED TAX-EXEMPT OBLIGATIONS."

NEW ISSUE-BOOK-ENTRY-ONLY

Insured Ratings on Series 2020 Bonds (AGM):	S&P: "AA" (stable outlook)
	Moody's "A2" (stable outlook)
Insured Rating on Series 2020A Park Bonds (BAM):	S&P: "AA" (stable outlook)
Underlying Rating:	Moody's "A2"

See "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS" and "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS" herein.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

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

$6,725,000
UNLIMITED TAX BONDS
SERIES 2020

$2,225,000
UNLIMITED TAX PARK BONDS
SERIES 2020A

Dated Date: November 1, 2020 **Due: March 1, as shown on the inside cover**

The $6,725,000 Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds") and the $2,225,000 Unlimited Tax Park Bonds, Series 2020A (the "Series 2020A Park Bonds") (collectively referred to herein as the "Bonds") are being issued by Harris County Municipal Utility District No. 419 (the "District"). Principal of the Bonds is payable at maturity or prior redemption. Interest on the Bonds initially accrues from November 1, 2020, and is payable on March 1, 2021. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the inside cover.

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

The scheduled payment of principal of and interest on the Series 2020 Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2020 Bonds by ASSURED GUARANTY MUNICIPAL CORP**.** See "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS" herein.

The scheduled payment of principal of and interest on the Series 2020A Park Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Series 2020A Park Bonds by BUILD AMERICA MUTUAL ASSURANCE COMPANY. See "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS" herein.

See "MATURITY SCHEDULES" on the inside cover

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. **INVESTMENT IN THE BONDS IS SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."**

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about November 12, 2020.

MATURITY SCHEDULES

$6,725,000
THE SERIES 2020 BONDS

Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)	Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2022	$ 300,000	2.000 %	0.50 %	41421D J56	2033	$ 325,000 (a)	2.000 %	1.65 %	41421D K88
2023	300,000	2.000	0.55	41421D J64	2034	325,000 (a)	2.000	1.75	41421D K96
2024	300,000	2.000	0.65	41421D J72	2035	325,000 (a)	2.000	1.85	41421D L20
2025	300,000	2.000	0.75	41421D J80	2036	325,000 (a)	2.000	2.00	41421D L38
2026	300,000	2.000	0.90	41421D J98	2037	325,000 (a)	2.000	2.05	41421D L46
2027	300,000 (a)	2.000	1.05	41421D K21	2038	325,000 (a)	2.000	2.10	41421D L53
2028	325,000 (a)	2.000	1.15	41421D K39	2039	325,000 (a)	2.000	2.15	41421D L61
2029	325,000 (a)	2.000	1.25	41421D K47	2040	325,000 (a)	2.000	2.20	41421D L79
2030	325,000 (a)	2.000	1.35	41421D K54	2041	350,000 (a)	2.125	2.25	41421D L87
2031	325,000 (a)	2.000	1.45	41421D K62	2042	350,000 (a)	2.125	2.30	41421D L95
2032	325,000 (a)	2.000	1.55	41421D K70					

$2,225,000
THE SERIES 2020A PARK BONDS

Due (March 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Number (c)
2022	$ 105,000	2.00 %	0.40 %	41421D M29
2023	105,000	2.00	0.55	41421D M37
2024	105,000	2.00	0.70	41421D M45
2025	105,000	2.00	0.85	41421D M52
2026	105,000	2.00	1.00	41421D M60

$210,000 Term Bonds due March 1, 2028 (a), 41421D M86 (c), 2.00% Interest Rate, 1.15% Yield (b)
$210,000 Term Bonds due March 1, 2030 (a), 41421D N28 (c), 2.00% Interest Rate, 1.40% Yield (b)
$210,000 Term Bonds due March 1, 2032 (a), 41421D N44 (c), 2.00% Interest Rate, 1.60% Yield (b)
$210,000 Term Bonds due March 1, 2034 (a), 41421D N69 (c), 2.00% Interest Rate, 1.80% Yield (b)
$420,000 Term Bonds due March 1, 2038 (a), 41421D P26 (c), 2.00% Interest Rate, 2.10% Yield (b)
$440,000 Term Bonds due March 1, 2042 (a), 41421D P67 (c), 2.00% Interest Rate, 2.15% Yield (b)

(a) Bonds maturing on or after March 1, 2027, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on March 1, 2026, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

(b) Initial Reoffering Yield represents the initial offering yield to the public, which will be established by the Underwriters for offers to the public and which subsequently may be changed.

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

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Series 2020 Bonds or the advisability of investing in the Series 2020 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 "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS" and "APPENDIX B—AGM Specimen Municipal Bond Insurance Policy."

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Series 2020A Park Bonds or the advisability of investing in the Series 2020A Park Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS" and "APPENDIX C—BAM Specimen Municipal Bond Insurance Policy."

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Series 2020 Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Robert W. Baird & Co., Inc. (the "Series 2020 Bond Underwriter"), paying the interest rates shown on the cover page hereof, at a price of 99.3000% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.083919% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

After requesting competitive bids for the Series 2020A Park Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Series 2020A Park Bond Underwriter"), paying the interest rates shown on the cover page hereof, at a price of 98.8671% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.099292% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

The Series 2020 Bond Underwriter and the Series 2020A Park Bond Underwriter shall be referred to herein collectively as the "Underwriters."

Prices and Marketability

Information concerning initial reoffering yields or prices is the responsibility of the Underwriters.

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

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

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

INFECTIOUS DISEASE OUTLOOK (COVID-19)

General… The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. As described herein under "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)", federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas.

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.

While the potential impact of the Pandemic on the District cannot be quantified at this time, the continued outbreak of the Pandemic 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. See "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)."

HURRICANE HARVEY

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

Impact... According to Inframark, LLC (the "Operator") and BGE, Inc. (the "Engineer"), the system serving the District did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, the District is not aware of any improvements within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

THE DISTRICT

Description...	The District is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the "TCEQ") on February 21, 2005, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently includes approximately 1,761 acres of land within its boundaries. See "THE DISTRICT."
Location...	The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston, Texas and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. The District is bordered on the north and east by North Bridgeland Lake Parkway, on the west by U.S. Highway 99 (the Grand Parkway) and on the south by Fry Road. Access to the District is provided by U.S. Highway 290 to Fry Road south or by the Grand Parkway to House Hahl Road east. The District is located approximately 2.7 miles southeast of the intersection of U.S. Highway 290 and the Grand Parkway. See "THE DISTRICT" and "AERIAL LOCATION MAP."
Bridgeland…	The District is part of the master-planned community of Bridgeland, currently consisting of the District, three water control and improvement districts, six other municipal utility districts, and additional land to be annexed into certain of such utility districts. The District, Harris County Municipal Utility District No. 418 ("MUD 418"), and a portion of Harris County Municipal Utility District No. 489 ("MUD 489") are within the boundaries of Harris County Water Control and Improvement District No. 157 ("WCID 157"). All of the residential, commercial and multi-family development occurring in Bridgeland is occurring either within the District or within MUD 489. The development of Bridgeland is planned by the Developer (defined below) to ultimately encompass approximately 11,400 acres. See "BRIDGELAND," "THE DISTRICT" and "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."
The Developer…	Bridgeland Development, LP, a Maryland limited partnership (the "Developer") is the developer of Bridgeland. The Developer is wholly owned by The Howard Hughes Corporation, a Delaware corporation ("HHC"). HHC is a public company whose stock is traded on the New York Stock Exchange under the symbol HHC. See "THE DEVELOPER."
Status of Development…	Underground utilities and paving are complete for 3,362 single-family residential lots (approximately 1,001 acres) within the District. As of August 1, 2020, 3,340 homes were complete (3,328 occupied), 19 homes were under construction or in the name of the builder, and 3 lots were available for home construction or in the name of a builder. Newer homes in the District are being offered for sale at prices ranging from approximately $250,000 to over $1,000,000. Additionally, Parklane Cypress Apartments, a 288-unit apartment community, has been constructed on approximately 22 acres and is currently approximately 86% occupied according to the apartment community's management. In addition to residential development, a 6,000 square foot clubhouse/recreational facility that includes a pool, a spray park, a lap pool, water slides, two tennis courts and a playground has been completed on approximately 11 acres. A jogging path and greenbelt system also run throughout the community. An information center, elementary school, church and CVS Pharmacy have been constructed on approximately 43 acres within the District. The school and the church are not subject to taxation by the District. Five retail strip centers totaling approximately 46,812 square feet and five one-story professional office buildings totaling approximately 21,600 square feet have been developed on approximately 9 acres where various retail, service and professional businesses are located. A Great Clips, pizza and taco restaurants, a Marble Slab Creamery, a nail spa, a wine retailer, a dentist office, an optometrist, a 9Round fitness studio, an F45 fitness training center, a performing arts studio, and a salon and spa have been opened in the retail strip centers and a Best Brains learning center, a Re/Max real estate, physical therapy center and endodontics dentist office, physical therapy office and a mortgage lender have opened in the professional office buildings. Additionally, approximately 37 acres are served by underground water, sewer and drainage trunk facilities and paving facilities for future development. The remainder of the District is comprised of approximately 638 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites). See "THE DISTRICT—Land Use," "—Status of Development," and "—Future Development."

The Builders… Homebuilders actively marketing or building homes in the District include Darling Homes and Trendmaker Homes. See "THE DISTRICT—Homebuilding" and "TAX DATA—Principal Taxpayers."

Water and Wastewater Facilities… The District has constructed internal water, sewer and drainage facilities within its boundaries. Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by facilities owned and operated by MUD 418, in its capacity as the regional provider of such services (the "Master District"). See "WATER, WASTEWATER AND DRAINAGE."

Roads… The District has constructed a road system (the "Roads") to serve the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. See "ROADS."

Park and Recreational Facilities… Park and recreational facilities constructed within the District include an approximate 10-mile system of interconnecting trails, community parks with amenities to include pavilions, restrooms, playgrounds, splash pads, a private 18-hole disc golf course, picnic areas, floating docks for catch-and-release fishing and various nature observation areas. A portion of the Series 2020A Park Bonds will be expended to pay for landscape improvements within the District. See "THE BONDS—Financing Recreational Facilities," "USE AND DISTRIBUTION OF BOND PROCEEDS—Series 2020A Park Bonds" and "PARK AND RECREATIONAL FACILITIES."

Storm Drainage… WCID 157 provides amenity/detention facilities and major drainage and channel improvements to serve the land within their boundaries, including the District. See "MAJOR CHANNEL AND DETENTION IMPROVEMENTS."

Overlapping Debt Obligations… The land within the District is subject to taxation by WCID 157. WCID 157 has levied a 2020 tax rate in the amount of $0.4319 per $100 of taxable assessed valuation. WCID 157 has previously issued a total of $60,325,000 in aggregate principal amount of bonds payable from ad valorem taxes that remain outstanding as of the date hereof. The District's 2020 tax rate, in combination with the published 2020 tax rate of WCID 157 is $1.3719 per $100 of taxable assessed valuation. See "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

Payment Record... The District has previously issued (a) eleven series of unlimited tax bonds in the aggregate initial principal amount of $99,775,000 for the purpose of acquiring or constructing water, sewer and drainage facilities, (b) four series of unlimited tax park bonds in the aggregate initial principal amount of $12,710,000 for the purpose of acquiring or constructing parks and recreational facilities, (c) six series of unlimited tax road bonds in the aggregate initial principal amount $33,245,000 for the purpose of acquiring or constructing road facilities, (d) three series of unlimited tax refunding bonds in the aggregate initial principal amount $37,375,000, (e) one series of unlimited tax park refunding bonds in the aggregate initial principal amount $1,945,000, and (f) two series of unlimited tax road refunding bonds in the aggregate initial principal amount $11,785,000 (collectively, the "Previously Issued Bonds"), of which a total of $117,280,000 in aggregate principal amount collectively remains outstanding as of the date hereof (the "Outstanding Bonds"). See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds." The District has never defaulted on its debt obligations.

THE BONDS

Description... The $6,725,000 Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds") and the $2,225,000 Unlimited Tax Park Bonds, Series 2020A (the "Series 2020A Park Bonds") (collectively referred to herein as the "Bonds") are being issued as fully registered bonds pursuant to separate orders (the "Bond Orders") authorizing the issuance of each such series of the Bonds adopted by the District's Board of Directors. The Series 2020 Bonds are scheduled to mature serially on March 1 in the years 2022 through 2042, both inclusive. The Series 2020A Park Bonds are scheduled to mature serially on March 1 in the years 2022 through 2026, both inclusive, and as term bonds on March 1 in each of the years 2028, 2030, 2032, 2034, 2038, and 2042 (the "Term Bonds"). The Bonds will be issued in book-entry form only in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from November 1, 2020, and is payable on March 1, 2021. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. See "THE BONDS."

Book-Entry-Only System...	The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC or its designee. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on or after March 1, 2027, are subject to redemption at the option of the District in whole, or from time to time in part, prior to their maturity dates on March 1, 2026, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds also are subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
Use of Proceeds...	Proceeds of the Bonds will be used to pay for engineering and construction costs associated with water, sewer and drainage facilities and recreational facilities shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to pay engineering fees and administrative costs and certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."
Authority for Issuance...	The Series 2020 Bonds are the twelfth series of bonds issued out of an aggregate of $211,320,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sewer and drainage facilities. The Series 2020A Park Bonds are the fifth series of bonds issued out of an aggregate of $20,360,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing recreational facilities. The Bonds are issued by the District pursuant to the terms and provisions of an order of the TCEQ, Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, elections held within the District, and the Bond Orders. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt," "—Financing Recreational Facilities" and "INVESTMENT CONSIDERATIONS—Future Debt."
Source of Payment...	Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. See "THE BONDS—Source and Security for Payment" and "—Funds."
Municipal Bond Rating and Municipal Bond Insurance...	It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Moody's Investor Service, Inc. ("Moody's") will assign a municipal bond rating of "AA" (stable outlook) and "A2" (stable outlook), respectively to the Series 2020 Bonds with the understanding that upon delivery of the Series 2020 Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2020 Bonds will be issued by Assured Guaranty Municipal Corp. ("AGM"). It is expected that S&P will assign a municipal bond rating of "AA" (stable outlook) to the Series 2020A Park Bonds with the understanding that upon delivery of the Series 2020A Park Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2020A Park Bonds will be issued by Build America Mutual Assurance Company ("BAM"). Moody's has assigned a credit rating of "A2" on the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS," "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS," "APPENDIX B" and "APPENDIX C."
Qualified Tax-Exempt Obligations...	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "LEGAL MATTERS—Qualified Tax-Exempt Obligations."
Bond Counsel...	Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."
Financial Advisor…	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Disclosure Counsel...	McCall, Parkhurst & Horton L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."

Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

INVESTMENT CONSIDERATIONS

The purchase and ownership of the Bonds are subject to special investment considerations and all prospective purchasers are urged to examine carefully this entire OFFICIAL STATEMENT with respect to the investment security of the Bonds, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2020 Taxable Assessed Valuation	$1,304,072,166	(a)
Gross Direct Debt Outstanding (including the Bonds)	$126,230,000	(b)
Estimated Overlapping Debt	135,853,165	(c)
Gross Direct Debt and Estimated Overlapping Debt	$262,083,165	
Ratio of Gross Direct Debt to:		
2020 Taxable Assessed Valuation	9.68%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Taxable Assessed Valuation	20.10%	
Funds Available for Debt Service as of September 14, 2020	$3,140,484	(d)
Funds Available for Maintenance and Operations as of September 14, 2020	$4,106,180	
Funds Available for Construction as of September 14, 2020	$1,123,291	(e)
2020 Debt Service Tax Rate	$0.7625	
2020 Maintenance and Operations Tax Rate	0.1775	
2020 Total Tax Rate	$0.9400	
Average Annual Debt Service Requirement (2021-2042)	$7,674,044	(f)
Maximum Annual Debt Service Requirement (2022)	$10,028,070	(f)
Tax Rate Required to Pay Average Annual Debt Service (2021-2042) at a 95% Collection Rate		
2020 Taxable Assessed Valuation	$0.62	(g)
Tax Rate Required to Pay Maximum Annual Debt Service (2022) at a 95% Collection Rate		
2020 Taxable Assessed Valuation	$0.81	(g)
Status of Development as of August 1, 2020 (h):		
Completed homes (3,328 occupied)	3,340	
Homes under construction or in the name of the builder	19	
Lots available for construction	3	
Multi-Family Apartment Units	288	
Estimated population	12,266	(i)

(a) The 2020 Taxable Assessed Valuation shown herein includes $1,167,032,871 of certified value and $137,039,295 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Harris County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

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

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

(d) Of such balance, $1,123,644 is allocated to pay debt service on Road Bonds (herein defined) and $2,016,840 is allocated to pay debt service on WSD&R Bonds (herein defined). Although all the District's debt, including the Outstanding Bonds and the Bonds, has been issued on a parity basis and is payable from an unlimited tax pledge, portions of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on bonds issued for the purpose of financing water, sewer and drainage and recreational facilities or to refund such bonds ("WSD&R Bonds") and bonds issued for the purpose of financing road facilities or to refund such bonds ("Road Bonds"), and deposited into separate sub-accounts within the District's Debt Service Fund. See "THE BONDS—Funds" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(e) Represents surplus construction funds, and interest thereon, derived from the Outstanding Bonds. The Bonds, if, as and when issued, may produce additional surplus funds. Surplus funds for construction may be expended for any lawful purpose for which surplus funds may be used, limited, however, to the purposes for which the issue of the Outstanding Bonds which produced the surplus funds were issued. Under certain circumstances, the approval of the TCEQ is required for the use of surplus funds derived from WSD&R Bonds. Of such amount, $883,935 and $82,250 may be used to finance water, sewer and drainage facilities and park and recreational facilities, respectively, with the approval of the TCEQ, and $157,106 may be used to finance road facilities.

(f) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

(g) See "TAX DATA—Tax Adequacy for Debt Service" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

(h) See "THE DISTRICT—Land Use" and "—Status of Development."

(i) Based upon 3.5 persons per completed home and 2 persons per multi-family unit.

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 419

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

$6,725,000 UNLIMITED TAX BONDS SERIES 2020	$2,225,000 UNLIMITED TAX PARK BONDS SERIES 2020A

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 419 (the "District") of its $6,725,000 Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds") and the $2,225,000 Unlimited Tax Park Bonds, Series 2020A (the "Series 2020A Park Bonds") (collectively referred to herein as the "Bonds").

The Bonds are issued by the District pursuant to an order of the Texas Commission on Environmental Quality (the "TCEQ"), Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, elections held within the District, and separate orders authorizing, respectively, the issuance of the Series 2020 Bonds and the Series 2020A Park Bonds (the "Bond Orders") adopted by the Board of Directors of the District (the "Board").

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Orders, and certain other information about the District, Bridgeland Development, LP, a Maryland Limited Partnership (the "Developer"), homebuilders building homes in the District (the "Builders") and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, upon payment of duplication costs therefor.

THE BONDS

General

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

Description

The Bonds will be dated November 1, 2020, with interest payable on March 1, 2021, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from November 1, 2020, and thereafter, from the most recent Interest Payment Date. Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months. The Bonds mature, and principal in respect of the Bonds is payable, on March 1 of the years and in the amounts, and accrue interest at the rates, shown under "MATURITY SCHEDULE" on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be initially registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry-only system described herein. No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At elections held within the District on May 7, 2005, November 7, 2006, and May 10, 2008, voters of the District authorized a total of $211,320,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities. The District has issued a total aggregate principal amount of $99,775,000 in bonds from said authorization. The Series 2020 Bonds represent the twelfth issuance from such authorization. After issuance of the Series 2020 Bonds, a total of $104,820,000 in principal amount of unlimited tax bonds will remain authorized but unissued from said authorization. At the above-described elections, voters in the District also authorized a total of $20,360,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. After issuance of the Series 2020 Park Bonds, a total of $5,425,000 in principal amount of such unlimited tax bonds will remain authorized but unissued. See "Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to the terms and provisions of an order of the TCEQ, Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, the elections held within the District described hereinabove, and the Bond Orders.

Source and Security for Payment

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

Funds

The Bond Orders confirm the prior creation of the District's Debt Service Fund, including the sub-accounts which are used to separate funds received to pay debt service on bonds issued to finance water, sewer drainage, and recreational facilities or to refund such bonds ("WSD&R Bonds") from funds received to pay debt service on bonds issued to finance road facilities or to refund such bonds ("Road Bonds"). The Bond Orders also confirm the District's Construction Fund, including the sub-accounts which are used to separate proceeds from WSD&R Bonds and Road Bonds. Accrued interest on the Bonds will be deposited from the proceeds from sale of the Bonds into the sub-account of the Debt Service Fund created in respect of WSD&R Bonds. All remaining proceeds of the Bonds will be deposited in the sub-account of the Construction Fund created in respect of WSD&R Bonds.

The proceeds from all taxes levied, assessed and collected for and on account of the Bonds authorized by the Bond Orders shall be deposited, as collected, into the sub-account of the Debt Service Fund created in respect of WSD&R Bonds. The Debt Service Fund, which constitutes a trust fund for the benefit of the owners of the Outstanding Bonds, the Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and funds in the sub-accounts created in respect of WSD&R Bonds are to be used for payment of debt service on the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or part from taxes. Amounts on deposit in the sub-accounts of the Debt Service Fund created in respect of WSD&R Bonds may also be used to pay the fees and expenses of the Paying Agent/Registrar, to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any of the District's duly authorized WSD&R Bonds, whether heretofore, hereunder or hereafter issued, payable in whole or in part from taxes, and to pay any tax anticipation notes issued in respect of debt service due or to become due on WSD&R Bonds, together with interest thereon, as such tax anticipation notes become due. Funds otherwise on deposit in the Debt Service Fund, including funds in the sub-account created in respect of Road Bonds, will not be available for payment of the Bonds.

Record Date

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

Redemption Provisions

Mandatory Redemption of 2020A Park Term Bonds: The Series 2020A Park Bonds maturing on March 1 in each of the years 2028, 2030, 2032, 2034, 2038 and 2042 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on March 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$210,000 Term Bonds Due March 1, 2028

Mandatory Redemption Date	Principal Amount
2027	$ 105,000
2028 (maturity)	105,000

$210,000 Term Bonds Due March 1, 2030

Mandatory Redemption Date	Principal Amount
2029	$ 105,000
2030 (maturity)	105,000

$210,000 Term Bonds Due March 1, 2032

Mandatory Redemption Date	Principal Amount
2031	$ 105,000
2032 (maturity)	105,000

$210,000 Term Bonds Due March 1, 2034

Mandatory Redemption Date	Principal Amount
2033	$ 105,000
2034 (maturity)	105,000

$420,000 Term Bonds Due March 1, 2038

Mandatory Redemption Date	Principal Amount
2035	$ 105,000
2036	105,000
2037	105,000
2038 (maturity)	105,000

$440,000 Term Bonds Due March 1, 2042

Mandatory Redemption Date	Principal Amount
2039	$ 110,000
2040	110,000
2041	110,000
2042 (maturity)	110,000

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

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 2027, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon through the date fixed for redemption of such Bonds (the “Redemption Date”). If fewer than all of the Bonds are to be redeemed, the particular series and maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same series and maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See “BOOK-ENTRY-ONLY SYSTEM.” Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the Redemption Date, in the manner specified in the Bond Orders.

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

Method of Payment of Principal and Interest

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

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner’s income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See “BOOK-ENTRY-ONLY SYSTEM.” So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining, on behalf of the District, the registry books reflecting the names and addresses of the holders of the Bonds (the “Registered Owners”) and the maturities, principal amounts, and such other information as necessary to identify the Bonds registered in the name of such Registered Owners. All references herein to the Registered Owners of the Bonds shall mean Cede & Co. and not the Beneficial Owners of the Bonds, so long as the Bonds are registered in the name of Cede & Co. See “BOOK-ENTRY-ONLY SYSTEM.”

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $211,320,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and a total of $20,360,000 in principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities. After issuance of the Bonds, $104,820,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities will remain authorized but unissued and $5,425,000 in principal amount of unlimited tax bonds for recreational facilities will remain authorized but unissued. The District's voters have also authorized a total of $37,500,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing roads and a total of $269,180,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, of which $4,255,000 in principal amount of unlimited tax bonds for acquiring or constructing road facilities, and $264,915,000 in principal amount of unlimited tax bonds for refunding purposes remains authorized but unissued. The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. Issuance of additional bonds for water, sewer and drainage facilities, and/or for recreational facilities, is subject to the approval of the TCEQ. Additional bonds may also be issued for road facilities, which bonds do not currently require TCEQ approval. See "—Financing Water, Sewer and Drainage Facilities," "—Financing Recreational Facilities," and "—Financing Road Facilities" herein, "THE DISTRICT—General," and "INVESTMENT CONSIDERATIONS—Future Debt."

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

Financing Water, Sewer and Drainage Facilities

Pursuant to provisions of the Texas Constitution and Chapter 49 and Chapter 54, Texas Water Code, as amended, the District is authorized to acquire or construct certain water, sewer and drainage facilities subject to the approval of the TCEQ and a successful District election to approve the issuance of bonds payable from taxes. See "THE DISTRICT—General." At elections held within the District on May 7, 2005, November 7, 2006, and May 10, 2008, voters of the District authorized a total of $211,320,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities. After issuance of the Series 2020 Bonds, $104,820,000 in principal amount of unlimited tax bonds for said improvements and facilities will remain authorized but unissued.

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities. Pursuant to the provisions of related statutory amendments, such maintenance tax may not exceed 10 cents per $100 of taxable assessed valuation of taxable property.

At elections held within the District on May 7, 2005, November 7, 2006, and May 10, 2008, voters of the District authorized a total of $20,360,000 unlimited tax bonds for acquiring or constructing parks and recreational facilities and authorized a maintenance tax not to exceed $0.10 per $100 of taxable assessed valuation for maintenance of recreational facilities. The District has issued $12,710,000 principal amount of unlimited tax park bonds in four series and a total of $7,650,000 in principal amount of unlimited tax park bonds remains authorized but unissued from said authorization. After issuance of the Series 2020A Park Bonds, a total of $5,425,000 in principal amount of unlimited tax bonds for said park and recreational facilities will remain authorized but unissued. The District is authorized to issue such bonds if (i) at the time of issuance, the bonds do not exceed 1% of the value of the taxable property in the District, or the estimated cost of the facilities as set forth in the recreational facilities plan adopted by the District, whichever amount is smaller; (ii) the District obtains any necessary governmental consents allowing the issuance of such bonds; (iii) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. Such maintenance tax is in addition to any other maintenance tax authorized by the District. Issuance of additional bonds for recreational facilities could dilute the investment security for the Bonds.

Current law may be changed in a manner to increase the amount of bonds which may be issued as related to a percentage of the value of taxable property or to allow a higher or lower maintenance tax rate for such purposes.

Financing Road Facilities

Pursuant to the provisions of the Texas Constitution and Chapter 54 Texas Water Code, as amended, conservation and reclamation districts operating pursuant to said Chapter 54 are authorized to develop and finance with property taxes certain road facilities following the granting of road powers by the TCEQ and a successful District election to approve the issuance of road bonds payable from taxes. The TCEQ granted road powers to the District and at elections held within the District on November 7, 2006 and May 10, 2008, voters of the District authorized a total of $37,500,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing road facilities. The District has issued $33,245,000 principal amount of unlimited tax road bonds in six series, and could issue additional amounts. A total of $4,255,000 in principal amount of unlimited tax road bonds remains authorized but unissued from said authorization. See "—Issuance of Additional Debt" herein and "INVESTMENT CONSIDERATIONS—Future Debt."

Financing Fire-Fighting Activities

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

Annexation

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed for full purposes by the City of Houston, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. Such requirements may include the requirement that the City of Houston hold an election in the District whereby the qualified voters of the District approve the proposed annexation. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds and the Outstanding Bonds) and abolish the District within ninety (90) days of the date of annexation. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and, therefore, the District makes no representation that the City of Houston will ever attempt to annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Consolidation

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

Remedies in Event of Default

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

Defeasance

The District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal of and interest on the Bonds and may defease the Bonds in accordance with the provisions of applicable laws, including, without limitation, Chapter 1207, Texas Government Code, as amended.

Chapter 1207 currently provides that the Bonds may be defeased by a deposit with the Comptroller of Public Accounts of the State of Texas or a Paying Agent of the District which may be invested only in obligations that mature and bear interest payable at times and in amounts sufficient to provide for the scheduled payment or redemption of the Bonds. The deposit may be invested and reinvested in (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States, (2) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the District adopts or approves the proceedings authorizing the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, or (3) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the District adopts or approves the proceedings authorizing the defeasance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

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

BOOK-ENTRY-ONLY SYSTEM

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 or completeness thereof.

The District cannot and does not give any assurances that DTC, DTC Direct Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) Bonds representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the Registered Owner of the Bonds, or that they will do so on a timely basis or that DTC, DTC Direct Participants or DTC Indirect Participants will 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 "Procedure" of DTC to be followed in dealing with DTC Direct Participants is on file with DTC.

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

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

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were approved by the TCEQ in its order authorizing the issuance of the Bonds. Non-construction costs are based upon either contract amounts or estimates of various costs by BGE, Inc. (the "Engineer") and Masterson Advisors LLC (the "Financial Advisor"). The actual amounts to be reimbursed by the District and the non-construction costs will be finalized after the sale of the Bonds and agreed-upon procedures are completed by an independent accountant. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ where required.

The Series 2020 Bonds

CONSTRUCTION RELATED COSTS		
• Construction and Engineering Related Costs Approved by the TCEQ	$	163,678
• Connection Charges Approved by the TCEQ		6,042,000
Total Construction Costs	**$**	**6,205,678**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount (a)	$	47,074
Total Non-Construction Costs	**$**	**47,074**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	311,284
• Bond Application Report Costs		50,000
• State Regulatory Fees		23,538
• Contingency (a)		87,426
Total Issuance Costs and Fees	**$**	**472,248**
TOTAL BOND ISSUE	**$**	**6,725,000**

(a) The TCEQ approved a maximum Underwriter's discount of 2.0%. Contingency represents the difference between the estimated and actual amount of Underwriter's discount.

The Series 2020A Park Bonds

CONSTRUCTION RELATED COSTS		
• Construction and Engineering Related Costs Approved by the TCEQ	$	1,998,658
Total Construction Costs	**$**	**1,998,658**
NON-CONSTRUCTION COSTS		
• Underwriter's Discount (a)	$	25,207
Total Non-Construction Costs	**$**	**25,207**
ISSUANCE COSTS AND FEES		
• Issuance Costs and Professional Fees	$	134,054
• Bond Application Report Costs		40,000
• State Regulatory Fees		7,788
• Contingency (a)		19,293
Total Issuance Costs and Fees	**$**	**201,135**
TOTAL BOND ISSUE	**$**	**2,225,000**

(a) The TCEQ approved a maximum Underwriter's discount of 2.0%. Contingency represents the difference between the estimated and actual amount of Underwriter's discount.

BRIDGELAND

The District is part of the master-planned community of Bridgeland, currently consisting of the District, three water control and improvement districts, six other municipal utility districts, and approximately 1,226 acres not currently located within any district. To date, 5,317 single-family residential lots on approximately 1,574 acres, approximately 603 apartment units on approximately 42 acres, and approximately 53 acres of commercial development have been completed in Bridgeland along with 200 acres of recreational amenities. The development of Bridgeland is planned by the Developer to ultimately encompass approximately 11,400 acres. All of the residential and commercial development occurring in Bridgeland is currently occurring within the District and MUD 489 and either overlapping WCID 157 or WCID 159. See "THE DISTRICT" and "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

The Bridgeland Management District (the "Management District") was created by an act of the Texas Legislature in 2011 as a special district under Section 59, Article XVI of the Texas Constitution to provide economic development projects and services to the area of Bridgeland planned primarily, among other purposes, for commercial development. The Management District encompasses approximately 8,784 acres, of which approximately 395 acres are within the boundaries of the District. On November 6, 2012, voters authorized the Management District to levy a sales and use tax and a hotel occupancy tax and to issue bonds payable from such taxes and/or property assessments to finance its projects and services. The Management District has not yet considered if or when it will issue debt for such purposes. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes.

THE DISTRICT

General

The District is a municipal utility district created by an order of the TCEQ, dated February 21, 2005, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

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

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and firefighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit water and sewer connections only to lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Harris County, Texas. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing certain water, sewer and drainage facilities, parks and recreational facilities, and fire-fighting facilities as well as voter approval of the issuance of bonds for said purpose.

Construction and operation of the District's water, sewer and drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "WATER, WASTEWATER AND DRAINAGE—Regulation."

Description and Location

The District currently consists of approximately 1,761 acres of land in northwest Harris County. The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. The District is bordered on the north and east by North Bridgeland Lake Parkway, on the west by U.S. Highway 99 (the Grand Parkway) and on the south by Fry Road. Access to the District is provided by U.S. Highway 290 to Fry Road south or by the Grand Parkway to House Hahl Road east. The District is located approximately 2.7 miles southeast of the intersection of U.S. Highway 290 and the Grand Parkway. See "AERIAL LOCATION MAP."

Land Use

The following table represents a detailed breakdown of the current acreage and development in the District.

Single-Family Residential	Approximate Acres	Lots/Units
The Shores	184	571
First Bend	120	397
The Cove	140	487
Lakeland Heights	108	448
Water Haven	150	500
Hidden Creek	299	959
Residential Subtotal	1,001	3,362
Information Center	5	--
Recreation Center	11	--
Elementary School	17	--
Church	20	--
Multi-Family Residential	22	288
Commercial	47	--
Non-Developable (a)	638	--
Subtotal	760	288
Totals	1,761	3,650

(a) Includes amenity/detention facilities, pipeline easements, street rights-of-way, drill sites and utility sites.

Status of Development

As of August 1, 2020, 3,340 homes were complete (3,328 occupied), 19 homes were under construction or in the name of the builder, and 3 lots were available for home construction. Newer homes in the District are being offered for sale at prices ranging from approximately $250,000 to over $1,000,000.

Additionally, Parklane Cypress Apartments, a 288-unit apartment community has been constructed on approximately 22 acres and is currently approximately 86% occupied according to the apartment community's management.

The estimated population in the District is 12,266, based upon 3.5 persons per completed home and 2 persons per multi-family apartment unit.

In addition to residential development, a 6,000 square foot clubhouse/recreational facility that includes a pool, a spray park, a lap pool, water slides, two tennis courts and a playground has been completed on approximately 11 acres. A jogging path and greenbelt system also run throughout the community. An information center, elementary school, church and CVS Pharmacy have been constructed on approximately 43 acres within the District. The school and the church are not subject to taxation by the District. Five retail strip centers totaling approximately 46,812 square feet and five one-story professional office buildings totaling approximately 21,600 square feet have been developed on approximately 9 acres where various retail, service and professional businesses are located. A Great Clips, pizza and taco restaurants, a Marble Slab Creamery, a nail spa, a wine retailer, a dentist office, an optometrist, a 9Round fitness studio, an F45 fitness training center, a performing arts studio, and a salon and spa have been opened in the retail strip centers and a Best Brains learning center, a Re/Max real estate, physical therapy center and endodontics dentist office, physical therapy office and a mortgage lender have opened in the professional office buildings.

Homebuilding

Homebuilders actively marketing or building homes in the District include Darling Homes and Trendmaker Homes. See "TAX DATA—Principal Taxpayers."

Future Development

There are approximately 37 acres of land in the District served with underground trunk line water, sewer and drainage facilities and paving facilities for future development. While the District anticipates future development of this acreage, there can be no assurances when or if any of such acreage will ultimately be developed. The District anticipates issuing additional bonds to fund water, sewer, drainage, road and recreational facilities within the District necessary to serve the land at full development. The Engineer has stated that under current development plans, the remaining authorized but unissued bonds ($104,820,000 principal amount for water, sewer, and drainage facilities, $4,255,000 principal amount for roads, and $5,425,000 principal amount for recreational facilities,) should be sufficient to finance the construction of facilities to complete the District's water, sewer, drainage, road and recreational system for full development of the District. See "WATER, WASTEWATER AND DRAINAGE," "ROADS," "PARK AND RECREATIONAL FACILITIES," and "INVESTMENT CONSIDERATIONS—Future Debt."

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a district such as the District include designing the project; defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of streets and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other developers or third parties. A developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Investors in the Bonds should note that the prior real estate experience of the Developer and its affiliates should not be construed as an indication that further development within the District will occur, or that construction of additional taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. The District cautions that the development experience of the Developer or its affiliates was gained in different markets and under different circumstances than those that exist in the District, and the prior success of the Developer or its affiliates, if any, is no indication or guarantee that the Developer will be successful in the future development of land within the District.

Bridgeland Development, LP

Bridgeland Development, LP, a Maryland limited partnership (the "Developer"), is the developer of Bridgeland. The Developer is wholly owned by The Howard Hughes Corporation, a Delaware corporation ("HHC"). HHC is a public company whose stock is traded on the New York Stock Exchange under the symbol HHC.

All funds required for development activities are provided by the Developer, HHC, or from lot sales. Neither the Developer nor HHC is legally obligated to continue providing funds for the development of the District. HHC is not legally obligated to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer.

HHC files annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document that HHC has filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, HHC makes available on its web site http://www.howardhughes.com its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on HHC's web site, available by hyperlink from HHC's web site or on the SEC's web site, is not incorporated into this PRELIMINARY OFFICIAL STATEMENT.**

Neither the Developer, HHC, nor any affiliates of the Developer nor HHC are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. None of the Developer, HHC, any affiliates of the Developer nor HHC have any legal commitment to the District or the holders of the Bonds to continue development of the land within the District, and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time.

MANAGEMENT OF THE DISTRICT

Board of Directors

The District is governed by the Board, consisting of five (5) directors, which has control over and management supervision of all affairs of the District. Directors are elected to four-year staggered terms and elections are held in May in even numbered years. All of the Board members reside within the District. The current members and officers of the Board, along with their titles and terms, are listed as follows:

Name	Title	Term Expires
Robert G. Thomas	President	November 2020 (a)
Radney Poole	Vice President	November 2020 (a)
Vacant	Secretary	November 2020 (a)
Shea Thielen	Assistant Secretary	May 2022
Sandra Kalb	Director	May 2022

(a) The Board of Director election originally scheduled for May 2020 has been postponed due to the Governor's disaster declaration on March 13, 2020. See "INVESTMENT CONSIDERATIONS—Infectious Disease Outlook (COVID-19)". The positions of Directors Thomas and Poole as well as the vacant position will be subject to the results of an election to be held on November 3, 2020.

District Consultants

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

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

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P., serves as Disclosure Counsel to the District. The fees to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds are contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor: Masterson Advisors LLC serves as the District's Financial Advisor. The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds.

Engineer: The District's consulting engineer is BGE, Inc.

Auditor: The financial statements of the District as of May 31, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2020, financial statements.

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

Utility System Operator: Inframark, LLC operates the water and wastewater systems and plants of MUD 418 and the internal water distribution and wastewater collection facilities of the District.

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

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Wheeler & Associates, Inc. (the "Tax Assessor/Collector") has been employed by the District to serve in this capacity.

WATER, WASTEWATER AND DRAINAGE

Regulation

According to the Engineer, the District's improvements have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications and, as and if required for the particular improvements, the approval and permitting requirements of the TCEQ, Harris County, the City of Houston and Harris County Flood Control District, as applicable.

Master Facilities

Master Water and Sanitary Sewer Facilities Contract: The District is served by a regional water supply and wastewater treatment system that is owned and operated by MUD 418, in its capacity as the "Master District," pursuant to that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, by and between MUD 418 and the District, as amended and supplemented from time to time (the "Master Contract"). MUD 489 was made a participant in the Master Contract on August 14, 2013. The Master Contract provides that the Master District will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities (the "Master Facilities"), to serve the land within the Service Area defined therein and any other area subsequently added to the Bridgeland development or otherwise served by the Master District pursuant to the Master Contract. Each party to the Master Contract, including the Master District in its capacity as a district receiving Master District services, is referred to hereinafter at times as a "Participant." Each Participant is responsible for the acquisition, construction, ownership, operation, and/or maintenance of all internal water, sewer and drainage facilities, not otherwise constructed by the Master District as part of the Master Facilities. As required by the Master Contract, a plan of proposed Master Facilities has been adopted by the Master District and approved by the Participants.

The Master Contract provides that capacity in the Master Facilities will be allocated to a Participant contingent upon the payment to the Master District of a "Connection Charge" (as more specifically detailed in the Master Contract) calculated to approximate, on a uniform per-connection basis, the incurred and projected capital expenditures, interest, and other attendant costs associated with the provision of the Master Facilities by the Master District ("Capital Costs"). The Master Contract requires that the Master District use the Connection Charges solely for payment of the Capital Costs of the Master Facilities, and further requires that the Connection Charge be recalculated from time to time but not less often than annually. Once a Connection Charge has been paid by a Participant, additional Capital Costs may not be recovered for the associated capacity in the Master Facilities acquired by payment of same. The current Connection Charge imposed by the Master District under the Master Contract is $4,326 per equivalent single-family connection for water supply capacity, and $3,252 for wastewater treatment capacity. Connection charges relative to wastewater collection service vary by geographic location within the Service Area, and range from $242 per equivalent single-family connection to $1,716 per equivalent single-family connection. The Master Contract additionally provides that Master Facilities may be constructed and conveyed to the Master District as an alternative to the payment of a Connection Charge, such Master Facilities being credited at their Capital Cost value towards Connection Charge payments. A portion of the proceeds of the Series 2020 Bonds will be expended to pay connection charges to the Master District. See "USE AND DISTRUBITON OF BOND PROCEEDS—Series 2020 Bonds."

The Master Contract requires that operations and maintenance expenses be paid to the Master District by the Participants on a monthly basis. Additionally, each Participant is required to advance funds to the Master District to create a reserve ("Reserve") for the benefit of such Participant in an amount equal to the Participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the Master District's fiscal year (currently June 1). The amount of the required Reserve for any Participant is determined annually, and any shortfall is required to be funded by the Participant. The Master District's operations and maintenance expenses, as billed to Participants, may include a fee to fund a Participant's Reserve, subject to certain restrictions.

The Master Contract further requires that each Participant hold an election to authorize the levy and collection of ad valorem taxes to meet its obligations under the Master Contract. Such taxes are to be pledged to support debt service on contract revenue bonds, if issued, by the Master District. The Master Contract authorizes the issuance of such bonds by the Master District solely for the purpose or purposes of (1) providing surface water as an alternative to groundwater, if required by law; (2) the acquisition, construction, improvement, enlargement, extension, or repair of the Master Facilities, if required by law; (3) the payment of unbudgeted, extraordinary expenses of maintaining or repairing the Master Facilities for which sufficient funds have not been placed in the Reserve; or (4) meeting a request by a Participant that such bonds be issued by the Master District. The voters of MUD 418, in its capacity as a Participant, the District and MUD 489 have approved such a contract revenue tax proposition.

Water Supply: Water supply to serve the development within the District is provided by Water Plant No. 1 owned and operated by the Master District. The Master District's current facilities at Water Pant No. 1 include two water wells with a total of 1,500 gallons per minute ("gpm") of capacity, two 15,000 gallon pressure tanks, two 250,000 gallon ground storage tanks, a 750,000 gallon elevated storage tank, and 10,150 gpm of booster pump capacity, which can serve 5,075 equivalent single-family connections. The Master District receives treated surface water at Water Plant No. 1. See "Surface Water" below for a discussion of the additional source of water supply capacity as a result of surface water supplied by the West Harris County Regional Water Authority (the "Authority"). Phase I of Water Plant No. 2 includes one 1,200 gpm water well, one 20,000 gallon pressure tank, one 500,000 gallon ground storage tank and 5,900 gpm booster pump capacity, which can serve 2,000 equivalent single-family connections. A second 1,200 gpm water well is currently under construction at Water Plant No. 2 with an estimated completion in the fourth quarter of 2020. Combined, the two water plants will be able to serve a total of 8,025 equivalent single-family connections, of which 3,865 equivalent single-family connections are allocated to MUD 419 and 948 equivalent single-family connections are allocated to MUD 489. Future expansions of Water Plant No. 2 will include additional water wells, ground storage tanks, elevated storage tanks, booster pumps, and facilities to receive surface water, which will expand the service capacity of this water plant. Water Plant No. 1 is fully built out.

Surface Water: The Master District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 2001, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District). The Authority developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). In connection with its GRP, the Authority entered into a water supply contract with the City of Houston to obtain treated surface water from the City of Houston. The District is included within the Authority's GRP.

The Authority has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, rates, and charges as necessary to accomplish its purposes. Effective January 1, 2020, the Authority currently charges the Master District, as owner of the water wells, and other major groundwater users, a fee of $3.20 per 1,000 gallons of groundwater pumped and $3.60 per 1,000 gallons of surface water received. The Authority has $1,045,060,000 principal amount of outstanding revenue bonds that have been issued to finance, among other things, certain Authority surface water project costs. It is expected that the Authority will issue substantially more bonds by the year 2035 to finance the Authority's project costs.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand within the Authority's GRP; and (iii) beginning in the year 2035, to limit groundwater withdrawals to no more than 20% of the total annual water demand within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty ("Disincentive Fees"), imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand within the Authority's GRP. The Disincentive Fee is currently $9.24 per 1,000 gallons of water, but is subject to increase at the discretion of the Subsidence District. In the event of such Authority's failure to comply and imposition of a disincentive fee penalty by the Subsidence District, the Authority may also seek to collect Disincentive Fees from the Master District. If the Master District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the Master District.

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

Pursuant to a contract dated August 13, 2008, among the Developer, the Master District and the Authority, the Authority has constructed a water line to provide treated surface water to the Master District's Water Plant No. 1. Capacity in certain portions of said water line also serves municipal utility districts which are not a part of Bridgeland and said districts entered into similar contracts with the Authority. Construction of the water line is complete and the Authority began delivering metered surface water to the Master District's Water Plant No. 1 as of June 5, 2013. Such water line provides the Master District with 2,100,000 million gallons per day ("gpd") of additional water supply. This water supply constitutes part of the Master Facilities that serve the Bridgeland development, and provides capacity for up to 2,500 water supply system connections. This source of supply supplements groundwater supplied by wells installed or to be installed by the Master District to meet Participant water demands.

Wastewater Treatment: Wastewater treatment for the development within the District is provided by a 600,000 gpd interim wastewater treatment plant and a permanent 1,500,000 gpd wastewater treatment plant owned and operated by the Master District. The Master District's existing wastewater treatment facilities will adequately serve 9,130 equivalent single-family connections based on 230 gpd per connection, of which 938 equivalent single-family connections are allocated to MUD 489 and 3,865 equivalent single-family connections are allocated to the District. Future expansions of the Master District's wastewater treatment facilities will be planned as required by the needs of the District.

Major Trunk Lines: Major water distribution and wastewater collection lines have been constructed by the Developer on behalf of the Master District. There is no charge for water distribution system capacity in the Master District's trunk lines; however, there are charges applicable to wastewater collection system capacity in the Master District's trunk lines, as described hereinabove.

Allocation and Purchases of Capacity: The District has purchased water supply, wastewater treatment, and wastewater collection capacity from the Master District for 3,865 equivalent single-family connections pursuant to the Master Contract, as amended. MUD 489 has contracted for water supply, wastewater treatment, and wastewater collection capacity from the Master District for 948 equivalent single-family connections pursuant to the Master Contract, as amended.

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Certain series of the previously issued WSD&R Bonds were issued to finance water, sewer and drainage facilities to serve residents of the District. Water distribution, wastewater collection, storm drainage facilities and related paving have been constructed in the District to serve 3,362 single-family residential lots, an information center and a clubhouse/recreational facility, an elementary school, a church, a 288-unit apartment community, a CVS Pharmacy, five retail strip centers, and five one-story office buildings. See "THE DISTRICT—Land Use," "—Status of Development," and "—Future Development."

100-Year Flood Plain

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

According to the Engineer, none of the developable acreage in the District is currently located in the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Hurricane Harvey," "—Specific Flood Type Risks" and "—Atlas 14."

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain. See "INVESTMENT CONSIDERATIONS—Atlas 14."

Water and Wastewater Operations

The Bonds and the Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. Net revenue from operations of the District's system, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds and the Outstanding Bonds. It is anticipated that no significant operation revenues will be used for debt service on the Bonds or the Outstanding Bonds in the foreseeable future.

The following statement sets forth in condensed form the General Operating Fund for the District as shown in the District's audited financial statements for the fiscal years ended May 31, 2016 through May 31, 2020. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended May 31				
	2020	2019	2018	2017	2016
Revenues					
Property Taxes	$ 2,197,420	$ 1,611,253	$ 1,460,836	$ 1,291,552	$ 1,373,218
Water Service	1,366,222	1,261,843	1,273,384	1,089,939	949,902
Sewer Service	1,693,749	1,515,430	1,418,986	1,177,566	1,034,886
Regional Water Authority Fee	1,773,339	1,668,171	1,422,007	1,364,439	1,032,145
Penalty and Interest	45,832	58,388	70,634	59,125	58,471
Tap Connection and Inspection Fees	70,842	189,281	276,113	483,985	575,764
Interest Income	79,851	72,004	33,628	16,642	12,146
Other Income	310,184	-	-	-	-
Total Revenues	$ 7,537,439	$ 6,376,370	$ 5,955,588	$ 5,483,248	$ 5,036,532
Expenditures					
Service Operations					
Purchased Services	$ 2,493,297	$ 2,535,254	$ 2,353,528	$ 1,402,394	$ 1,183,797
Regional Water Authority Fee	864,336	616,844	732,438	1,138,992	1,017,750
Professional Fees	175,978	181,545	223,982	186,661	199,650
Contracted Services	1,282,100	1,191,714	1,075,499	973,740	844,204
Utilities	214,468	223,842	211,237	210,985	192,594
Repairs and Maintenance	1,128,298	901,995	1,080,043	765,929	467,256
Other Expenditures	179,447	209,686	201,006	185,269	192,404
Tap Connections	18,859	71,086	95,075	175,980	213,205
Capital Outlay	-	302,450	82,400	-	214,169
Total Expenditures	$ 6,356,783	$ 6,234,416	$ 6,055,208	$ 5,039,950	$ 4,525,029
Revenues Over (Under) Expenditures	$ 1,180,656	$ 141,954	$ (99,620)	$ 443,298	$ 511,503
Interfund Transfer Out	$ -	$ -	$ -	$ (4,188)	$ -
Reimbursement from FEMA	$ 29,084	$ -	$ -	$ -	$ -
Fund Balance (Beginning of Year)	$ 3,776,791	$ 3,634,837	$ 3,734,457	$ 3,295,347	$ 2,783,844
Fund Balance (End of Year)	$ 4,986,531	$ 3,776,791	$ 3,634,837	$ 3,734,457	$ 3,295,347

ROADS

Certain series of the previously issued Road Bonds were issued to finance the road system (the "Roads"), which serves the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. The Roads consist of Shorelands Road, Shorebridge Road, First Bend Drive, Lakeside Haven Drive, Parkside Haven Drive, Bridge Cove Drive, Bridgeland Landing Drive, Water Haven, North Bridgeland Lake Parkway, East Creekside Bend Drive, Creekside Crossing Drive, Central Creek Drive, Bridge Cove/Hidden Pass Drive, Bayou Junction Road, Bridgeland Creek Parkway, Section One, North Bridgeland Lake Parkway, Section Five, Parkside Haven Drive, Phase Two-A, Seminole Ridge Drive, East Creekside Bend Drive from Hidden Pass Drive to Larrison Circle, Hidden Pass Drive from Parkside Haven to Bridge Cove Drive, Bridgeland Creek Parkway, Section Two, Hidden Creek, Section Thirteen, Josey Ranch Road and B-8 Crossing, Bridgeland Creek Parkway, Section Three, West Creekside Bend, Sections One and Two, and Hidden Creek, Section Twenty-Four (West Creekside Bend portion), portions of Josey Ranch Road, Hidden Pass Drive, Hidden Creek, Creekside Bend Boulevard, Hidden Pass Drive, North Bridgeland Lake Parkway, and Bridgeland Creek Parkway. North Bridgeland Lake Parkway Bridgeland and Creek Parkway are major thoroughfares. The District does not operate or maintain the Roads; the Roads are conveyed to Harris County, Texas for ownership, operations and maintenance in accordance with standard acceptance procedures. See "THE BONDS—Financing Road Facilities."

PARK AND RECREATIONAL FACILITIES

Certain series of the Previously Issued WSD&R Bonds were issued to finance park and recreational facilities to serve residents of the District. Park and recreational facilities constructed within the District include an approximately 10-mile system of interconnecting trails, community parks with amenities to include pavilions, restrooms, playgrounds, splash pads, a private 18-hole disc golf course, picnic areas, floating docks for catch-and-release fishing, various nature observation areas and a system of dual function amenity/detention lakes spanning approximately 540 acres. A portion of the proceeds of the Series 2020A Park Bonds will be expended for landscape improvements in the District. See "THE BONDS—Financing Recreational Facilities" and "USE AND DISTRUBITON OF BOND PROCEEDS—Series 2020A Park Bonds."

MAJOR CHANNEL AND DETENTION IMPROVEMENTS

WCID 157 was created to construct and operate all amenity/detention facilities and major drainage and channel improvements necessary to serve the land within the boundaries of WCID 157, including the District. The drainage facilities constructed by WCID 157 are a series of interconnected detention basins that serve both as amenity lakes as well as detention and mitigation facilities. The detention facilities were designed and constructed in accordance with Harris County Flood Control District criteria and comply with the master drainage study prepared for the project. The purpose of these facilities is to provide outfall drainage and mitigate any negative flood plain effects caused by the development of Bridgeland. Construction of additional detention facilities has been phased to accommodate development as it occurs. The detention basins constructed to date encompass approximately 500 acres of land and detain enough storm water to develop approximately 1,450 acres of single-family residential, commercial and recreational land use.

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2020 Taxable Assessed Valuation	$1,304,072,166	(a)
Gross Direct Debt Outstanding (including the Bonds)	$126,230,000	(b)
Estimated Overlapping Debt	135,853,165	(c)
Gross Direct Debt and Estimated Overlapping Debt	$262,083,165	
Ratio of Gross Direct Debt to:		
2020 Taxable Assessed Valuation	9.68%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Taxable Assessed Valuation	20.10%	
Funds Available for Debt Service Debt Service Fund Balance as of September 14, 2020	$3,140,484	(d)
Funds Available for Maintenance and Operations as of September 14, 2020	$4,106,180	
Funds Available for Construction as of September 14, 2020	$1,123,291	(e)

(a) The 2020 Taxable Assessed Valuation shown herein includes $1,167,032,871 of certified value and $137,039,295 of uncertified value. The uncertified value represents the landowners' opinion of the value; however, such value is subject to change and downward revision prior to certification. No tax will be levied on said uncertified value until it is certified by the Harris County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

(b) After the issuance of the Bonds. See "—Outstanding Bonds."

(c) See "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes," "—Estimated Overlapping Debt" and "—Overlapping Taxes."

(d) Of such balance, $1,123,644 is allocated to pay debt service on Road Bonds (herein defined) and $2,016,840 is allocated to pay debt service on WSD&R Bonds (herein defined). Although all the District's debt, including the Outstanding Bonds and the Bonds, has been issued on a parity basis and is payable from an unlimited tax pledge, portions of the District's ad valorem tax revenue will be allocated on a pro rata basis between debt service on bonds issued for the purpose of financing water, sewer and drainage and recreational facilities or to refund such bonds ("WSD&R Bonds") and bonds issued for the purpose of financing road facilities or to refund such bonds ("Road Bonds"), and deposited into separate sub-accounts within the District's Debt Service Fund. See "THE BONDS—Funds" and "—Debt Service Requirements" herein.

(e) Represents surplus construction funds, and interest thereon, derived from the Outstanding Bonds. The Bonds, if, as and when issued, may produce additional surplus funds. Surplus funds for construction may be expended for any lawful purpose for which surplus funds may be used, limited, however, to the purposes for which the issue of the Outstanding Bonds which produced the surplus funds were issued. Under certain circumstances, the approval of the TCEQ is required for the use of surplus funds derived from WSD&R Bonds. Of such amount, $883,935 and $82,250 may be used to finance water, sewer and drainage facilities and park and recreational facilities, respectively, with the approval of the TCEQ, and $157,106 may be used to finance road facilities.

Investments of the District

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District will be invested in short term U.S. Treasuries, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own, nor does it anticipate owning long term securities or derivative products in the District's investment portfolio.

Outstanding Bonds

The District has previously issued eleven series of unlimited tax bonds for acquiring or constructing water, sewer, and drainage facilities, four series of unlimited tax park bonds for acquiring or constructing parks and recreational facilities, six series of unlimited tax road bonds for acquiring or constructing road facilities, three series of unlimited tax refunding bonds, one series of unlimited tax park refunding bonds and two series of unlimited tax road refunding bonds. The following table lists the original principal amount of such bonds by series and the principal amount of such bonds that remain outstanding (the "Outstanding Bonds") as of the date hereof.

Series		Original Principal Amount	Outstanding Bonds
2007		$ 6,880,000	$ -
2008		8,955,000	-
2009		4,090,000	-
2010	(a)	5,765,000	-
2010		11,200,000	365,000
2011		13,000,000	1,040,000
2012		3,570,000	315,000
2012A	(b)	2,860,000	110,000
2012	(a)	10,300,000	400,000
2014	(b)	3,225,000	2,340,000
2014A		8,500,000	6,460,000
2014	(a)	5,370,000	4,085,000
2015	(c)	5,175,000	4,660,000
2015A		9,000,000	7,715,000
2015	(a)	4,160,000	3,350,000
2016	(c)	20,585,000	18,620,000
2016A		18,000,000	15,200,000
2016	(a)	2,650,000	2,250,000
2017	(d)	4,230,000	4,085,000
2017		12,400,000	11,150,000
2017A	(b)	5,400,000	4,860,000
2017B	(c)	11,615,000	11,240,000
2018		4,180,000	3,840,000
2018A	(b)	1,225,000	1,125,000
2018	(a)	5,000,000	4,800,000
2019	(d)	7,555,000	7,340,000
2019	(e)	1,945,000	1,930,000
Total		$ 196,835,000	$ 117,280,000

(a) Unlimited Tax Road Bonds.
(b) Unlimited Tax Park Bonds.
(c) Unlimited Tax Refunding Bonds.
(d) Unlimited Tax Road Refunding Bonds.
(e) Unlimited Tax Park Refunding Bonds.

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds and the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Plus: The Series 2020 Bonds		Plus: The Series 2020A Park Bonds		Debt Service Requirements
		Principal	Interest	Principal	Interest	
2021	$ 9,560,340.00	$ -	$ 112,812.50	$ -	$ 37,083.33	$ 9,710,235.83
2022	9,447,245.00	300,000	132,375.00	105,000	43,450.00	10,028,070.00
2023	9,346,780.00	300,000	126,375.00	105,000	41,350.00	9,919,505.00
2024	9,281,945.00	300,000	120,375.00	105,000	39,250.00	9,846,570.00
2025	9,156,545.00	300,000	114,375.00	105,000	37,150.00	9,713,070.00
2026	9,021,607.50	300,000	108,375.00	105,000	35,050.00	9,570,032.50
2027	8,908,782.50	300,000	102,375.00	105,000	32,950.00	9,449,107.50
2028	8,787,457.50	325,000	96,125.00	105,000	30,850.00	9,344,432.50
2029	8,682,538.75	325,000	89,625.00	105,000	28,750.00	9,230,913.75
2030	8,542,851.25	325,000	83,125.00	105,000	26,650.00	9,082,626.25
2031	8,427,338.75	325,000	76,625.00	105,000	24,550.00	8,958,513.75
2032	8,293,776.25	325,000	70,125.00	105,000	22,450.00	8,816,351.25
2033	7,935,001.25	325,000	63,625.00	105,000	20,350.00	8,448,976.25
2034	7,815,722.50	325,000	57,125.00	105,000	18,250.00	8,321,097.50
2035	6,935,056.25	325,000	50,625.00	105,000	16,150.00	7,431,831.25
2036	5,599,081.25	325,000	44,125.00	105,000	14,050.00	6,087,256.25
2037	5,473,381.25	325,000	37,625.00	105,000	11,950.00	5,952,956.25
2038	4,795,150.00	325,000	31,125.00	105,000	9,850.00	5,266,125.00
2039	3,878,837.50	325,000	24,625.00	110,000	7,700.00	4,346,162.50
2040	3,233,787.50	325,000	18,125.00	110,000	5,500.00	3,692,412.50
2041	3,203,687.50	350,000	11,156.25	110,000	3,300.00	3,678,143.75
2042	1,469,750.00	350,000	3,718.75	110,000	1,100.00	1,934,568.75
Total	$ 157,796,662.50	$ 6,725,000	$ 1,574,562.50	$ 2,225,000	$ 507,733.33	$ 168,828,958.33

Average Annual Debt Service Requirements (2021-2042) $7,674,044
Maximum Annual Debt Service Requirement (2022) $10,028,070

Estimated Overlapping Debt

The following table indicates the outstanding debt 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. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from individual jurisdictions or Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County	$ 1,885,182,125	8/31/2020	0.260%	$ 4,901,474
Harris County Flood Control District	83,075,000	8/31/2020	0.260%	215,995
Harris County Hospital District	86,050,000	8/31/2020	0.260%	223,730
Harris County Department of Education	6,320,000	8/31/2020	0.260%	16,432
Port of Houston Authority	572,569,397	8/31/2020	0.260%	1,488,680
Cypress Fairbanks Independent School District	2,971,210,000	8/31/2020	2.260%	67,149,346
Lone Star College System	569,815,000	8/31/2020	0.580%	3,304,927
Harris County WCID No. 157	62,670,000	8/31/2020	93.430%	58,552,581
Total Estimated Overlapping Debt				$ 135,853,165
The District	126,230,000	(a)	100.00%	126,230,000
Total Direct and Estimated Overlapping Debt				$ 262,083,165

Direct and Estimated Overlapping Debt as a Percentage of:
2020 Taxable Assessed Valuation of $1,304,072,166 .... 20.10%

(a) Includes the Bonds and the Outstanding Bonds.

Overlapping Taxes

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

Set forth below are all of the taxes levied by all overlapping taxing jurisdictions and the 2020 tax rate of the District and WCID 157. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District Harris County Hospital District, Harris County Department of Education and the Port of Houston Authority) (a)	$ 0.6167
Cypress Fairbanks Independent School District (b)	1.3555
Harris County Emergency Services District No. 9 (a)	0.0599
Harris County Water Control and Improvement District No. 157 (b)	0.4319
Lone Star College System (b)	0.1078
Total Overlapping Tax Rate	$ 2.5718
The District (c)	0.9400
Total Tax Rate	$ 3.5118

(a) 2019 tax rate.
(b) 2020 tax rate
(c) See "TAX DATA—Tax Rate Distribution" and "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Orders to levy and assess, for each year that all or any part of the Bonds and the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Bonds. See "Tax Rate Distribution" and "Tax Roll Information" below, and "TAXING PROCEDURES."

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was held on May 7, 2005, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation for general operations and maintenance costs. At the same election, voters authorized the Board to levy a maintenance tax for operations and maintenance costs of recreational facilities at a rate not to exceed $0.10 per $100 of taxable assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Tax Exemptions

For the tax year 2020, the District has adopted an exemption of $15,000 of the appraised value of residential homesteads of individuals who are sixty-five (65) years of age or older, and an exemption of $20,000 of the appraised value of residential homesteads of individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Historical Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	$ 0.7625 (a)	$ 0.7600	$ 0.8000	$ 0.8000	$ 0.8000
Maintenance and Operations	0.1775	0.1800	0.1400	0.1400	0.1400
Total	$ 0.9400	$ 0.9400	$ 0.9400	$ 0.9400	$ 0.9400

(a) Of such $0.7625 debt service tax rate for 2020, $0.6050 is allocated to pay debt service on WSD&R Bonds and $0.1575 is allocated to pay debt service on Road Bonds. See "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

Historical Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax experience of the District. Such table has been prepared for inclusion herein based upon information obtained from a report prepared by the Tax Assessor/Collector. Reference is made to such statements and records for further and complete information. See "Tax Roll Information" below.

Tax Year	Taxable Assessed Valuation (a)	Tax Rate	Total Tax Levy (b)	Total Collections as of August 31, 2020 (c) Amount	Percent
2015	$ 810,345,184	$ 0.97	$ 7,860,348	$ 7,852,728	99.90%
2016	920,088,070	0.94	8,648,828	8,641,463	99.91%
2017	1,040,622,122	0.94	9,781,848	9,773,426	99.91%
2018	1,156,756,306	0.94	10,873,509	10,859,033	99.87%
2019	1,231,536,711	0.94	11,576,445	11,530,661	99.60%

(a) Net valuation represents final gross appraised value as certified by the Appraisal District less any exemptions granted. See "Tax Roll Information" below for gross appraised value and exemptions granted by the District.
(b) Represents actual tax levy, including any adjustments by the Appraisal District, as of the date of this OFFICIAL STATEMENT.
(c) Unaudited.

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2016 through 2020 Taxable Assessed Valuation. A breakdown of the uncertified portion ($137,039,295) of the 2020 Taxable Assessed Valuation of $1,304,072,166 is not available.

	Type of Property			Gross	Defrements		
Tax Year	Land	Improvements	Personal Property	Assessed Valuation	and Exemptions	Uncertified Value	Taxable Assessed Valuation
2016	$ 199,160,333	$ 739,356,849	$ 7,689,332	$ 946,206,514	$ (26,118,444)	$ -	$ 920,088,070
2017	220,562,579	838,645,915	9,339,634	1,068,548,128	(27,926,006)	-	1,040,622,122
2018	230,846,200	943,497,751	9,289,792	1,183,633,743	(26,877,437)	-	1,156,756,306
2019	237,345,117	1,015,758,258	10,658,211	1,263,761,586	(32,224,875)	-	1,231,536,711
2020	237,439,938	958,079,011	4,888,732	1,200,407,681	(33,374,810)	137,039,295	1,304,072,166

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed value as a percentage of the certified portion ($1,167,032,871) of the 2020 Taxable Assessed Valuation. This represents ownership as of January 1, 2020. A principal taxpayer list related to the uncertified portion ($137,039,295) of the 2020 Taxable Assessed Valuation of $1,304,072,166 is not available.

Taxpayer	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
LLH 236 LP (a)	$ 43,574,916	3.73%
Lakeland Village Holding	13,237,864	1.13%
Centerpoint Energy Houston Electric	2,787,670	0.24%
Trendmaker Homes Inc. (c)	1,876,738	0.16%
Weekley Homes LLC (c)	1,543,094	0.13%
Individual	1,391,649	0.12%
Bridgeland Council Inc.	1,127,037	0.10%
Individual	1,108,386	0.09%
Individual	1,000,316	0.09%
Individual	988,668	0.08%
Total	$ 68,636,338	5.88%

(a) Apartment Community.
(b) See "THE DEVELOPER."
(c) See "THE DISTRICT—Homebuilding."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements on the Bonds and the Outstanding Bonds if no growth in the District's tax base occurred beyond the 2020 Taxable Assessed Valuation of $1,304,072,166 ($1,167,032,871 of certified value plus $137,039,295 of uncertified value). The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Outstanding Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2021-2042) $7,674,044
$0.62 Tax Rate on the 2020 Taxable Assessed Valuation $7,680,985

Maximum Annual Debt Service Requirement (2022)........ $10,028,070
$0.81 Tax Rate on the 2020 Taxable Assessed Valuation $10,034,835

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2020 tax year, the District has adopted an exemption of $15,000 of the appraised value of residential homesteads of individuals who are sixty-five (65) years of age or older, and an exemption of $20,000 of the appraised value of residential homesteads of individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never granted a general residential homestead exemption.

Valuation of Property for Taxation

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

District and Taxpayer Remedies

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

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

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based upon the new use for the three (3) years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2020, no land within the District was the subject of a special exemption.

Tax Abatement

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

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

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Payment of the principal of and interest on the Bonds depends upon the ability of the District to collect taxes levied on taxable property within the District in an amount sufficient to service the District's bonded debt or, in the event of foreclosure, on the value of the taxable property in the District and the taxes levied by the District and other taxing authorities upon the property within the District. See "THE BONDS—Source and Security of Payment." The collection by the District of delinquent taxes owed to it and the enforcement by Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property or that owners of the property will have the ability to pay taxes. See "Registered Owners' Remedies" below.

Infectious Disease Outlook (COVID-19)

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

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

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

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 and 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.

While the potential impact of the Pandemic 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.

Potential Effects of Oil Price Declines on the Houston Area

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

Recent Tropical Weather Events; Hurricane Harvey

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

According to the Operator and the Engineer (defined herein), the system serving the District did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, the District is not aware of any improvements within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

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

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

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Participation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based upon the Atlas 14 study, which is based upon a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. Such regulations could additionally result in higher insurance rates, increased development fees and stricter building codes for any property located within the expanded boundaries of the floodplain. See "THE SYSTEM—Atlas 14."

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family residences and multi-family residential development, undeveloped land and developed lots which are currently being marketed by the Developer to the Builders for the construction of primary residences or commercial/retail improvements. The market value of such properties, homes, lots and undeveloped land is related to general economic conditions affecting the demand for residences. Demand for lots, multi-family projects and undeveloped land of this type and the construction of residential and commercial improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "THE DISTRICT—Homebuilding" and "Credit Markets and Liquidity in the Financial Markets" below.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 25 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the northwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Builders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Development and Home Construction in the District

As of August 1, 2020, approximately 3 lots were available for home construction or in the name of a builder. Future increases in value will result primarily from the construction of homes by Builders and construction of commercial and multi-family improvements. The District makes no representation with regard to whether or not building programs will be successful. Additionally, approximately 37 acres are served by underground water, sewer and drainage trunk facilities and paving facilities for future development. See "THE DISTRICT—Land Use" and "THE DEVELOPER."

Possible Impact on District Tax 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 owners of property within the District to pay their taxes. The 2020 Taxable Assessed Valuation is $1,304,072,166 ($1,167,032,871 of certified value plus $137,039,295 of uncertified value). After issuance of the Bonds, the maximum annual debt service requirement will be $10,028,070 (2022), and the average annual debt service requirement will be $7,674,044 (2021-2046 inclusive). Assuming no increase or decrease from the 2020 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rates of $0.81 and $0.62 per $100 of taxable assessed valuation at a ninety-five percent (95%) collection rate would be necessary to pay both the maximum annual debt service requirement and the average annual debt service requirements, respectively. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements" and "TAX DATA—Tax Adequacy for Debt Service."

Overlapping Debt and Taxes

The land within the District is included within the boundaries of WCID 157 and is also subject to taxation by WCID 157. WCID 157 levied a 2020 tax rate of $0.4319 per $100 of taxable assessed valuation comprised of $0.2954 per $100 of taxable assessed valuation for debt service and $0.1365 per $100 of taxable assessed valuation for maintenance. Currently, the development within the District and approximately 373 acres developed as approximately 450 single-family residential lots in the northern portion of MUD 489 that overlaps WCID 157 make up substantially all of the taxable value in WCID 157. WCID 157 consists of 3,271 acres of land and encompasses the District, MUD 418, and approximately 373 of the 885 total acres currently within the boundaries of MUD 489. WCID 157 is authorized to issue unlimited tax bonds in a maximum principal amount of $256,600,000 for drainage purposes and $204,300,000 for recreation purposes without additional voter approval. WCID 157 currently has $60,325,000 principal amount of outstanding bonds. The District cannot represent whether any of the development planned or occurring in WCID 157 will be successful or whether the appraised valuation of the land located within WCID 157 will justify continued payment of the WCID 157 taxes by property owners. Increases in WCID 157's tax rate could have an adverse impact upon future development and home sales within the District and in the willingness of owners of property located within the District to pay ad valorem taxes levied by WCID 157 and the District.

The tax rate that may be required to service debt on any bonds issued by the District or WCID 157 is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates imposed on competing projects in the Harris County area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined 2020 tax rate of $1.3719 per $100 of taxable assessed valuation for the District and WCID 157 is higher than the tax rate of many utility districts in the Houston metropolitan area, although such a combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Harris County limit the projected combined total tax rate of entities levying a tax for water, sewer, drainage, roads and recreational facilities to $1.50 per $100 of taxable assessed valuation. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District in combination with WCID 157. The current combined tax rate of the District and WCID 157 is consistent with the rules of the TCEQ. If the total combined tax rate of the District and WCID 157 should ever exceed $1.50 per $100 of taxable assessed valuation, the District and WCID 157 could be prohibited under rules of the TCEQ from selling additional bonds which require the prior approval of TCEQ. See "Possible Impact on District Tax Rates" above and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes."

Voters within the Bridgeland Management District ("Management District"), which includes 26 acres within the boundaries of the District, have approved the levy of a sales and use tax and a hotel occupancy tax and issuance of bonds payable from said taxes and/or property assessments. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes. See "BRIDGELAND."

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies

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

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Orders may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

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. Texas law requires a district, such as the District, to obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code.

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District's voters have authorized the issuance of a total of $211,320,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and drainage facilities and a total of $20,360,000 in principal amount of unlimited tax bonds for acquiring or constructing parks and recreational facilities. After issuance of the Series 2020 Bonds, $104,820,000 in principal amount of unlimited tax bonds for water, sewer and drainage facilities will remain authorized but unissued and after issuance of the Series 2020A Park Bonds, $5,425,000 in principal amount of unlimited tax bonds for recreational facilities will remain authorized but unissued. The District's voters have also authorized a total of $37,500,000 in principal amount of unlimited tax bonds for the purposes of acquiring or constructing road facilities and $269,180,000 in principal amount of unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District, of which $4,255,000 in principal amount of unlimited tax bonds for roads, and $264,915,000 in principal amount of unlimited tax bonds for refunding purposes remains authorized but unissued. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," and "—Financing Road Facilities." The District's voters could authorize additional unlimited tax bonds for water, sewer, and drainage facilities, road facilities, and recreational facilities, and for refunding outstanding bonds of the District. The issuance of additional bonds for water, sewer, drainage and recreational facilities is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. The issuance of additional bonds for road facilities is currently not subject to approval by the TCEQ. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds.

After reimbursement with proceeds from the Bonds, the District will continue to owe funds to the Developer in the approximate amount of $2,700,000 plus interest for connection charges. The District intends to issue additional bonds in order to reimburse the Developer for such connection charges. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in value of the taxable property in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. See "Overlapping Debt and Taxes" in this section and "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," "—Financing Road Facilities," and "—Financing Fire-Fighting Facilities."

Marketability of the Bonds

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

Environmental and Air Quality Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2015, the EPA and USACE promulgated a rule known as the Clean Water Rule ("CWR") aimed at redefining "waters of the United States" over which the EPA and USACE have jurisdiction under the CWA. The CWR significantly expanded the scope of the federal government's CWA jurisdiction over intrastate water bodies and wetlands. The CWR was challenged in numerous jurisdictions, including the Southern District of Texas, causing significant uncertainty regarding the ultimate scope of "waters of the United States" and the extent of EPA and USACE jurisdiction.

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

On January 23, 2020, the EPA and USACE released the Navigable Waters Protection Rule ("NWPR"), which contains a new definition of "waters of the United States." The stated purpose of the NWPR is to restore and maintain the integrity of the nation's waters by maintaining federal authority over the waters Congress has determined should be regulated by the federal government, while preserving the states' primary authority over land and water resources. The new definition outlines four categories of waters that are considered "waters of the United States," and thus federally regulated under the CWA: (i) territorial seas and traditional navigable waters; (ii) perennial and intermittent tributaries to territorial seas and traditional navigable waters; (iii) certain lakes, ponds, and impoundments of jurisdictional waters; and (iv) wetlands adjacent to jurisdictional waters. The new rule also identifies certain specific categories that are not "waters of the United States," and therefore not federally regulated under the CWA: (a) groundwater; (b) ephemeral features that flow only in direct response to precipitation; (c) diffuse stormwater runoff and directional sheet flow over upland; (d) certain ditches; (e) prior converted cropland; (f) certain artificially irrigated areas; (g) certain artificial lakes and ponds; (h) certain water-filled depressions and certain pits; (i) certain stormwater control features; (j) certain groundwater recharge, water reuse, and wastewater recycling structures; and (k) waste treatment systems. The NWPR became effective June 22, 2020, and is currently the subject of ongoing litigation.

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The Series 2020 Bond Underwriter has entered into an agreement with ASSURED GUARANTY MUNICIPAL CORP. ("AGM") for the purchase of a municipal bond insurance policy (the "Series 2020 Policy"). At the time of entering into the agreement, AGM was rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS."

The Series 2020A Park Bonds Underwriter has entered into an agreement with Build America Mutual Assurance Company ("BAM") for the purchase of a municipal bond insurance policy (the "Series 2020A Park Policy"). At the time of entering into the agreement, BAM was rated "AA" (stable outlook) by S&P. See "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS."

AGM and BAM are collectively referred to herein as the "Insurers."

The long-term ratings on the Series 2020 Bonds and the Series 2020A Park Bonds are dependent in part on the financial strength of the Insurers and their claims paying ability as to each series of Bonds. The Insurers' financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurers and of the ratings on the Bonds insured by the Insurers will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) of the Bonds. See description of "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS." and "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS."

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

Neither the District nor the Underwriters have made independent investigation into the claims paying ability of the Insurers and no assurance or representation regarding the financial strength or projected financial strength of the Insurers is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurers, particularly over the life of the investment. See "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS." and "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS" for further information provided by the Insurers and the Series 2020 Policy and Series 2020A Park Policy, which includes further instructions for obtaining current financial information concerning the respective Insurers.

Future Legislation

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

Continuing Compliance with Certain Covenants

Failure of the District to comply with certain covenants contained in the Bond Orders on a continuing basis prior to the maturity of the Bonds could result in interest on the Bonds becoming taxable retroactive to the date of original issuance. See "LEGAL MATTERS—Tax Exemption."

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriters a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

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

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections "THE BONDS," "THE DISTRICT—General, "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel and General Counsel," and "WATER, WASTEWATER AND DRAINAGE—Master Facilities," "TAXING PROCEDURES," and "LEGAL MATTERS," solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this OFFICIAL STATEMENT, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon such firm'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 other information contained herein.

Tax Exemption

On the date of initial delivery of the Bonds, Bond Counsel will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof, and (2) the Bonds will not be treated as "specified private activity bonds", the interest on which would be included as an alternative minimum tax preference item under Section 57 (a)(5) of the Internal Revenue Code of 1986, as amended (the "Code"). Except as stated above, Bond Counsel will express no opinion as to any federal, state or local tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds.

In rendering its opinion, Bond Counsel will rely upon, and assume continuing compliance with, (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate issued in connection with the Bonds, and (b) covenants of the District contained in the Bond Order relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the property financed or refinanced therewith. Failure by the District to observe the aforementioned representations or covenants could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

Qualified Tax-Exempt Obligations

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

State, Local and Foreign Taxes

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

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

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

Under Existing Law, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. See "Tax Exemption" herein for a discussion of certain collateral federal tax consequences.

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

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

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

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

NO MATERIAL ADVERSE CHANGE

The obligations of the Underwriters to take and pay for the Bonds, and 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 the sale.

NO-LITIGATION CERTIFICATE

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

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") and Moody's Investors Service, Inc. ("Moody's") will assign a municipal bond rating of "AA" (stable outlook) and "A2" (stable outlook), respectively, to the Series 2020 Bonds with the understanding that upon delivery of the Series 2020 Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2020 Bonds will be issued by AGM. It is expected that S&P will assign a municipal bond rating of "AA" (stable outlook) to the Series 2020A Park Bonds with the understanding that upon delivery of the Series 2020A Park Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Series 2020A Park Bonds will be issued by BAM. Moody's has assigned a credit rating of "A2" to the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS," "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS," "APPENDIX B" and "APPENDIX C."

There is no assurance that such ratings will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS

Bond Insurance Policy

Concurrently with the issuance of the Series 2020 Bonds, Assured Guaranty Municipal Corp. ("AGM") will issue its Municipal Bond Insurance Policy for the Series 2020 Bonds (the "Series 2020 Policy"). The Series 2020 Policy guarantees the scheduled payment of principal of and interest on the Series 2020 Bonds when due as set forth in the form of the Series 2020 Policy included as APPENDIX B to this OFFICIAL STATEMENT.

The Series 2020 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 it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

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

Capitalization of AGM

At June 30, 2020:

- The policyholders' surplus of AGM was approximately $2,667 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,018 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,048 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 subsidiaries Assured Guaranty (Europe) plc ("AGE UK") and Assured Guaranty (Europe) SA ("AGE SA"), and (iii) 60.7% of the net unearned premium reserve of MAC.

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

Incorporation of Certain Documents by Reference

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

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

(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); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2020 (filed by AGL with the SEC on August 7, 2020).

All 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 Series 2020 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 "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS—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 Series 2020 Bonds or the advisability of investing in the Series 2020 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 "MUNICIPAL BOND INSURANCE—SERIES 2020 BONDS."

MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS

Bond Insurance Policy

Concurrently with the issuance of the Series 2020A Park Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Series 2020A Park Bonds (the "Series 2020A Park Policy"). The Series 2020A Park Policy guarantees the scheduled payment of principal of and interest on the Series 2020A Park Bonds when due as set forth in the form of the Series 2020A Park Policy included as APPENDIX C to this OFFICIAL STATEMENT.

The Series 2020A Park Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Series 2020A Park Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Series 2020A Park Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Series 2020A Park Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Series 2020A Park Bonds, nor does it guarantee that the rating on the Series 2020A Park Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $488.7 million, $143.6 million and $345.1 million, respectively.

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

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

BAM makes no representation regarding the Series 2020A Park Bonds or the advisability of investing in the Series 2020A Park Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE—SERIES 2020A PARK BONDS."

Additional Information Available from BAM

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

Credit Profiles: Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers: The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Series 2020A Park Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Series 2020A Park Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Series 2020A Park Bonds, whether at the initial offering or otherwise.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Masterson Advisors LLC is employed as the Financial Advisor to the District to render certain professional services, including advising the District on a plan of financing and preparing the OFFICIAL STATEMENT, including the OFFICIAL NOTICE OF SALE and the OFFICIAL BID FORM for the sale of the Bonds. In its capacity as Financial Advisor, Masterson Advisors LLC has compiled and edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

In approving this OFFICIAL STATEMENT, the District has relied upon the following consultants:

Tax Assessor/Collector: The information contained in this OFFICIAL STATEMENT relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "TAX DATA" and "TAXING PROCEDURES" has been provided by Wheeler & Associates, Inc. and is included herein in reliance upon the authority of said firm as experts in assessing property values and collecting taxes.

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT," "ROADS," "WATER, WASTEWATER AND DRAINAGE" and "MAJOR CHANNEL AND DETENTION IMPROVEMENTS" has been provided by BGE, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of May 31, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's May 31, 2020, financial statements.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this OFFICIAL STATEMENT under the headings "WATER, WASTEWATER AND DRAINAGE," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)," (except "Estimated Overlapping Debt" and "Overlapping Taxes") and "TAX DATA," (most of which information is contained in the District's annual audited financial statements) and in "APPENDIX A." The District will update and provide this information within six (6) months after the end of each fiscal year ending in or after 2021.

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

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

Specified Event Notices

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

Availability of Information from the MSRB

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

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

MISCELLANEOUS

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

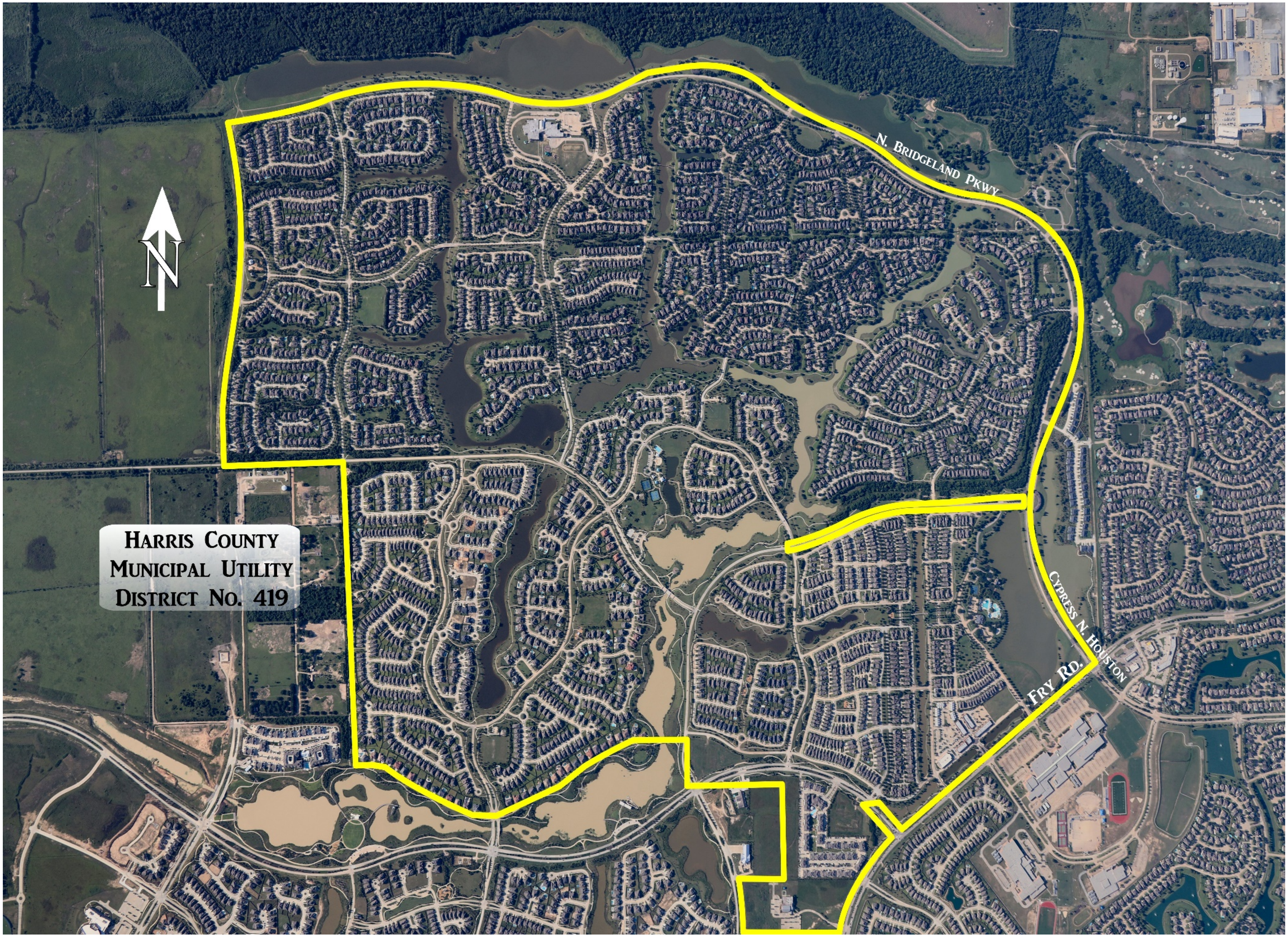
/s/ Radney Poole
Vice President, Board of Directors

ATTEST:

/s/ Shea Thielen
Assistant Secretary, Board of Directors

AERIAL LOCATION MAP

(Approximate boundaries as of July 2020)


Harris County
Municipal Utility
District No. 419
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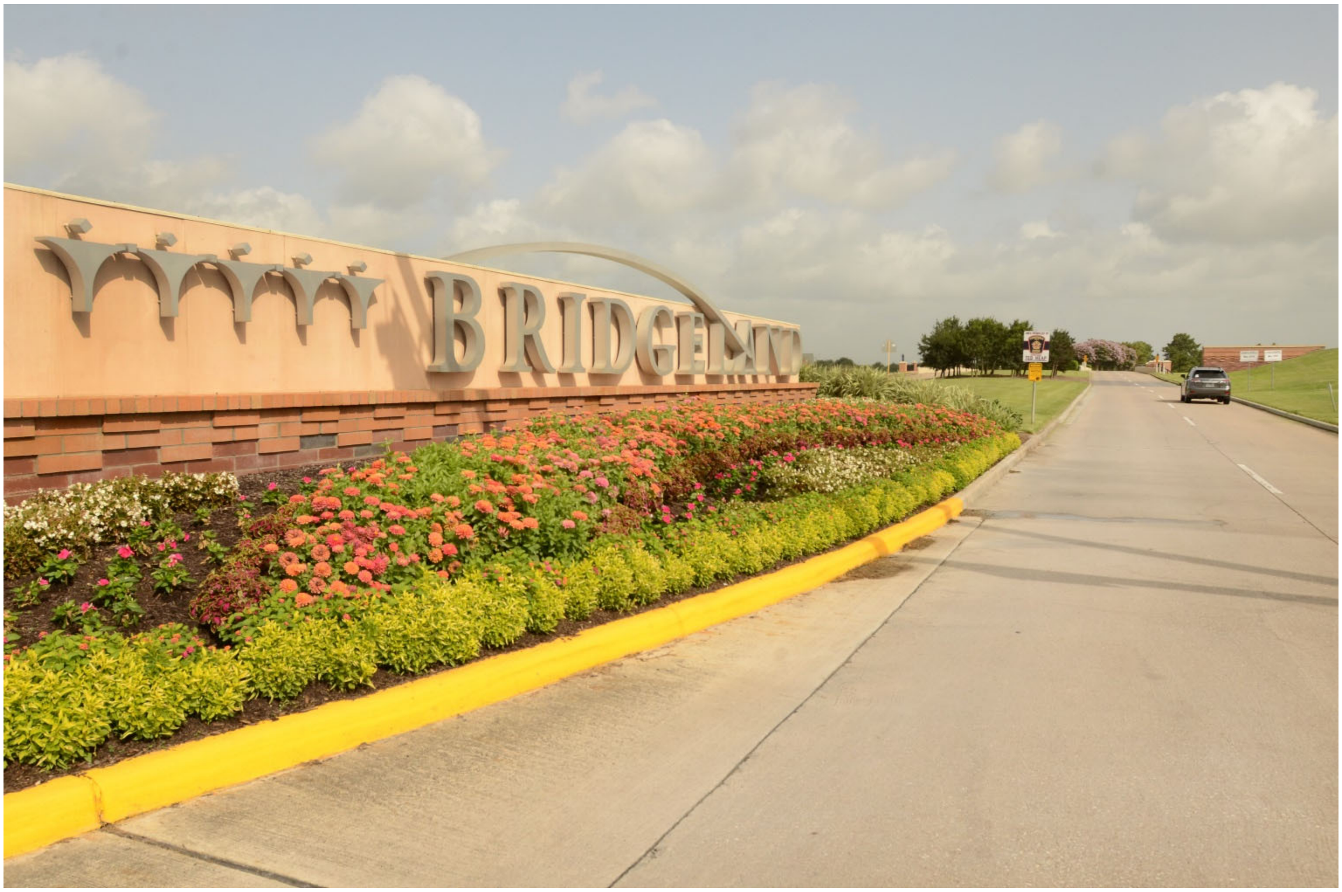
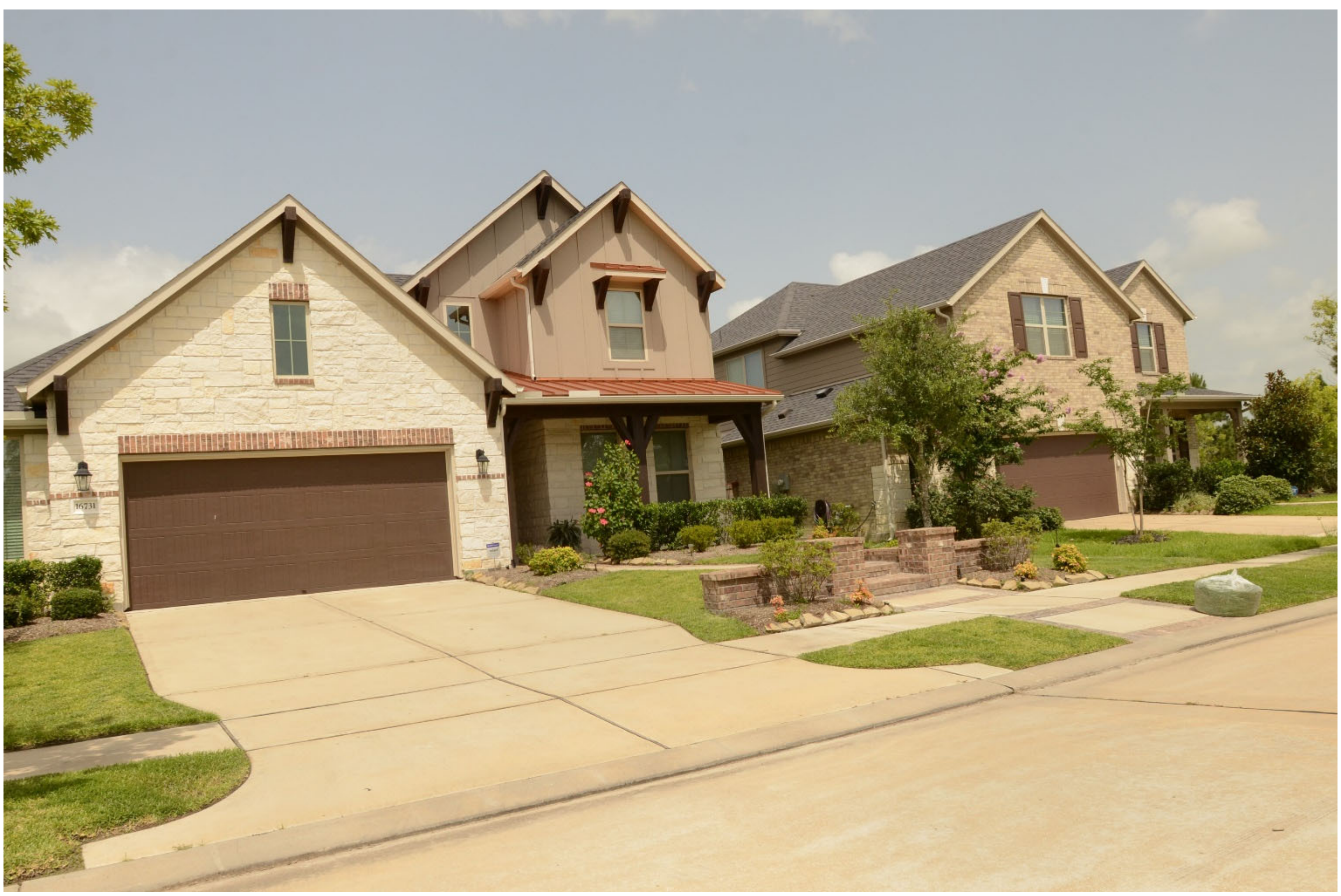
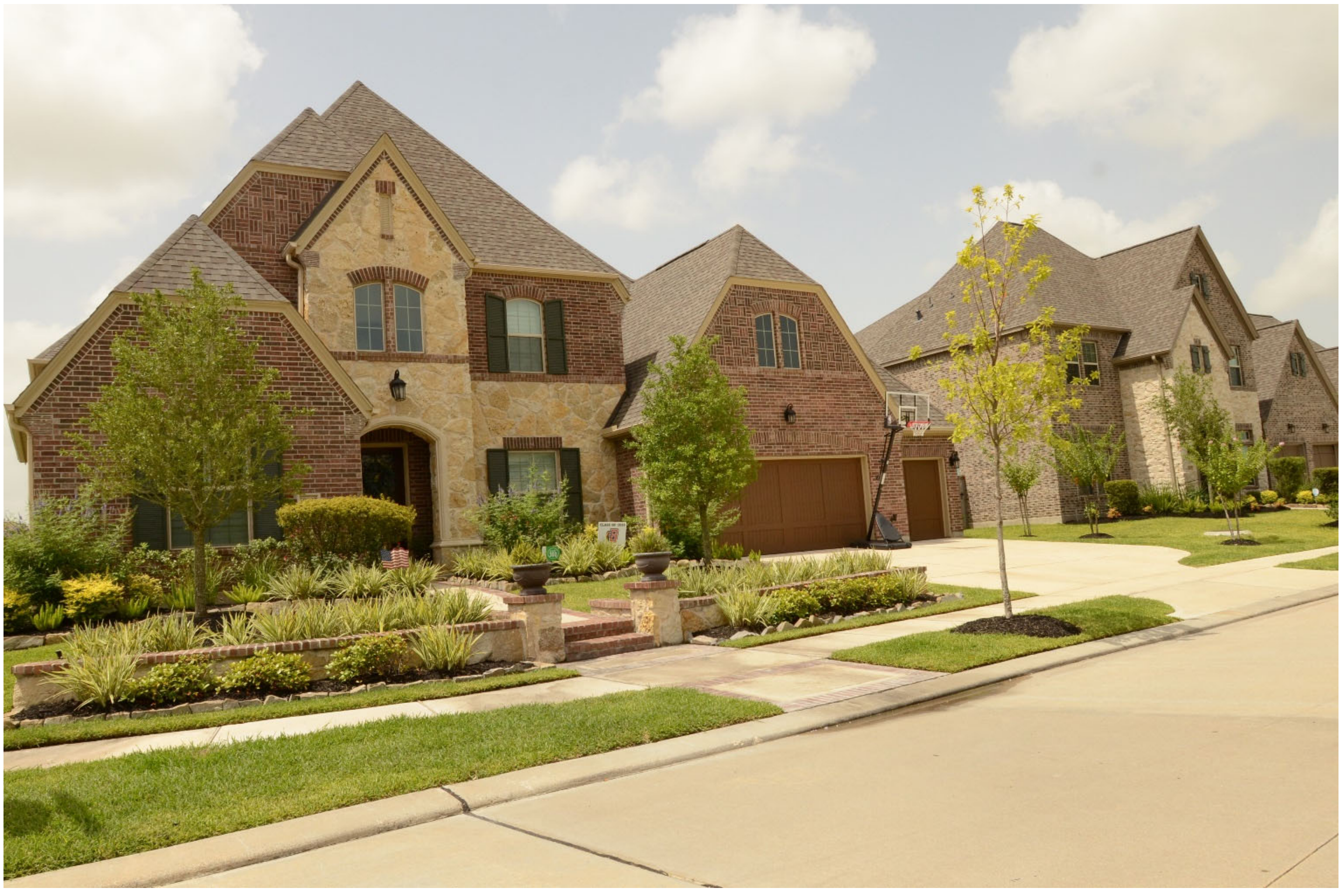
Fry Rd.

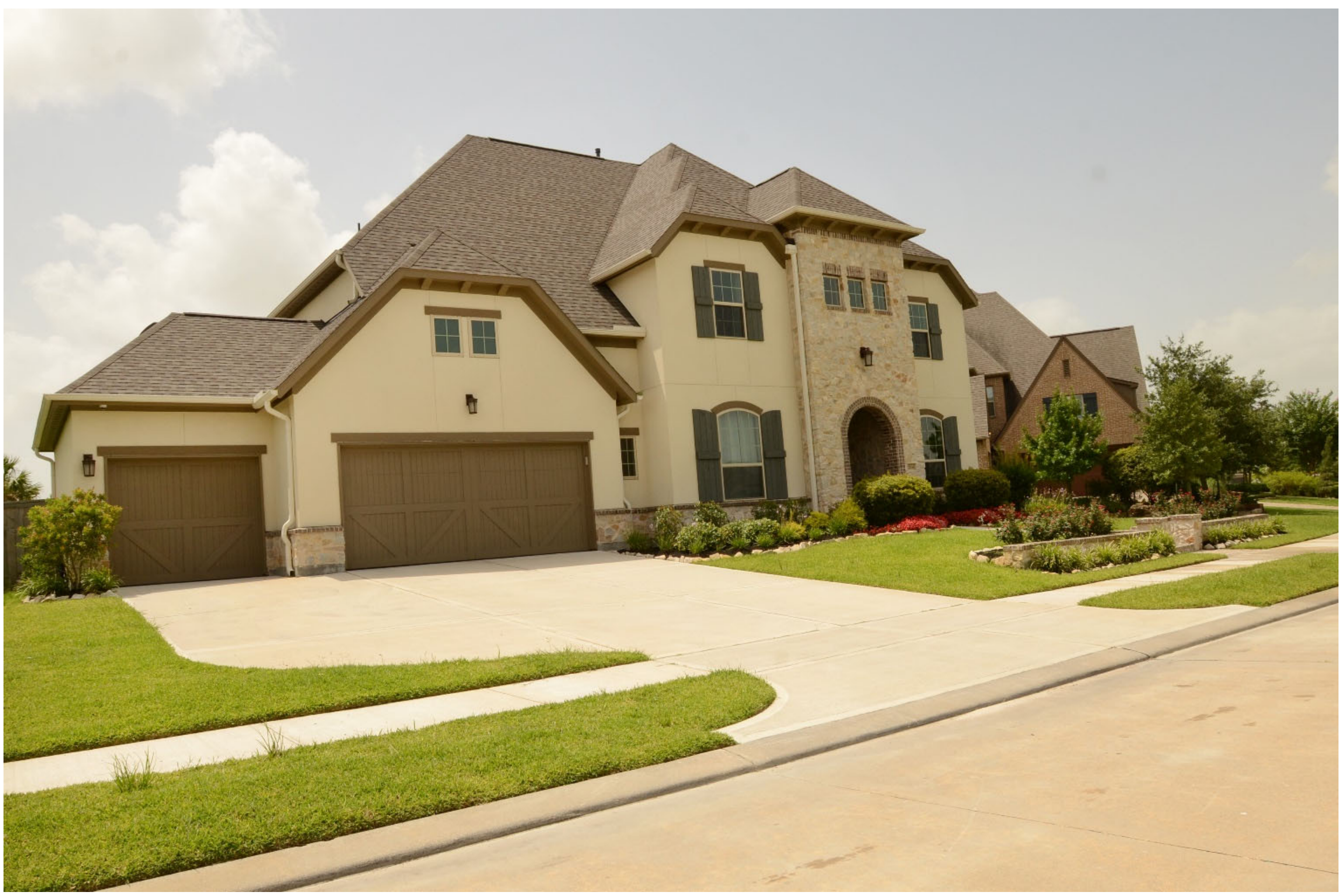
PHOTOGRAPHS OF THE DISTRICT

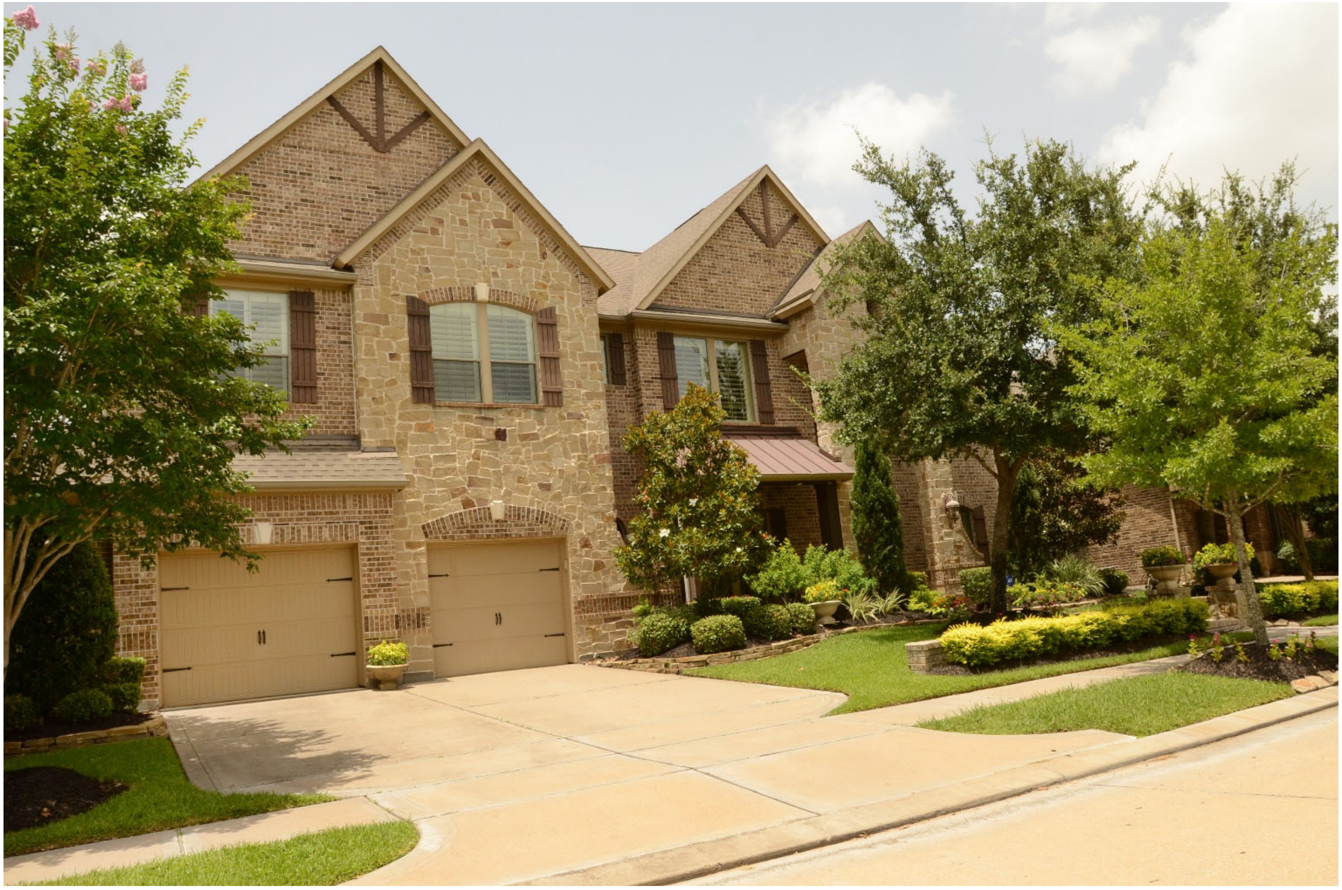
(Taken July 2020)

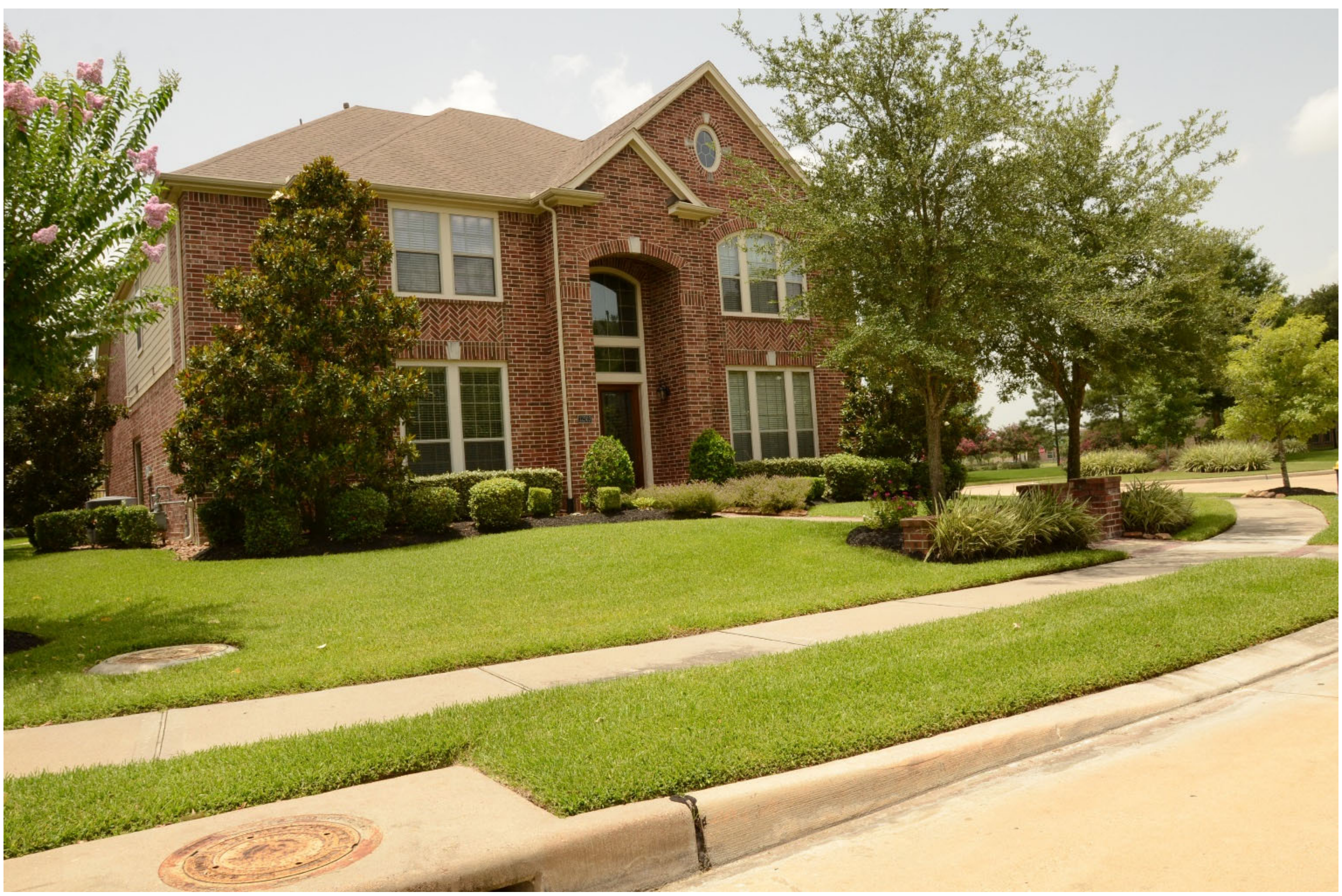


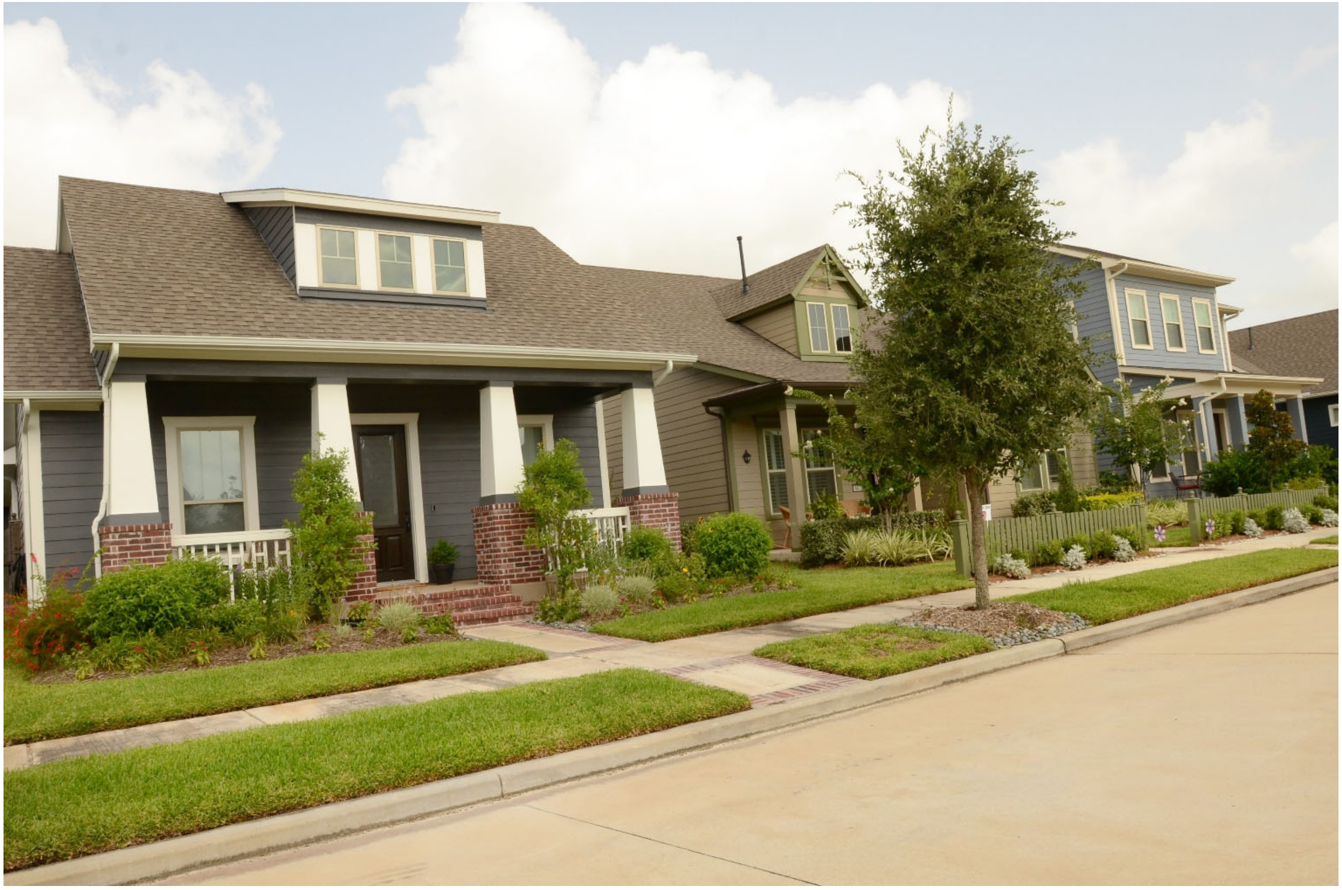


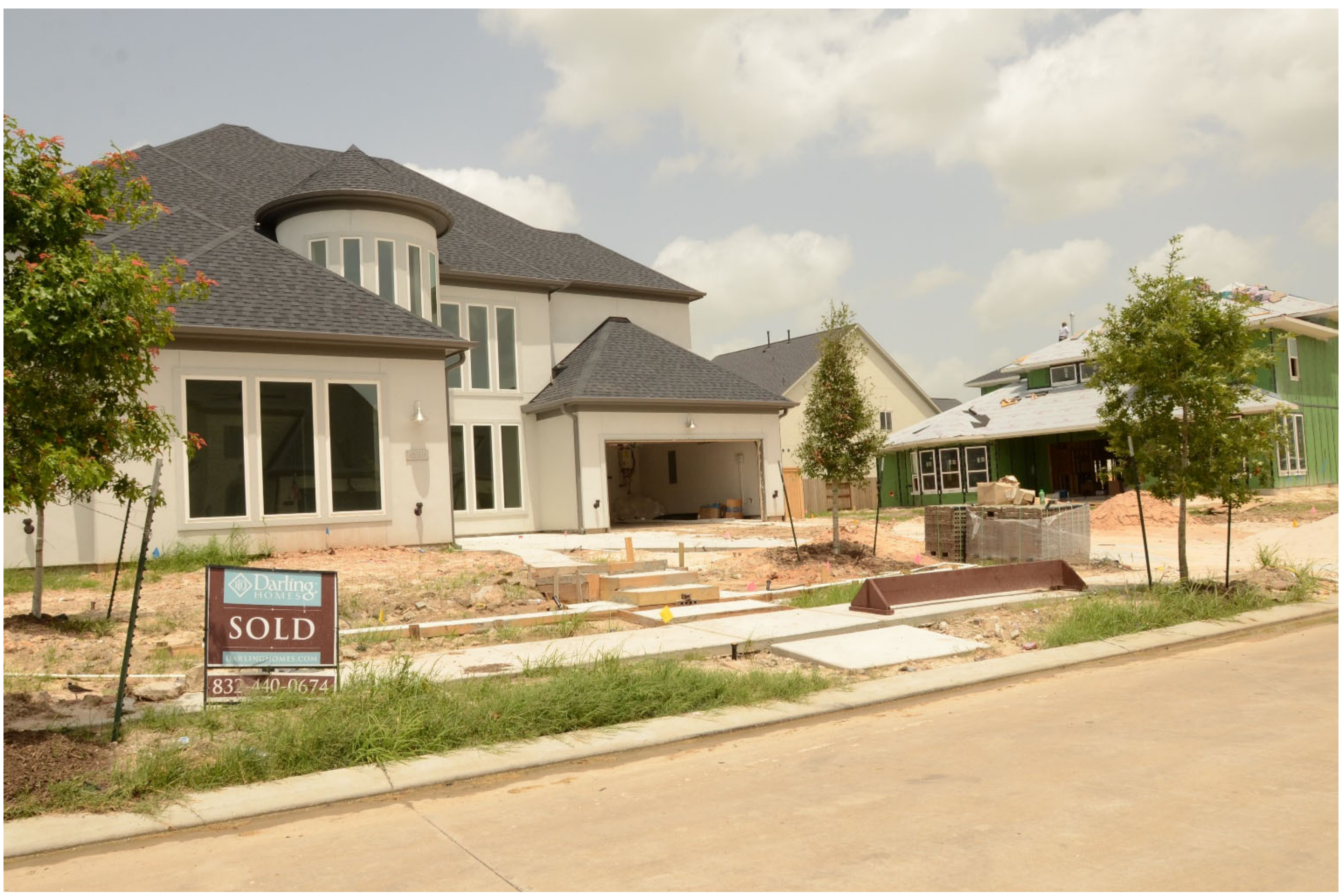








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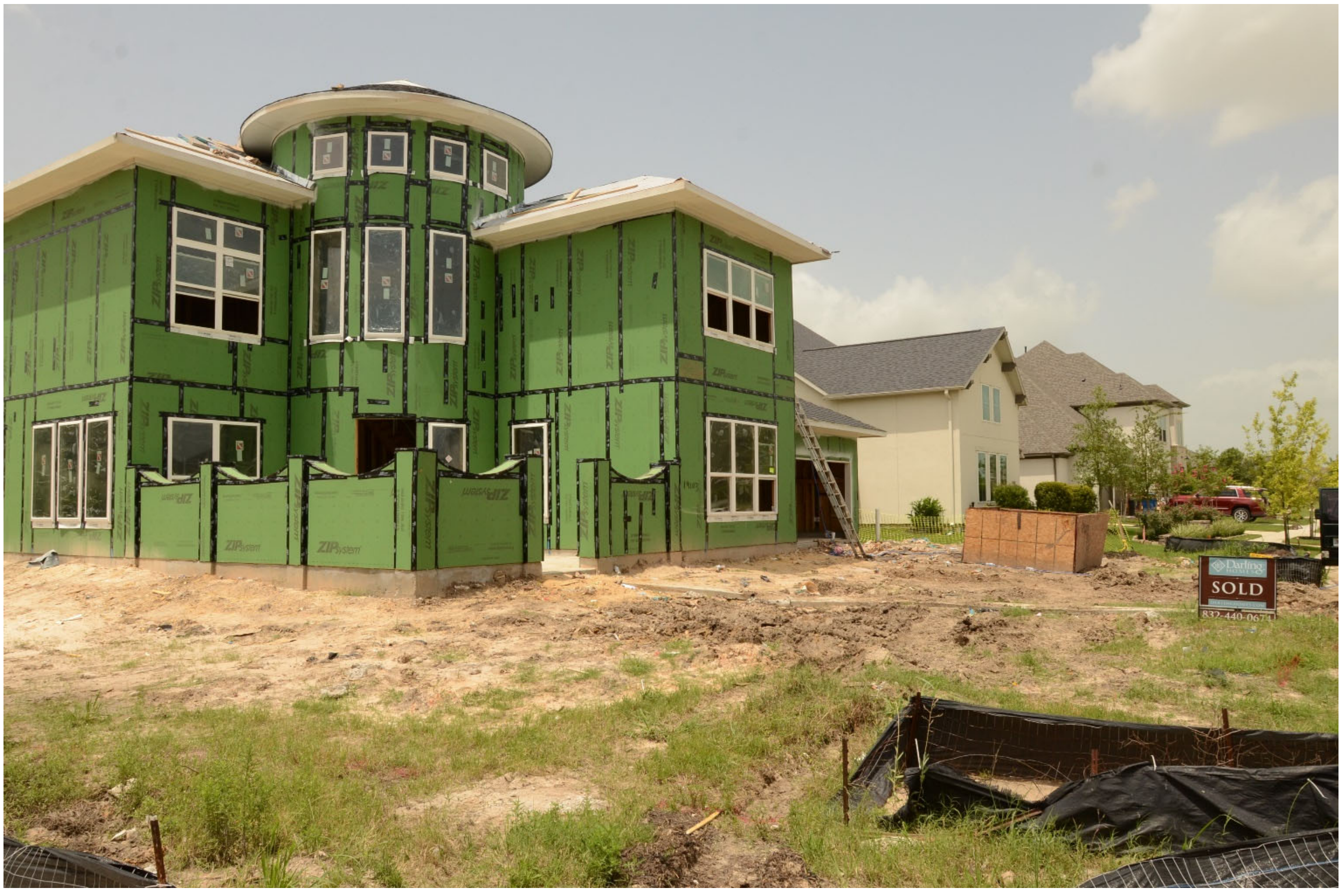
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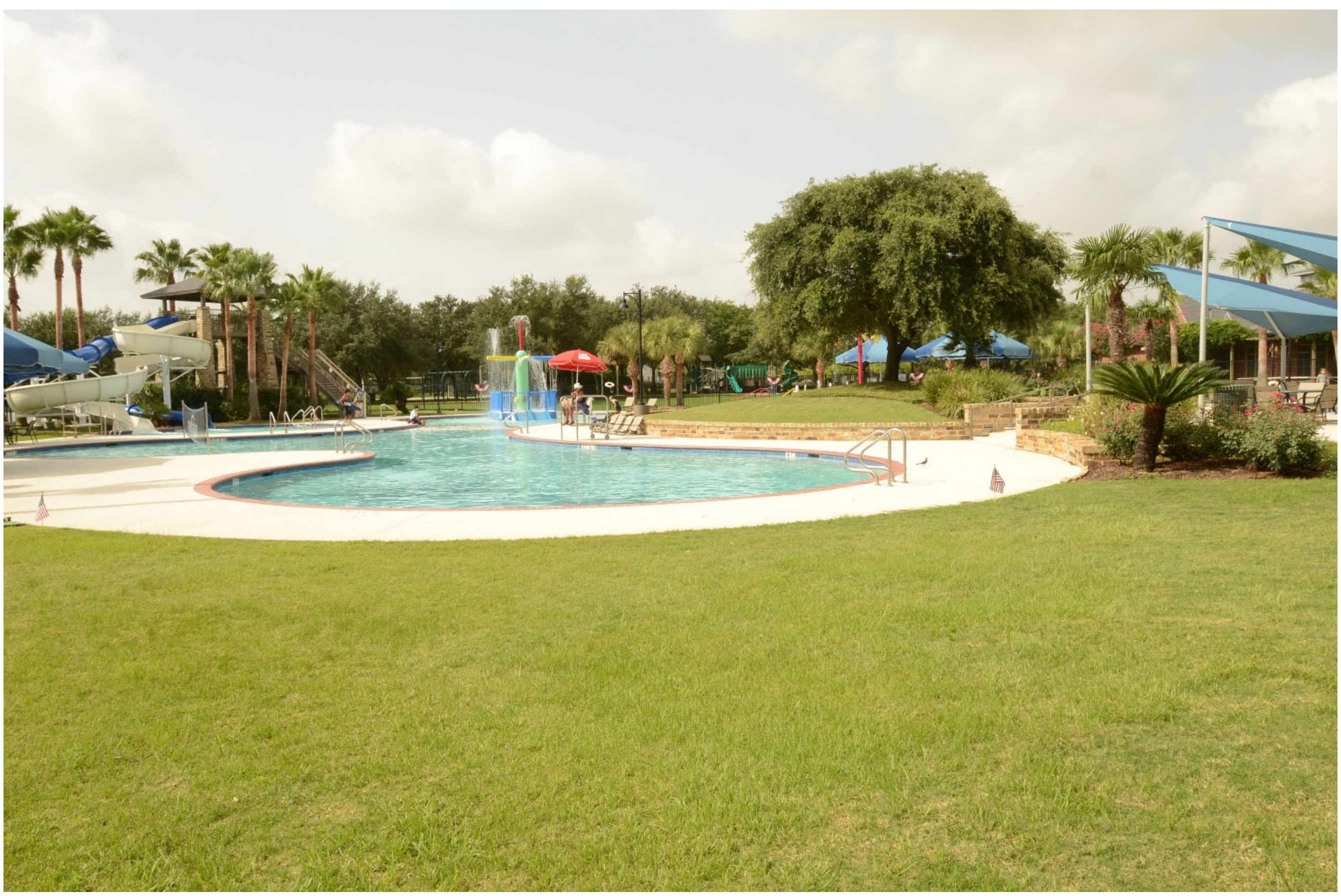

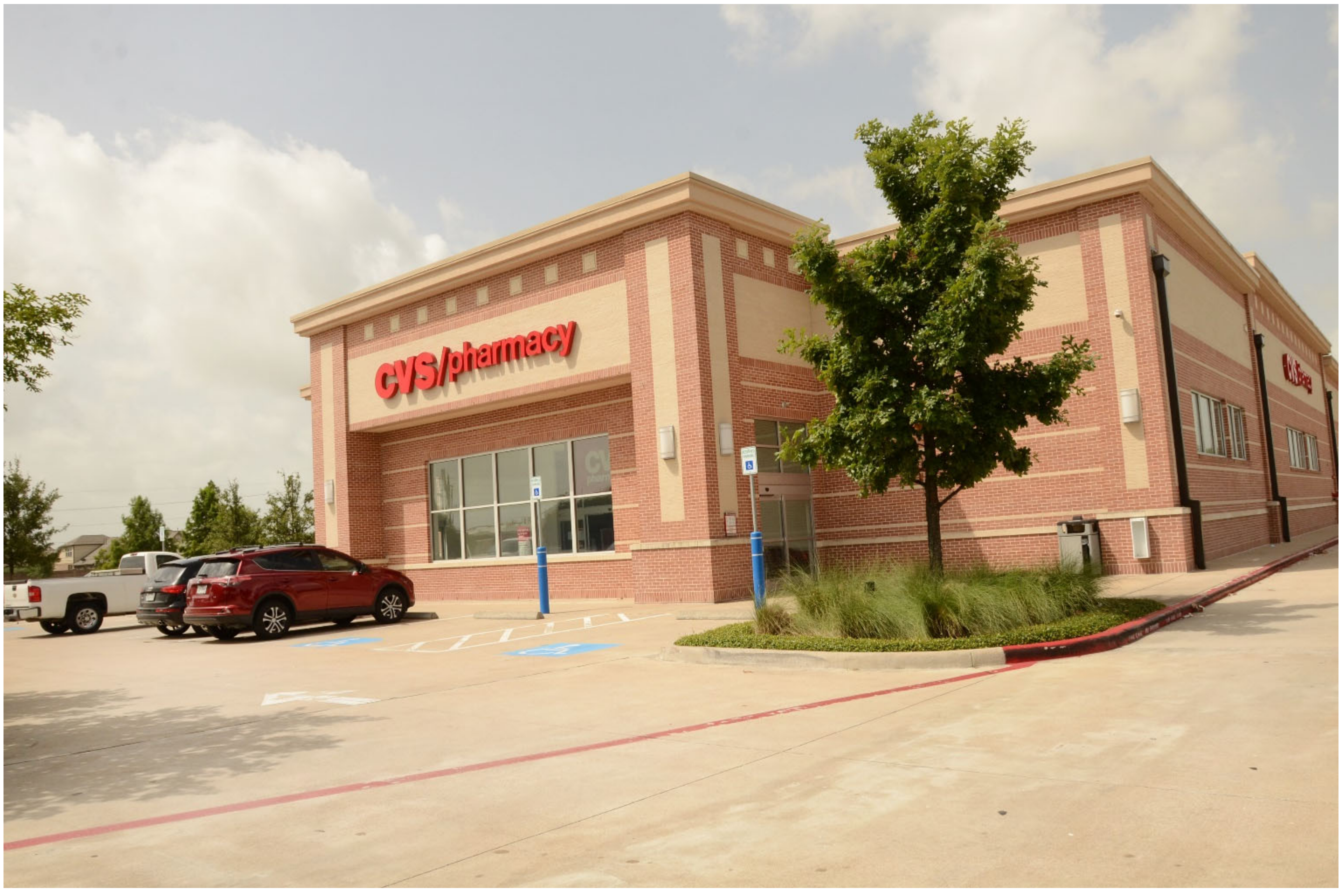
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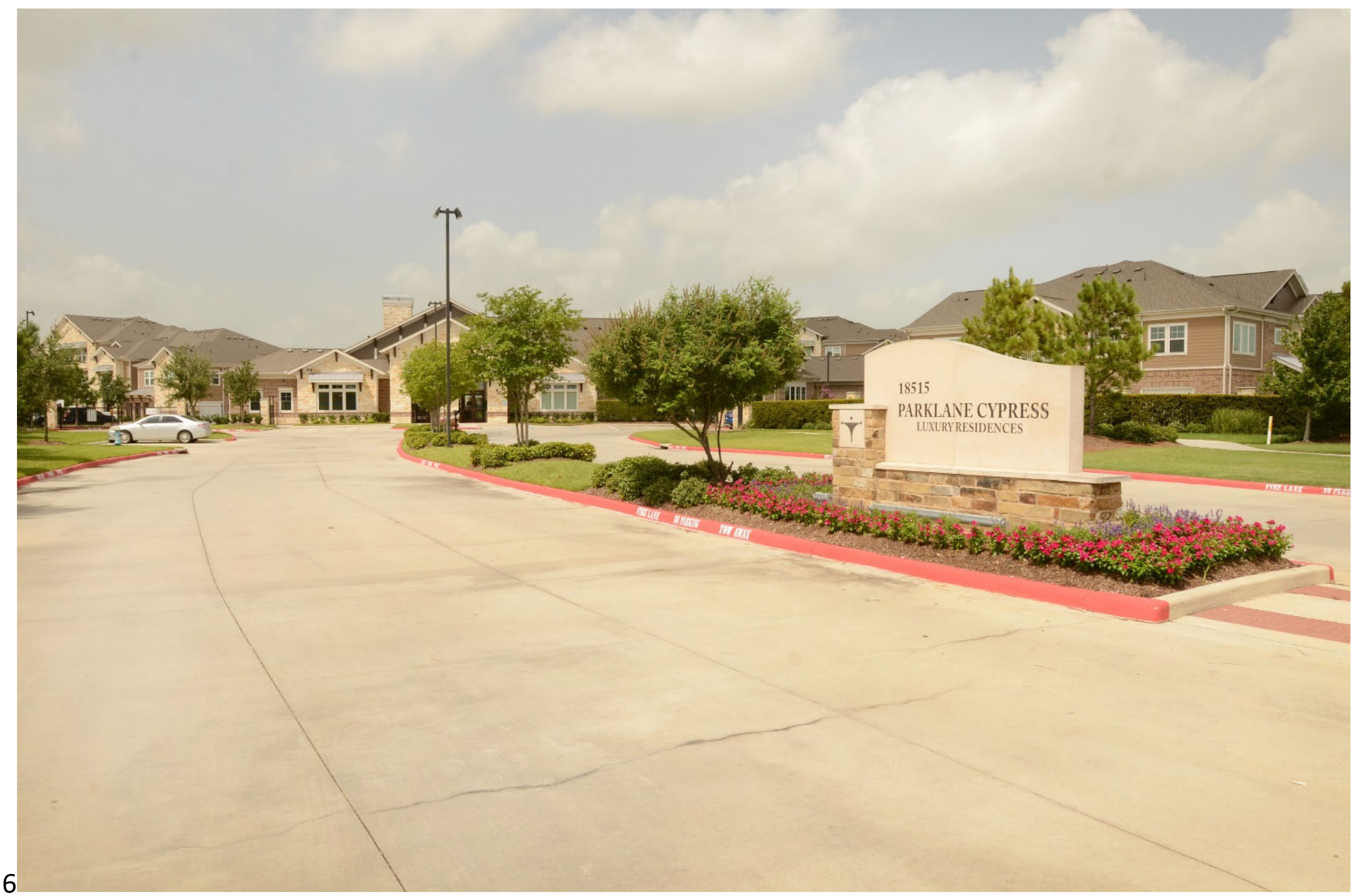
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APPENDIX A

Independent Auditor's Report and Financial Statements of the District for the year ended May 31, 2020

The information contained in this appendix includes the audited financial statements of Harris County Municipal Utility District No. 419 and certain supplemental information for the fiscal year ended May 31, 2020.

Harris County Municipal Utility District No. 419

Harris County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2020

BKD

CPAs & Advisors

Harris County Municipal Utility District No. 419
May 31, 2020

Contents

BKD
CPAs & Advisors

2700 Post Oak Boulevard, Suite 1500 | Houston, TX 77056-5829
713.499.4600 | Fax 713.499.4699 | bkd.com

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 419
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 419 (the District), as of and for the year ended May 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of May 31, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

BKD, LLP

Houston, Texas
September 29, 2020

Harris County Municipal Utility District No. 419
Management's Discussion and Analysis
May 31, 2020

Overview of the Financial Statements

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Harris County Municipal Utility District No. 419

Management's Discussion and Analysis (Continued)

May 31, 2020

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2020	2019
Current and other assets	$ 18,306,225	$ 17,506,464
Capital assets	69,081,273	71,961,920
Total assets	87,387,498	89,468,384
Deferred outflows of resources	3,445,435	3,314,390
Total assets and deferred outflows of resources	$ 90,832,933	$ 92,782,774
Long-term liabilities	$ 135,506,068	$ 140,326,441
Other liabilities	2,133,240	2,363,421
Total liabilities	137,639,308	142,689,862
Net position:		
Net investment in capital assets	(61,974,748)	(63,860,377)
Restricted	10,143,803	10,157,166
Unrestricted	5,024,570	3,796,123
Total net position	$ (46,806,375)	$ (49,907,088)

The total net position of the District increased by $3,100,713, or about 6 percent. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

At May 31, 2020, the net investment in capital assets was $(61,974,748). This amount was negative because not all expenditures from long-term debt were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

Harris County Municipal Utility District No. 419
Management's Discussion and Analysis (Continued)
May 31, 2020

Summary of Changes in Net Position

	2020	2019
Revenues:		
Property taxes	$ 11,580,716	$ 10,846,484
Charges for services	4,833,310	4,248,052
Other revenues	766,740	781,105
Total revenues	17,180,766	15,875,641
Expenses:		
Services	6,543,616	6,466,653
Conveyance of capital assets	4,183	977,494
Purchase of capacity	-	1,600,182
Depreciation	2,901,493	2,901,008
Debt service	4,630,761	5,044,708
Total expenses	14,080,053	16,990,045
Change in net position	3,100,713	(1,114,404)
Net position, beginning of year	(49,907,088)	(48,792,684)
Net position, end of year	$ (46,806,375)	$ (49,907,088)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2020, were $16,917,825, an increase of $874,153 from the prior year.

The general fund's fund balance increased by $1,209,740, primarily due to property taxes and service revenues exceeding service operation expenditures.

The debt service fund's fund balance decreased by $173,278 due to bond principal and interest requirements exceeding property tax revenues, as well as amounts paid as part of the refunding of bonds in the current year.

The capital projects fund's fund balance decreased by $162,309, primarily due to capital outlay expenditures exceeding investment income.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to purchased services expenditures being greater than anticipated and water service revenues and regional water fee and repairs and maintenance expenditures being less than anticipated. The fund balance as of May 31, 2020, was expected to be $5,317,511 and the actual end-of-year fund balance was $4,986,531.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2020	2019
Land and improvements	$ 3,920,093	$ 3,920,093
Water facilities	10,705,642	10,993,651
Wastewater facilities	16,632,420	17,085,097
Drainage facilities	266,855	273,883
Road facilities	29,879,483	31,276,054
Recreational facilities	7,676,780	8,413,142
Total capital assets	$ 69,081,273	$ 71,961,920

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

Engineering fees related to water and wastewater utilities to serve Josey Ranch Road and 30" force main and Hidden Creek, Section 29, Creekside Bend Boulevard, Section 1, and B-12 Crossing	$ 20,846

The developer within the District has constructed water, sewer and drainage facilities, recreational facilities and road facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. As of May 31, 2020, a liability for developer-constructed capital assets of $13,366,055 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2020, are as follows.

Long-term debt payable, beginning of year	$ 140,326,441
Increases in long-term debt	9,603,366
Decreases in long-term debt	(14,423,739)
Long-term debt payable, end of year	$ 135,506,068

At May 31, 2020, the District had $111,545,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving water, sanitary sewer and drainage systems within the District, $7,650,000 for financing and constructing recreational facilities, and $4,255,000 for financing and constructing roads.

The District's bonds carry underlying ratings of "BBB-" from Standard & Poor's and/or "A2" from Moody's Investors Service. The Series 2014 park bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp. The Series 2014A, Series 2016 road, Series 2017, Series 2017A park, Series 2017B refunding, Series 2018, Series 2018A park, Series 2018 road, Series 2019 park refunding and Series 2019 road refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2014 road, Series 2015 refunding, Series 2015A, Series 2016 refunding, Series 2016A and Series 2017 road refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

On August 22, 2019, the District issued $1,945,000 in unlimited tax park refunding bonds to refund $1,870,000 of outstanding Series 2012A park bonds. The District refunded the bonds to reduce total debt service payments over future years by $228,483 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $168,795.

Also, on August 22, 2019, the District issued $7,555,000 in unlimited tax road refunding bonds to refund $570,000 and $6,800,000 of outstanding Series 2010 road and Series 2012 road bonds, respectively. The District refunded the bonds to reduce total debt service payments over future years by $461,764 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $347,028.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. Effective December 1, 2017, prior to annexation, the City would be required to hold an election in the District whereby the qualified voters of the District would approve the annexation. If the District is annexed, the City must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Harris County Municipal Utility District No. 419

Statement of Net Position and Governmental Funds Balance Sheet

May 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 544,950	$ 539,221	$ 300	$ 1,084,471	$ -	$ 1,084,471
Certificates of deposit	2,400,000	480,000	-	2,880,000	-	2,880,000
Short-term investments	2,052,635	9,829,651	1,221,312	13,103,598	-	13,103,598
Receivables:						
Property taxes	38,039	171,209	-	209,248	-	209,248
Service accounts	290,159	-	-	290,159	-	290,159
Accrued interest	25,301	6,366	-	31,667	-	31,667
Accrued penalty and interest	-	-	-	-	47,721	47,721
Interfund receivable	139,237	3,172	-	142,409	(142,409)	-
Due from others	7,341	-	-	7,341	-	7,341
Prepaid expenditures	54,365	-	-	54,365	-	54,365
Operating deposits	597,655	-	-	597,655	-	597,655
Capital assets (net of accumulated depreciation):						
Land	-	-	-	-	3,920,093	3,920,093
Infrastructure	-	-	-	-	27,604,917	27,604,917
Roads	-	-	-	-	29,879,483	29,879,483
Recreational facilities	-	-	-	-	7,676,780	7,676,780
Total assets	6,149,682	11,029,619	1,221,612	18,400,913	68,986,585	87,387,498
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	3,445,435	3,445,435
Total assets and deferred outflows of resources	$ 6,149,682	$ 11,029,619	$ 1,221,612	$ 18,400,913	$ 72,432,020	$ 90,832,933

Harris County Municipal Utility District No. 419

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

May 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 778,490	$ 7,321	$ 2,170	$ 787,981	$ -	$ 787,981
Accrued interest payable	-	-	-	-	1,001,809	1,001,809
Customer deposits	339,900	-	-	339,900	-	339,900
Unearned tap connection fees	3,550	-	-	3,550	-	3,550
Interfund payable	3,172	29,636	109,601	142,409	(142,409)	-
Long-term liabilities:						
Due within one year	-	-	-	-	5,680,000	5,680,000
Due after one year	-	-	-	-	129,826,068	129,826,068
Total liabilities	1,125,112	36,957	111,771	1,273,840	136,365,468	137,639,308
Deferred Inflows of Resources						
Deferred property tax revenues	38,039	171,209	0	209,248	(209,248)	0
Fund Balances/Net Position						
Fund balances:						
Nonspendable, prepaid expenditures	54,365	-	-	54,365	(54,365)	-
Restricted:						
Unlimited tax bonds	-	7,880,770	-	7,880,770	(7,880,770)	-
Water, sewer and drainage	-	-	870,757	870,757	(870,757)	-
Parks and recreation	-	-	68,799	68,799	(68,799)	-
Roads	-	2,940,683	170,285	3,110,968	(3,110,968)	-
Assigned, operating deposits	597,655	-	-	597,655	(597,655)	-
Unassigned	4,334,511	-	-	4,334,511	(4,334,511)	-
Total fund balances	4,986,531	10,821,453	1,109,841	16,917,825	(16,917,825)	0
Total liabilities, deferred inflows of resources and fund balances	$ 6,149,682	$ 11,029,619	$ 1,221,612	$ 18,400,913		
Net position:						
Net investment in capital assets					(61,974,748)	(61,974,748)
Restricted for debt service					10,038,574	10,038,574
Restricted for capital projects					105,229	105,229
Unrestricted					5,024,570	5,024,570
Total net position					$ (46,806,375)	$ (46,806,375)

Harris County Municipal Utility District No. 419

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

Year Ended May 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 2,197,420	$ 9,301,977	$ -	$ 11,499,397	$ 81,319	$ 11,580,716
Water service	1,366,222	-	-	1,366,222	-	1,366,222
Sewer service	1,693,749	-	-	1,693,749	-	1,693,749
Regional water fee	1,773,339	-	-	1,773,339	-	1,773,339
Penalty and interest	45,832	42,858	-	88,690	16,292	104,982
Tap connection and inspection fees	70,842	-	-	70,842	-	70,842
Investment income	79,851	148,750	22,845	251,446	-	251,446
Other income	310,184	202	-	310,386	29,084	339,470
Total revenues	7,537,439	9,493,787	22,845	17,054,071	126,695	17,180,766
Expenditures/Expenses						
Service operations:						
Purchased services	2,493,297	-	-	2,493,297	-	2,493,297
Regional water fee	864,336	-	-	864,336	-	864,336
Professional fees	175,978	8,137	-	184,115	16,024	200,139
Contracted services	1,282,100	132,796	-	1,414,896	5,350	1,420,246
Utilities	214,468	-	-	214,468	-	214,468
Repairs and maintenance	1,128,298	-	-	1,128,298	-	1,128,298
Other expenditures	179,447	24,514	12	203,973	-	203,973
Tap connections	18,859	-	-	18,859	-	18,859
Capital outlay	-	-	184,378	184,378	(184,378)	-
Conveyance of capital assets	-	-	-	-	4,183	4,183
Depreciation	-	-	-	-	2,901,493	2,901,493
Debt service:						
Principal retirement	-	5,370,000	-	5,370,000	(5,370,000)	-
Interest and fees	-	3,966,791	-	3,966,791	305,297	4,272,088
Debt issuance costs	-	357,909	764	358,673	-	358,673
Debt defeasance	-	168,000	-	168,000	(168,000)	-
Total expenditures/expenses	6,356,783	10,028,147	185,154	16,570,084	(2,490,031)	14,080,053
Excess (Deficiency) of Revenues Over Expenditures	1,180,656	(534,360)	(162,309)	483,987	2,616,726	

Harris County Municipal Utility District No. 419

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

Year Ended May 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Other Financing Sources (Uses)						
General obligation bonds issued	$ -	$ 9,500,000	$ -	$ 9,500,000	$ (9,500,000)	
Premium on debt issued	-	103,366	-	103,366	(103,366)	
Deposit with escrow agent	-	(9,242,284)	-	(9,242,284)	9,242,284	
Reimbursement from governmental agency	29,084	-	-	29,084	(29,084)	
Total other financing sources	29,084	361,082	0	390,166	(390,166)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,209,740	(173,278)	(162,309)	874,153	(874,153)	
Change in Net Position					3,100,713	$ 3,100,713
Fund Balances/Net Position						
Beginning of year	3,776,791	10,994,731	1,272,150	16,043,672	-	(49,907,088)
End of year	$ 4,986,531	$ 10,821,453	$ 1,109,841	$ 16,917,825	$ 0	$ (46,806,375)

Harris County Municipal Utility District No. 419
Notes to Financial Statements
May 31, 2020

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

Harris County Municipal Utility District No. 419 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective February 21, 2005, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District is also authorized by the Texas Water Code, Chapter 49, to provide recreational facilities and has acquired the authority to provide road facilities under the Texas Water Code, Chapter 54.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2020, include collections during the current period or within 60 days of year-end related to the 2019 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2020, the 2019 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45
Recreational facilities	15-20
Road facilities	20-45

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$ 69,081,273
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	209,248
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	47,721

Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	$	3,445,435
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(1,001,809)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(135,506,068)
Adjustment to fund balances to arrive at net position.	$	(63,724,200)

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

Change in fund balances.	$	874,153
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense, noncapitalized costs and conveyed capital assets exceeded capital outlay expenditures in the current period.		(2,742,672)
Governmental funds report proceeds from the sales of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of the transactions, however, have any effect on net position.		5,280,284
Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(103,366)
Revenues that do not provide current financial resources are not reported as revenues for the funds, but are reported as revenues in the statement of activities.		97,611
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(305,297)
Change in net position of governmental activities.	$	3,100,713

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At May 31, 2020, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

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

At May 31, 2020, the District had the following investments and maturities:

		Maturities in Years			
Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
Texas CLASS	$ 13,103,598	$ 13,103,598	$ 0	$ 0	$ 0

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2020, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at May 31, 2020, as follows:

Carrying value:	
Deposits	$ 3,964,471
Investments	13,103,598
Total	$ 17,068,069

Included in the following statement of net position captions:

Cash	$ 1,084,471
Certificates of deposit	2,880,000
Short-term investments	13,103,598
Total	$ 17,068,069

Investment Income

Investment income of $251,446 for the year ended May 31, 2020, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2020:

- Pooled investments of $13,103,598 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended May 31, 2020, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 3,920,093	$ 0	$ 3,920,093
Capital assets, depreciable:			
Water production and distribution facilities	13,048,737	9,361	13,058,098
Wastewater collection and treatment facilities	20,280,441	11,485	20,291,926
Drainage facilities	310,036	-	310,036
Roads	40,691,953	-	40,691,953
Recreational facilities	11,414,464	-	11,414,464
Total capital assets, depreciable	85,745,631	20,846	85,766,477
Less accumulated depreciation:			
Water production and distribution facilities	(2,055,086)	(297,370)	(2,352,456)
Wastewater collection and treatment facilities	(3,195,344)	(464,162)	(3,659,506)
Drainage facilities	(36,153)	(7,028)	(43,181)
Roads	(9,415,899)	(1,396,571)	(10,812,470)
Recreational facilities	(3,001,322)	(736,362)	(3,737,684)
Total accumulated depreciation	(17,703,804)	(2,901,493)	(20,605,297)
Total governmental activities, net	$ 71,961,920	$ (2,880,647)	$ 69,081,273

Harris County Municipal Utility District No. 419

Notes to Financial Statements

May 31, 2020

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2020, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 128,070,000	$ 9,500,000	$ 14,610,000	$ 122,960,000	$ 5,680,000
Add premiums on bonds	482,165	103,366	23,645	561,886	-
Less discounts on bonds	1,729,754	-	347,881	1,381,873	-
	126,822,411	9,603,366	14,285,764	122,140,013	5,680,000
Due to developer	13,504,030	-	137,975	13,366,055	-
Total governmental activities long-term liabilities	$ 140,326,441	$ 9,603,366	$ 14,423,739	$ 135,506,068	$ 5,680,000

General Obligation Bonds

	Series 2009	Series 2010
Amounts outstanding, May 31, 2020	$135,000	$710,000
Interest rates	5.50%	4.00% to 4.10%
Maturity dates, serially beginning/ending	September 1, 2020	September 1, 2020/2021
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2018	September 1, 2018

	Series 2011	Series 2012
Amounts outstanding, May 31, 2020	$1,560,000	$410,000
Interest rates	3.70% to 4.00%	2.85% to 3.60%
Maturity dates, serially beginning/ending	September 1, 2020/2022	September 1, 2020/2023
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2019	September 1, 2019

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

	Series 2012A Park	Series 2012 Road
Amounts outstanding, May 31, 2020	$220,000	$800,000
Interest rates	3.25% to 3.50%	2.60% to 2.80%
Maturity dates, serially beginning/ending	September 1, 2020/2021	September 1, 2020/2021
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2019	September 1, 2019

	Series 2014 Park	Series 2014A
Amounts outstanding, May 31, 2020	$2,470,000	$6,800,000
Interest rates	3.000% to 4.875%	2.00% to 3.75%
Maturity dates, serially beginning/ending	September 1, 2020/2038	September 1, 2020/2039
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2021	September 1, 2022

	Series 2014 Road	Refunding Series 2015
Amounts outstanding, May 31, 2020	$4,300,000	$4,970,000
Interest rates	3.00% to 4.00%	2.000% to 3.625%
Maturity dates, serially beginning/ending	September 1, 2020/2039	September 1, 2020/2032
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2022	September 1, 2022

	Series 2015A	Series 2015 Road
Amounts outstanding, May 31, 2020	$8,015,000	$3,500,000
Interest rates	2.00% to 4.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2020/2041	September 1, 2020/2041
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2023

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

Harris County Municipal Utility District No. 419
Notes to Financial Statements
May 31, 2020

	Refunding Series 2016	Series 2016A
Amounts outstanding, May 31, 2020	$19,120,000	$15,900,000
Interest rates	2.00% to 4.00%	3.00% to 3.25%
Maturity dates, serially beginning/ending	September 1, 2020/2035	September 1, 2020/2041
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2023

	Series 2016 Road	Road Refunding Series 2017
Amounts outstanding, May 31, 2020	$2,350,000	$4,105,000
Interest rates	2.50% to 4.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2020/2041	September 1, 2020/2035
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2023	September 1, 2024

	Series 2017	Series 2017A Park
Amounts outstanding, May 31, 2020	$11,550,000	$5,030,000
Interest rates	3.00% to 4.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2020/2042	September 1, 2020/2042
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2024	September 1, 2024

	Refunding Series 2017B	Series 2018
Amounts outstanding, May 31, 2020	$11,330,000	$4,010,000
Interest rates	2.50% to 3.50%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2020/2038	September 1, 2020/2042
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2024	September 1, 2024

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

Harris County Municipal Utility District No. 419

Notes to Financial Statements

May 31, 2020

	Series 2018A Park	Series 2018 Road
Amounts outstanding, May 31, 2020	$1,175,000	$5,000,000
Interest rates	4.00%	3.00% to 5.00%
Maturity dates, serially beginning/ending	September 1, 2020/2042	September 1, 2020/2042
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2024	September 1, 2024
	Park Refunding Series 2019	**Road Refunding Series 2019**
Amounts outstanding, May 31, 2020	$1,945,000	$7,555,000
Interest rates	2.00% to 3.00%	2.00% to 3.00%
Maturity dates, serially beginning/ending	September 1, 2020/2038	September 1, 2020/2038
Interest payment dates	September 1/March 1	September 1/March 1
Callable dates*	September 1, 2025	September 1, 2025

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2020.

Year	Principal	Interest	Total
2021	$ 5,680,000	$ 3,898,290	$ 9,578,290
2022	5,755,000	3,713,792	9,468,792
2023	5,825,000	3,529,512	9,354,512
2024	5,910,000	3,349,361	9,259,361
2025	6,020,000	3,171,745	9,191,745
2026-2030	30,940,000	13,155,088	44,095,088
2031-2035	32,305,000	8,170,791	40,475,791
2036-2040	23,090,000	3,183,371	26,273,371
2041-2043	7,435,000	340,331	7,775,331
Total	$ 122,960,000	$ 42,512,281	$ 165,472,281

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

Bonds voted:		
Water, sewer and drainage facilities	$	211,320,000
Recreational facilities		20,360,000
Road facilities		37,500,000
Bonds sold:		
Water, sewer and drainage facilities		99,775,000
Recreational facilities		12,710,000
Road facilities		33,245,000
Refunding bonds voted		269,180,000
Refunding bonds authorization used		4,265,000

Due to Developer

The developer of the District has constructed underground utilities, recreational facilities and road facilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developer for these construction costs and interest to the extent approved by the Commission. The District's engineer estimates reimbursable costs for completed projects are $13,366,055, including approximately $2,111,276 of water, sewer and drainage projects, and recreational facilities, and approximately $11,254,779 of road projects. The District has agreed to reimburse these amounts, plus interest, to the extent approved by the Commission (as required) from the proceeds of future bond sales. Recreational facilities bonds are limited in issuance to 1 percent of the taxable value of property within the District. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5: Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended May 31, 2020, the District levied an ad valorem debt service tax at the rate of $0.5951 per $100 of assessed valuation, which resulted in a tax levy of $7,328,194 on the taxable valuation of $1,231,465,226 for the 2019 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are $7,637,762 of which $1,621,088 has been paid and $6,016,674 is due September 1, 2020.

In addition, during the year ended May 31, 2020, the District levied an ad valorem road debt service tax at the rate of $0.1649 per $100 of assessed valuation, which resulted in a tax levy of $2,030,930 on the taxable valuation of $1,231,465,226 for the 2019 tax year. The interest and principal requirements to be paid from the road debt service tax revenues and available resources are $2,055,174 of which $396,229 has been paid and $1,658,944 is due September 1, 2020.

Harris County Municipal Utility District No. 419
Notes to Financial Statements
May 31, 2020

Note 6: Maintenance Taxes

At an election held May 7, 2005, voters authorized a general operations and maintenance tax not to exceed $1.50 per $100 valuation on all property within the District subject to taxation. During the year ended May 31, 2020, the District levied an ad valorem general operations and maintenance tax at the rate of $0.1800 per $100 of assessed valuation, which resulted in a tax levy of $2,216,635 on the taxable valuation of $1,231,465,226 for the 2019 tax year. The maintenance tax is being used by the general fund to pay general expenditures of operating the District.

At an election held May 7, 2005, voters authorized a recreational facilities maintenance tax not to exceed $0.10 per $100 valuation on all property within the District subject to taxation. During the year ended May 31, 2020, the District did not levy an ad valorem recreational facilities maintenance tax.

Note 7: Contract With Other District

The District is served by a regional water supply and wastewater treatment system that is owned and operated by Harris County Municipal Utility District No. 418 (District No. 418), in its capacity as "Master District," pursuant to that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, as amended from time to time, by and among District No. 418, Harris County Municipal Utility District Nos. 489, 490, 491, 492 and 493, and the District. District No. 418 will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities necessary to serve itself, the District and other municipal utility districts that comprise the Bridgeland community.

District No. 418 charges a connection charge to pay for the costs of constructing regional facilities. The current charge is $4,236 per equivalent single-family connection for water supply capacity and $3,252 for wastewater treatment capacity. District No. 418 also charges a wastewater collection connection charge, which varies based on the location of the area to be served by the system, ranging from $0 to $1,716 per equivalent single-family connection. These charges are subject to adjustment annually. Through May 31, 2020, the District has been credited with water and sewer connections with a value of $21,346,917. In addition, District No. 418 is authorized, in certain circumstances, to issue contract revenue bonds sufficient to complete acquisition and construction of the facilities, as needed, to serve all districts in the service area. Once bonds are issued, each participating district would contribute to the debt service requirements of the bonds. The District's voters have approved such a contract-revenue tax proposition.

The contract requires that operations and maintenance costs and a percentage of the administrative costs be paid to the master district on a monthly basis. Additionally, each participant is required to advance funds to the master district to create a reserve for the benefit of such participant in an amount equal to the participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the master district's fiscal year (currently June 1).

During the current year, the District incurred operating charges of $1,560,756 for water supply and $932,541 for wastewater services. In addition, the District has contributed $450,866 for its share of the water supply reserve and $146,789 for the wastewater treatment reserve. The reserves are subject to adjustment annually.

Note 8: Risk Management

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

Note 9: Refunding Bonds

On August 22, 2019, the District issued $1,945,000 in unlimited tax park refunding bonds to refund $1,870,000 of outstanding Series 2012A park bonds. The District refunded the bonds to reduce total debt service payments over future years by $228,483 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $168,795.

Also, on August 22, 2019, the District issued $7,555,000 in unlimited tax road refunding bonds to refund $570,000 and $6,800,000 of outstanding Series 2010 road and Series 2012 road bonds, respectively. The District refunded the bonds to reduce total debt service payments over future years by $461,764 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $347,028.

Note 10: Uncertainties

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

Required Supplementary Information

Harris County Municipal Utility District No. 419
Budgetary Comparison Schedule – General Fund
Year Ended May 31, 2020

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 1,664,500	$ 2,174,322	$ 2,197,420	$ 23,098
Water service	1,318,600	1,721,000	1,366,222	(354,778)
Sewer service	1,572,400	1,658,297	1,693,749	35,452
Regional water fee	1,764,900	1,764,900	1,773,339	8,439
Penalty and interest	62,000	62,000	45,832	(16,168)
Tap connection and inspection fees	119,100	94,100	70,842	(23,258)
Investment income	93,100	93,100	79,851	(13,249)
Other income	-	318,631	310,184	(8,447)
Total revenues	6,594,600	7,886,350	7,537,439	(348,911)
Expenditures				
Service operations:				
Purchased services	1,049,481	1,349,741	2,493,297	(1,143,556)
Regional water fee	1,697,003	1,764,900	864,336	900,564
Professional fees	183,400	184,400	175,978	8,422
Contracted services	1,264,500	1,264,500	1,282,100	(17,600)
Utilities	232,100	232,100	214,468	17,632
Repairs and maintenance	914,295	1,254,183	1,128,298	125,885
Other expenditures	260,806	260,806	179,447	81,359
Tap connections	60,000	35,000	18,859	16,141
Capital outlay	1,081,829	-	-	-
Total expenditures	6,743,414	6,345,630	6,356,783	(11,153)
Excess (Deficiency) of Revenues Over Expenditures	(148,814)	1,540,720	1,180,656	(360,064)
Other Financing Sources				
Interfund transfers in	574,000	-	-	-
Reimbursement from governmental agency	-	-	29,084	29,084
Total other financing sources	574,000	0	29,084	29,084
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	425,186	1,540,720	1,209,740	(330,980)
Fund Balance, Beginning of Year	3,776,791	3,776,791	3,776,791	-
Fund Balance, End of Year	$ 4,201,977	$ 5,317,511	$ 4,986,531	$ (330,980)

Harris County Municipal Utility District No. 419
Notes to Required Supplementary Information
May 31, 2020

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2020.

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

Other Information

Harris County Municipal Utility District No. 419
Other Schedules Included Within This Report
May 31, 2020

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

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 13-29

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[X] Schedule of Long-term Debt Service Requirements by Years

[X] Changes in Long-term Bonded Debt

[X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund – Five Years

[X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 419
Schedule of Services and Rates
Year Ended May 31, 2020

1. Services provided by the District:

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

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

___ Other ____________

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 18.00	5,000	N	$ 1.75	5,001	to	10,000
				$ 2.00	10,001	to	20,000
				$ 2.50	20,001	to	No Limit
Wastewater:	$ 44.74	0	Y				
Regional water fee:	$ 3.93	1,000	N	$ 3.93	1,001	to	No Limit

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

Total charges per 10,000 gallons usage (including fees): Water $ 66.05 Wastewater $ 44.74

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	2,676	2,668	x1.0	2,668
1"	736	733	x2.5	1,833
1 1/2"	4	4	x5.0	20
2"	25	25	x8.0	200
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	3,444	3,433		4,961
Total wastewater	3,379	3,369	x1.0	3,369

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

Gallons pumped into the system:	574,463
Gallons billed to customers:	478,290
Water accountability ratio (gallons billed/gallons pumped):	83.26%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 419

Schedule of General Fund Expenditures

Year Ended May 31, 2020

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 21,100	
Legal	70,124	
Engineering	84,754	
Financial advisor	-	175,978
Purchased Services for Resale		
Bulk water and wastewater service purchases		2,493,297
Regional Water Fee		864,336
Contracted Services		
Bookkeeping	37,908	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	400,941	
Other contracted services	104,719	543,568
Utilities		214,468
Repairs and Maintenance		1,128,298
Administrative Expenditures		
Directors' fees	10,350	
Office supplies	14,475	
Insurance	1,606	
Other administrative expenditures	153,016	179,447
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	-	-
Tap Connection Expenditures		18,859
Solid Waste Disposal		738,532
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 6,356,783

Harris County Municipal Utility District No. 419

Schedule of Temporary Investments

May 31, 2020

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 5000020304	0.85%	04/23/21	$ 240,000	$ 212
No. 6745757667	0.70%	05/01/21	240,000	133
No. 66000349	2.10%	09/02/20	240,000	3,743
No. 71128679	2.00%	10/09/20	240,000	3,077
No. 12432	1.90%	11/04/20	240,000	2,611
No. 440005278	1.65%	02/05/21	240,000	1,248
No. 2000000095	2.00%	10/21/20	240,000	2,933
No. 36000613	2.45%	08/11/20	240,000	4,736
No. 6000041332	1.35%	03/12/21	240,000	710
No. 9009004090	2.60%	06/18/20	240,000	5,898
Texas CLASS	0.63%	Demand	2,052,635	-
			4,452,635	25,301
Debt Service Fund				
Certificates of Deposit				
No. 91300011897747	2.75%	08/27/20	240,000	5,009
No. 80001835	1.78%	02/04/21	240,000	1,357
Texas CLASS	0.63%	Demand	6,969,839	-
Texas CLASS	0.63%	Demand	2,859,812	-
			10,309,651	6,366
Capital Projects Fund				
Texas CLASS	0.63%	Demand	390,161	-
Texas CLASS	0.63%	Demand	592,067	-
Texas CLASS	0.63%	Demand	3,231	-
Texas CLASS	0.63%	Demand	65,568	-
Texas CLASS	0.63%	Demand	13,357	-
Texas CLASS	0.63%	Demand	143,909	-
Texas CLASS	0.63%	Demand	11,088	-
Texas CLASS	0.63%	Demand	1,931	-
			1,221,312	0
Totals			$ 15,983,598	$ 31,667

Harris County Municipal Utility District No. 419

Analysis of Taxes Levied and Receivable

Year Ended May 31, 2020

	Maintenance Taxes	Debt Service Taxes	Road Debt Services Taxes
Receivable, Beginning of Year	$ 19,332	$ 108,597	$ -
Additions and corrections to prior years' taxes	(508)	5,465	-
Adjusted receivable, beginning of year	18,824	114,062	0
2019 Original Tax Levy	2,121,533	7,013,788	1,943,796
Additions and corrections	95,102	314,406	87,134
Adjusted tax levy	2,216,635	7,328,194	2,030,930
Total to be accounted for	2,235,459	7,442,256	2,030,930
Tax collections: Current year	(2,186,946)	(7,230,042)	(2,003,728)
Prior years	(10,474)	(68,207)	-
Receivable, end of year	$ 38,039	$ 144,007	$ 27,202
Receivable, by Years			
2019	$ 29,689	$ 98,152	$ 27,202
2018	2,784	15,906	-
2017	1,252	7,155	-
2016	1,095	6,257	-
2015	1,306	6,146	-
2014	859	5,747	-
2013	540	2,304	-
2012	514	2,340	-
Receivable, end of year	$ 38,039	$ 144,007	$ 27,202

Harris County Municipal Utility District No. 419

Analysis of Taxes Levied and Receivable (Continued)

Year Ended May 31, 2020

	2019	2018	2017	2016
Property Valuations				
Land	$ 237,336,130	$ 230,129,485	$ 222,018,160	$ 196,856,300
Improvements	1,015,771,983	943,174,240	838,918,521	739,790,159
Personal property	9,792,609	7,596,791	5,864,088	5,087,345
Exemptions	(31,435,496)	(25,012,440)	(24,140,854)	(22,174,083)
Total property valuations	$ 1,231,465,226	$ 1,155,888,076	$ 1,042,659,915	$ 919,559,721
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.5951	$ 0.8000	$ 0.8000	$ 0.8000
Road debt service tax rates	0.1649	0.0000	0.0000	0.0000
Maintenance tax rates*	0.1800	0.1400	0.1400	0.1400
Total tax rates per $100 valuation	$ 0.9400	$ 0.9400	$ 0.9400	$ 0.9400
Tax Levy	$ 11,575,759	$ 10,865,333	$ 9,800,989	$ 8,643,850
Percent of Taxes Collected to Taxes Levied**	98%	99%	99%	99%

*Maximum tax rate approved by voters: $1.50 on May 7, 2005

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

Harris County Municipal Utility District No. 419

Schedule of Long-term Debt Service Requirements by Years

May 31, 2020

	Series 2009		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 135,000	$ 3,713	$ 138,713

Harris County Municipal Utility District No. 419

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

May 31, 2020

		Series 2010		
Due During Fiscal Years Ending May 31		Principal Due September 1	Interest Due September 1, March 1	Total
2021		$ 345,000	$ 21,865	$ 366,865
2022		365,000	7,483	372,483
	Totals	$ 710,000	$ 29,348	$ 739,348

Harris County Municipal Utility District No. 419

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

May 31, 2020

		Series 2011		
Due During Fiscal Years Ending May 31		Principal Due September 1	Interest Due September 1, March 1	Total
2021		$ 520,000	$ 50,700	$ 570,700
2022		520,000	30,940	550,940
2023		520,000	10,400	530,400
	Totals	$ 1,560,000	$ 92,040	$ 1,652,040

Harris County Municipal Utility District No. 419

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

May 31, 2020

		Series 2012		
Due During Fiscal Years Ending May 31		**Principal Due September 1**	**Interest Due September 1, March 1**	**Total**
2021		$ 95,000	$ 11,779	$ 106,779
2022		100,000	8,925	108,925
2023		105,000	5,693	110,693
2024		110,000	1,980	111,980
	Totals	$ 410,000	$ 28,377	$ 438,377

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Series 2012A Park		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 110,000	$ 5,638	$ 115,638
2022	110,000	1,925	111,925
Totals	$ 220,000	$ 7,563	$ 227,563

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2020

		Series 2012 Road		
Due During Fiscal Years Ending May 31		Principal Due September 1	Interest Due September 1, March 1	Total
2021		$ 400,000	$ 16,400	$ 416,400
2022		400,000	5,600	405,600
	Totals	$ 800,000	$ 22,000	$ 822,000

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Series 2014 Park		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 130,000	$ 101,238	$ 231,238
2022	130,000	97,337	227,337
2023	130,000	93,438	223,438
2024	130,000	88,887	218,887
2025	130,000	83,688	213,688
2026	130,000	78,487	208,487
2027	130,000	73,288	203,288
2028	130,000	68,087	198,087
2029	130,000	62,888	192,888
2030	130,000	57,524	187,524
2031	130,000	51,919	181,919
2032	130,000	46,231	176,231
2033	130,000	40,463	170,463
2034	130,000	34,531	164,531
2035	130,000	28,437	158,437
2036	130,000	22,181	152,181
2037	130,000	15,843	145,843
2038	130,000	9,506	139,506
2039	130,000	3,169	133,169
Totals	$ 2,470,000	$ 1,057,142	$ 3,527,142

Harris County Municipal Utility District No. 419

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

May 31, 2020

		Series 2014A	
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 340,000	$ 208,675	$ 548,675
2022	340,000	201,875	541,875
2023	340,000	194,438	534,438
2024	340,000	186,150	526,150
2025	340,000	177,438	517,438
2026	340,000	167,875	507,875
2027	340,000	157,675	497,675
2028	340,000	147,475	487,475
2029	340,000	137,275	477,275
2030	340,000	126,650	466,650
2031	340,000	115,600	455,600
2032	340,000	104,337	444,337
2033	340,000	92,650	432,650
2034	340,000	80,750	420,750
2035	340,000	68,850	408,850
2036	340,000	56,950	396,950
2037	340,000	44,625	384,625
2038	340,000	31,875	371,875
2039	340,000	19,125	359,125
2040	340,000	6,375	346,375
Totals	$ 6,800,000	$ 2,326,663	$ 9,126,663

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Series 2014 Road		
Due During Fiscal Years Ending May 31	**Principal Due September 1**	**Interest Due September 1, March 1**	**Total**
2021	$ 215,000	$ 142,437	$ 357,437
2022	215,000	135,987	350,987
2023	215,000	129,537	344,537
2024	215,000	123,087	338,087
2025	215,000	116,637	331,637
2026	215,000	110,187	325,187
2027	215,000	103,737	318,737
2028	215,000	97,019	312,019
2029	215,000	90,031	305,031
2030	215,000	83,044	298,044
2031	215,000	75,922	290,922
2032	215,000	68,666	283,666
2033	215,000	61,275	276,275
2034	215,000	53,750	268,750
2035	215,000	46,091	261,091
2036	215,000	38,297	253,297
2037	215,000	30,100	245,100
2038	215,000	21,500	236,500
2039	215,000	12,900	227,900
2040	215,000	4,300	219,300
Totals	$ 4,300,000	$ 1,544,504	$ 5,844,504

Harris County Municipal Utility District No. 419

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

May 31, 2020

		Refunding Series 2015		
Due During Fiscal Years Ending May 31		Principal Due September 1	Interest Due September 1, March 1	Total
2021		$ 310,000	$ 145,413	$ 455,413
2022		320,000	137,563	457,563
2023		330,000	130,236	460,236
2024		340,000	121,863	461,863
2025		355,000	112,731	467,731
2026		365,000	102,375	467,375
2027		375,000	91,275	466,275
2028		390,000	79,800	469,800
2029		405,000	67,622	472,622
2030		420,000	54,469	474,469
2031		435,000	40,303	475,303
2032		455,000	25,000	480,000
2033		470,000	8,519	478,519
	Totals	$ 4,970,000	$ 1,117,169	$ 6,087,169

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Series 2015A		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 300,000	$ 261,475	$ 561,475
2022	300,000	253,975	553,975
2023	300,000	247,787	547,787
2024	300,000	241,225	541,225
2025	300,000	234,100	534,100
2026	300,000	226,225	526,225
2027	300,000	217,600	517,600
2028	300,000	208,600	508,600
2029	300,000	199,413	499,413
2030	300,000	189,850	489,850
2031	300,000	179,912	479,912
2032	300,000	169,600	469,600
2033	300,000	159,100	459,100
2034	300,000	148,600	448,600
2035	300,000	137,913	437,913
2036	500,000	123,413	623,413
2037	500,000	104,975	604,975
2038	500,000	86,225	586,225
2039	500,000	67,475	567,475
2040	500,000	48,725	548,725
2041	500,000	29,975	529,975
2042	515,000	10,300	525,300
Totals	$ 8,015,000	$ 3,546,463	$ 11,561,463

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Series 2015 Road		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 150,000	$ 110,375	$ 260,375
2022	150,000	107,375	257,375
2023	150,000	104,375	254,375
2024	150,000	101,188	251,188
2025	150,000	97,719	247,719
2026	150,000	94,063	244,063
2027	150,000	89,938	239,938
2028	150,000	85,436	235,436
2029	150,000	80,938	230,938
2030	150,000	76,438	226,438
2031	150,000	71,843	221,843
2032	150,000	67,063	217,063
2033	150,000	62,094	212,094
2034	150,000	56,937	206,937
2035	150,000	51,688	201,688
2036	150,000	46,343	196,343
2037	150,000	40,812	190,812
2038	175,000	34,500	209,500
2039	175,000	27,500	202,500
2040	175,000	20,500	195,500
2041	210,000	12,800	222,800
2042	215,000	4,300	219,300
Totals	$ 3,500,000	$ 1,444,225	$ 4,944,225

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Refunding Series 2016		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 500,000	$ 574,313	$ 1,074,313
2022	665,000	556,837	1,221,837
2023	1,075,000	530,738	1,605,738
2024	1,120,000	503,412	1,623,412
2025	1,155,000	480,663	1,635,663
2026	1,185,000	455,781	1,640,781
2027	1,215,000	427,262	1,642,262
2028	1,255,000	396,388	1,651,388
2029	1,295,000	354,800	1,649,800
2030	1,360,000	308,500	1,668,500
2031	1,405,000	267,025	1,672,025
2032	1,455,000	224,125	1,679,125
2033	1,510,000	179,650	1,689,650
2034	1,565,000	125,700	1,690,700
2035	1,635,000	61,700	1,696,700
2036	725,000	14,500	739,500
Totals	$ 19,120,000	$ 5,461,394	$ 24,581,394

Harris County Municipal Utility District No. 419

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

May 31, 2020

		Series 2016A	
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 700,000	$ 479,937	$ 1,179,937
2022	700,000	458,938	1,158,938
2023	700,000	437,937	1,137,937
2024	700,000	416,938	1,116,938
2025	700,000	395,937	1,095,937
2026	700,000	374,938	1,074,938
2027	700,000	353,937	1,053,937
2028	700,000	332,938	1,032,938
2029	700,000	311,937	1,011,937
2030	700,000	290,938	990,938
2031	700,000	269,937	969,937
2032	700,000	248,935	948,935
2033	700,000	227,938	927,938
2034	700,000	206,938	906,938
2035	700,000	185,500	885,500
2036	750,000	162,843	912,843
2037	750,000	138,938	888,938
2038	750,000	114,563	864,563
2039	750,000	90,188	840,188
2040	800,000	65,000	865,000
2041	800,000	39,000	839,000
2042	800,000	13,000	813,000
Totals	$ 15,900,000	$ 5,617,155	$ 21,517,155

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Series 2016 Road		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 100,000	$ 77,770	$ 177,770
2022	100,000	75,270	175,270
2023	100,000	72,770	172,770
2024	100,000	70,270	170,270
2025	100,000	67,520	167,520
2026	100,000	64,520	164,520
2027	100,000	61,520	161,520
2028	100,000	58,520	158,520
2029	100,000	55,520	155,520
2030	100,000	52,395	152,395
2031	100,000	49,145	149,145
2032	100,000	45,795	145,795
2033	100,000	42,345	142,345
2034	115,000	38,521	153,521
2035	115,000	34,324	149,324
2036	115,000	30,069	145,069
2037	115,000	25,756	140,756
2038	115,000	21,300	136,300
2039	115,000	16,700	131,700
2040	120,000	12,000	132,000
2041	120,000	7,200	127,200
2042	120,000	2,400	122,400
Totals	$ 2,350,000	$ 981,630	$ 3,331,630

Harris County Municipal Utility District No. 419

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

May 31, 2020

Due During Fiscal Years Ending May 31	Road Refunding Series 2017 Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 20,000	$ 163,300	$ 183,300
2022	20,000	162,700	182,700
2023	20,000	162,100	182,100
2024	235,000	157,100	392,100
2025	245,000	147,500	392,500
2026	260,000	137,400	397,400
2027	265,000	126,900	391,900
2028	280,000	116,000	396,000
2029	290,000	104,600	394,600
2030	310,000	92,600	402,600
2031	320,000	80,000	400,000
2032	340,000	66,800	406,800
2033	350,000	53,000	403,000
2034	365,000	38,700	403,700
2035	385,000	23,700	408,700
2036	400,000	8,000	408,000
Totals	$ 4,105,000	$ 1,640,400	$ 5,745,400

Harris County Municipal Utility District No. 419

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

May 31, 2020

		Series 2017		
Due During Fiscal Years Ending May 31		Principal Due September 1	Interest Due September 1, March 1	Total
2021		$ 400,000	$ 369,562	$ 769,562
2022		400,000	353,562	753,562
2023		400,000	337,562	737,562
2024		400,000	321,562	721,562
2025		425,000	305,062	730,062
2026		425,000	290,188	715,188
2027		425,000	277,438	702,438
2028		425,000	264,688	689,688
2029		425,000	251,938	676,938
2030		425,000	239,188	664,188
2031		425,000	226,438	651,438
2032		425,000	213,688	638,688
2033		425,000	200,938	625,938
2034		600,000	185,562	785,562
2035		600,000	167,562	767,562
2036		600,000	149,188	749,188
2037		600,000	130,438	730,438
2038		600,000	111,312	711,312
2039		600,000	91,812	691,812
2040		600,000	72,312	672,312
2041		600,000	52,812	652,812
2042		650,000	32,500	682,500
2043		675,000	10,969	685,969
	Totals	$ 11,550,000	$ 4,656,281	$ 16,206,281

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Series 2017A Park		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 170,000	$ 160,825	$ 330,825
2022	170,000	154,025	324,025
2023	170,000	147,225	317,225
2024	170,000	140,425	310,425
2025	195,000	133,125	328,125
2026	195,000	126,300	321,300
2027	195,000	120,450	315,450
2028	195,000	114,600	309,600
2029	195,000	108,750	303,750
2030	195,000	102,900	297,900
2031	195,000	97,050	292,050
2032	195,000	91,200	286,200
2033	195,000	85,350	280,350
2034	245,000	78,750	323,750
2035	260,000	71,175	331,175
2036	260,000	63,213	323,213
2037	260,000	55,088	315,088
2038	260,000	46,800	306,800
2039	260,000	38,350	298,350
2040	260,000	29,900	289,900
2041	260,000	21,450	281,450
2042	265,000	12,919	277,919
2043	265,000	4,306	269,306
Totals	$ 5,030,000	$ 2,004,176	$ 7,034,176

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Refunding Series 2017B		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 90,000	$ 348,575	$ 438,575
2022	95,000	345,800	440,800
2023	95,000	342,950	437,950
2024	620,000	332,225	952,225
2025	730,000	311,975	1,041,975
2026	735,000	288,163	1,023,163
2027	740,000	266,050	1,006,050
2028	735,000	247,153	982,153
2029	735,000	227,400	962,400
2030	735,000	206,269	941,269
2031	730,000	184,294	914,294
2032	730,000	162,394	892,394
2033	725,000	140,116	865,116
2034	725,000	117,006	842,006
2035	725,000	93,444	818,444
2036	725,000	69,428	794,428
2037	725,000	44,506	769,506
2038	725,000	19,584	744,584
2039	210,000	3,675	213,675
Totals	$ 11,330,000	$ 3,751,007	$ 15,081,007

Harris County Municipal Utility District No. 419

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

May 31, 2020

Due During Fiscal Years Ending May 31	Series 2018 Principal Due September 1	Series 2018 Interest Due September 1, March 1	Series 2018 Total
2021	$ 170,000	$ 154,056	$ 324,056
2022	170,000	146,406	316,406
2023	170,000	137,907	307,907
2024	175,000	129,281	304,281
2025	175,000	120,531	295,531
2026	175,000	113,532	288,532
2027	175,000	108,281	283,281
2028	175,000	102,922	277,922
2029	175,000	97,343	272,343
2030	175,000	91,438	266,438
2031	175,000	85,203	260,203
2032	175,000	78,859	253,859
2033	175,000	72,516	247,516
2034	175,000	66,172	241,172
2035	175,000	59,500	234,500
2036	175,000	52,500	227,500
2037	175,000	45,500	220,500
2038	175,000	38,500	213,500
2039	175,000	31,500	206,500
2040	175,000	24,500	199,500
2041	175,000	17,500	192,500
2042	175,000	10,500	185,500
2043	175,000	3,500	178,500
Totals	$ 4,010,000	$ 1,787,947	$ 5,797,947

Harris County Municipal Utility District No. 419
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2020

	Series 2018A Park		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 50,000	$ 46,000	$ 96,000
2022	50,000	44,000	94,000
2023	50,000	42,000	92,000
2024	50,000	40,000	90,000
2025	50,000	38,000	88,000
2026	50,000	36,000	86,000
2027	50,000	34,000	84,000
2028	50,000	32,000	82,000
2029	50,000	30,000	80,000
2030	50,000	28,000	78,000
2031	50,000	26,000	76,000
2032	50,000	24,000	74,000
2033	50,000	22,000	72,000
2034	50,000	20,000	70,000
2035	50,000	18,000	68,000
2036	50,000	16,000	66,000
2037	50,000	14,000	64,000
2038	50,000	12,000	62,000
2039	55,000	9,900	64,900
2040	55,000	7,700	62,700
2041	55,000	5,500	60,500
2042	55,000	3,300	58,300
2043	55,000	1,100	56,100
Totals	$ 1,175,000	$ 549,500	$ 1,724,500

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Series 2018 Road		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 200,000	$ 187,312	$ 387,312
2022	200,000	177,313	377,313
2023	200,000	167,312	367,312
2024	200,000	158,313	358,313
2025	200,000	150,312	350,312
2026	200,000	143,313	343,313
2027	200,000	137,312	337,312
2028	200,000	131,313	331,313
2029	200,000	125,062	325,062
2030	200,000	118,563	318,563
2031	200,000	111,937	311,937
2032	200,000	105,063	305,063
2033	200,000	97,937	297,937
2034	225,000	90,094	315,094
2035	225,000	81,656	306,656
2036	225,000	73,219	298,219
2037	225,000	64,500	289,500
2038	250,000	55,000	305,000
2039	250,000	45,000	295,000
2040	250,000	35,000	285,000
2041	250,000	25,000	275,000
2042	250,000	15,000	265,000
2043	250,000	5,000	255,000
Totals	$ 5,000,000	$ 2,300,531	$ 7,300,531

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Park Refunding Series 2019		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 15,000	$ 52,738	$ 67,738
2022	15,000	52,287	67,287
2023	125,000	50,188	175,188
2024	125,000	46,437	171,437
2025	125,000	42,688	167,688
2026	120,000	39,012	159,012
2027	120,000	36,013	156,013
2028	120,000	33,612	153,612
2029	115,000	31,263	146,263
2030	115,000	28,962	143,962
2031	110,000	26,506	136,506
2032	110,000	23,550	133,550
2033	110,000	20,250	130,250
2034	105,000	17,025	122,025
2035	105,000	13,875	118,875
2036	105,000	10,725	115,725
2037	105,000	7,575	112,575
2038	100,000	4,500	104,500
2039	100,000	1,500	101,500
Totals	$ 1,945,000	$ 538,706	$ 2,483,706

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Road Refunding Series 2019		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2021	$ 215,000	$ 204,194	$ 419,194
2022	220,000	197,669	417,669
2023	630,000	184,919	814,919
2024	430,000	169,018	599,018
2025	430,000	156,119	586,119
2026	430,000	143,219	573,219
2027	425,000	132,519	557,519
2028	420,000	124,068	544,068
2029	415,000	115,719	530,719
2030	410,000	107,469	517,469
2031	405,000	98,559	503,559
2032	400,000	87,750	487,750
2033	400,000	75,750	475,750
2034	395,000	63,825	458,825
2035	395,000	51,975	446,975
2036	390,000	40,200	430,200
2037	385,000	28,575	413,575
2038	380,000	17,100	397,100
2039	380,000	5,700	385,700
Totals	$ 7,555,000	$ 2,004,347	$ 9,559,347

Harris County Municipal Utility District No. 419

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

May 31, 2020

	Annual Requirements For All Series		
Due During Fiscal Years Ending May 31	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 5,680,000	$ 3,898,290	$ 9,578,290
2022	5,755,000	3,713,792	9,468,792
2023	5,825,000	3,529,512	9,354,512
2024	5,910,000	3,349,361	9,259,361
2025	6,020,000	3,171,745	9,191,745
2026	6,075,000	2,991,578	9,066,578
2027	6,120,000	2,815,195	8,935,195
2028	6,180,000	2,640,619	8,820,619
2029	6,235,000	2,452,499	8,687,499
2030	6,330,000	2,255,197	8,585,197
2031	6,385,000	2,057,593	8,442,593
2032	6,470,000	1,853,056	8,323,056
2033	6,545,000	1,641,891	8,186,891
2034	6,400,000	1,422,861	7,822,861
2035	6,505,000	1,195,390	7,700,390
2036	5,855,000	977,069	6,832,069
2037	4,725,000	791,231	5,516,231
2038	4,765,000	624,265	5,389,265
2039	4,255,000	464,494	4,719,494
2040	3,490,000	326,312	3,816,312
2041	2,970,000	211,237	3,181,237
2042	3,045,000	104,219	3,149,219
2043	1,420,000	24,875	1,444,875
Totals	$ 122,960,000	$ 42,512,281	$ 165,472,281

Harris County Municipal Utility District No. 419

Changes in Long-term Bonded Debt

Year Ended May 31, 2020

	Bond			
	Series 2009	**Series 2010 Road**	**Series 2010**	**Series 2011**
Interest rates	5.50%	4.125%	4.00% to 4.10%	3.70% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2020		September 1, 2020/2021	September 1, 2020/2022
Bonds outstanding, beginning of current year	$ 265,000	$ 740,000	$ 1,035,000	$ 2,080,000
Bonds sold during current year	-	-	-	-
Principal refunded	-	570,000	-	-
Retirements, principal	130,000	170,000	325,000	520,000
Bonds outstanding, end of current year	$ 135,000	$ 0	$ 710,000	$ 1,560,000
Interest paid during current year	$ 10,919	$ 3,506	$ 35,265	$ 69,160

Paying agent's name and address:

Series 2009	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2010 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2010	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2011	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012A Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017 Road Ref	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017A Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017B	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2018	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2018A Park	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2018 Road	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019 Park Ref	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019 Road Ref	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:	**Tax Bonds**	**Recreational Bonds**	**Road Bonds**	**Refunding Bonds**
Amount authorized by voters	$ 211,320,000	$ 20,360,000	$ 37,500,000	$ 269,180,000
Amount issued	$ 99,775,000	$ 12,710,000	$ 33,245,000	$ 4,265,000
Remaining to be issued	$ 111,545,000	$ 7,650,000	$ 4,255,000	$ 264,915,000

Debt service fund cash and temporary investment balances as of May 31, 2020:	$ 10,848,872
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 7,194,447

Issues

Series 2012	Series 2012A Park	Series 2012 Road	Series 2014 Park	Series 2014A
2.85% to 3.60%	3.25% to 3.50%	2.60% to 2.80%	3.000% to 4.875%	2.00% to 3.75%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2020/2023	September 1, 2020/2021	September 1, 2020/2021	September 1, 2020/2038	September 1, 2020/2039
$ 500,000	$ 2,200,000	$ 8,000,000	$ 2,600,000	$ 7,140,000
-	-	-	-	-
-	1,870,000	6,800,000	-	-
90,000	110,000	400,000	130,000	340,000
$ 410,000	$ 220,000	$ 800,000	$ 2,470,000	$ 6,800,000
$ 14,303	$ 9,075	$ 26,400	$ 105,138	$ 215,475

Harris County Municipal Utility District No. 419
Changes in Long-term Bonded Debt (Continued)
Year Ended May 31, 2020

	Bond			
	Series 2014 Road	**Refunding Series 2015**	**Series 2015A**	**Series 2015 Road**
Interest rates	3.00% to 4.00%	2.000% to 3.625%	2.00% to 4.00%	2.00% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2020/2039	September 1, 2020/2032	September 1, 2020/2041	September 1, 2020/2041
Bonds outstanding, beginning of current year	$ 4,515,000	$ 5,025,000	$ 8,315,000	$ 3,650,000
Bonds sold during current year	-	-	-	-
Principal refunded	-	-	-	-
Retirements, principal	215,000	55,000	300,000	150,000
Bonds outstanding, end of current year	$ 4,300,000	$ 4,970,000	$ 8,015,000	$ 3,500,000
Interest paid during current year	$ 147,813	$ 150,613	$ 270,475	$ 113,375

Issues

Refunding Series 2016	Series 2016A	Series 2016 Road	Road Refunding Series 2017	Series 2017
2.00% to 4.00%	3.00% to 3.25%	2.50% to 4.00%	3.00% to 4.00%	3.00% to 4.00%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2020/2035	September 1, 2020/2041	September 1, 2020/2041	September 1, 2020/2035	September 1, 2020/2042
$ 19,855,000	$ 16,600,000	$ 2,450,000	$ 4,125,000	$ 11,950,000
-	-	-	-	-
-	-	-	-	-
735,000	700,000	100,000	20,000	400,000
$ 19,120,000	$ 15,900,000	$ 2,350,000	$ 4,105,000	$ 11,550,000
$ 592,838	$ 500,938	$ 80,020	$ 163,900	$ 385,563

Harris County Municipal Utility District No. 419

Changes in Long-term Bonded Debt (Continued)

Year Ended May 31, 2020

	Bond			
	Series 2017A Park	Refunding Series 2017B	Series 2018	Series 2018A Park
Interest rates	3.00% to 4.00%	2.50% to 3.50%	3.00% to 5.00%	4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2020/2042	September 1, 2020/2038	September 1, 2020/2042	September 1, 2020/2042
Bonds outstanding, beginning of current year	$ 5,200,000	$ 11,420,000	$ 4,180,000	$ 1,225,000
Bonds sold during current year	-	-	-	-
Principal refunded	-	-	-	-
Retirements, principal	170,000	90,000	170,000	50,000
Bonds outstanding, end of current year	$ 5,030,000	$ 11,330,000	$ 4,010,000	$ 1,175,000
Interest paid during current year	$ 167,625	$ 351,275	$ 160,856	$ 48,000

Issues

Series 2018 Road		Park Refunding Series 2019		Road Refunding Series 2019		Totals	
3.00% to 5.00%		2.00% to 3.00%		2.00% to 3.00%			
September 1/ March 1		September 1/ March 1		September 1/ March 1			
September 1, 2020/2042		September 1, 2020/2038		September 1, 2020/2038			
$	5,000,000	$	-	$	-	$	128,070,000
	-		1,945,000		7,555,000		9,500,000
	-		-		-		9,240,000
	-		-		-		5,370,000
$	5,000,000	$	1,945,000	$	7,555,000	$	122,960,000
$	192,313	$	30,895	$	120,994	$	3,966,734

Harris County Municipal Utility District No. 419

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended May 31,

	Amounts				
	2020	2019	2018	2017	2016
General Fund					
Revenues					
Property taxes	$ 2,197,420	$ 1,611,253	$ 1,460,836	$ 1,291,552	$ 1,373,218
Water service	1,366,222	1,261,843	1,273,384	1,089,939	949,902
Sewer service	1,693,749	1,515,430	1,418,986	1,177,566	1,034,886
Regional water fee	1,773,339	1,470,779	1,422,007	1,213,100	1,032,145
Penalty and interest	45,832	58,388	70,634	59,125	58,471
Tap connection and inspection fees	70,842	189,281	276,113	483,985	575,764
Investment income	79,851	72,004	33,628	16,642	12,146
Other income	310,184	197,392	-	151,339	-
Total revenues	7,537,439	6,376,370	5,955,588	5,483,248	5,036,532
Expenditures					
Service operations:					
Purchased services	2,493,297	2,535,254	2,353,528	1,402,394	1,183,797
Regional water fee	864,336	616,844	732,438	1,138,992	1,017,750
Professional fees	175,978	181,545	223,982	186,661	199,650
Contracted services	1,282,100	1,191,714	1,075,499	973,740	844,204
Utilities	214,468	223,842	211,237	210,985	192,594
Repairs and maintenance	1,128,298	901,995	1,080,043	765,929	467,256
Other expenditures	179,447	209,686	201,006	185,269	192,404
Tap connections	18,859	71,086	95,075	175,980	213,205
Capital outlay	-	302,450	82,400	-	214,169
Total expenditures	6,356,783	6,234,416	6,055,208	5,039,950	4,525,029
Excess (Deficiency) of Revenues Over Expenditures	1,180,656	141,954	(99,620)	443,298	511,503
Other Financing Sources (Uses)					
Interfund transfers out	-	-	-	(4,188)	-
Reimbursement from governmental agency	29,084	-	-	-	-
Total other financing sources (uses)	29,084	0	0	(4,188)	0
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,209,740	141,954	(99,620)	439,110	511,503
Fund Balance, Beginning of Year	3,776,791	3,634,837	3,734,457	3,295,347	2,783,844
Fund Balance, End of Year	$ 4,986,531	$ 3,776,791	$ 3,634,837	$ 3,734,457	$ 3,295,347
Total Active Retail Water Connections	3,433	3,399	3,226	3,011	2,542
Total Active Retail Wastewater Connections	3,369	3,330	3,157	2,947	2,474

Percent of Fund Total Revenues				
2020	2019	2018	2017	2016
29.2 %	25.3 %	24.5 %	23.5 %	27.3 %
18.1	19.8	21.4	19.9	18.9
22.5	23.8	23.8	21.5	20.5
23.5	23.1	23.9	22.1	20.5
0.6	0.9	1.2	1.1	1.2
0.9	2.9	4.6	8.8	11.4
1.1	1.1	0.6	0.3	0.2
4.1	3.1	-	2.8	-
100.0	100.0	100.0	100.0	100.0
33.1	39.8	39.5	25.6	23.5
11.4	9.7	12.3	20.8	20.2
2.3	2.8	3.8	3.4	4.0
17.0	18.7	18.1	17.8	16.8
2.8	3.5	3.5	3.8	3.8
15.0	14.1	18.1	14.0	9.3
2.4	3.3	3.4	3.4	3.8
0.3	1.1	1.6	3.2	4.2
-	4.7	1.4	-	4.3
84.3	97.7	101.7	92.0	89.9
15.7 %	2.3 %	(1.7) %	8.0 %	10.1 %

Harris County Municipal Utility District No. 419

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended May 31,

	Amounts				
	2020	**2019**	**2018**	**2017**	**2016**
Debt Service Fund					
Revenues					
Property taxes	$ 9,301,977	$ 9,207,146	$ 8,345,906	$ 7,366,679	$ 6,484,359
Penalty and interest	42,858	30,401	39,634	34,463	25,008
Investment income	148,750	184,784	101,246	41,146	18,449
Other income	202	403	892	132,938	27,964
Total revenues	9,493,787	9,422,734	8,487,678	7,575,226	6,555,780
Expenditures					
Current:					
Professional fees	8,137	6,063	10,636	8,348	6,365
Contracted services	132,796	127,349	111,472	101,534	93,424
Other expenditures	24,514	17,283	2,371	2,655	3,080
Debt service:					
Principal retirement	5,370,000	5,210,000	4,340,000	3,300,000	2,695,000
Interest and fees	3,966,791	4,027,068	3,555,963	3,155,403	3,285,363
Debt issuance costs	357,909	-	392,395	172,231	880,336
Debt defeasance	168,000	-	-	-	17,000
Total expenditures	10,028,147	9,387,763	8,412,837	6,740,171	6,980,568
Excess (Deficiency) of Revenues Over Expenditures	(534,360)	34,971	74,841	835,055	(424,788)
Other Financing Sources (Uses)					
General obligation bonds issued	9,500,000	-	11,910,294	4,783,437	26,180,600
Premium on debt issued	103,366	-	-	248,909	284,576
Discount on debt issued	-	-	(141,246)	-	(79,171)
Deposit with escrow agent	(9,242,284)	-	(11,082,242)	(4,302,600)	(25,082,444)
Total other financing sources	361,082	0	686,806	729,746	1,303,561
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(173,278)	34,971	761,647	1,564,801	878,773
Fund Balance, Beginning of Year	10,994,731	10,959,760	10,198,113	8,633,312	7,754,539
Fund Balance, End of Year	$ 10,821,453	$ 10,994,731	$ 10,959,760	$ 10,198,113	$ 8,633,312

Percent of Fund Total Revenues				
2020	2019	2018	2017	2016
97.9 %	97.7 %	98.3 %	97.2 %	98.9 %
0.5	0.3	0.5	0.5	0.8
1.6	2.0	1.2	0.5	0.3
0.0	0.0	0.0	1.8	0.0
100.0	100.0	100.0	100.0	100.0
0.1	0.1	0.1	0.1	0.1
1.4	1.3	1.3	1.3	1.4
0.3	0.2	0.0	0.0	0.0
56.5	55.3	51.2	43.6	41.1
41.8	42.7	41.9	41.7	50.1
3.8	-	4.6	2.3	13.4
1.7	-	-	-	0.3
105.6	99.6	99.1	89.0	106.4
(5.6) %	0.4 %	0.9 %	11.0 %	(6.4) %

Harris County Municipal Utility District No. 419

Board Members, Key Personnel and Consultants

Year Ended May 31, 2020

Complete District mailing address:	Harris County Municipal Utility District No. 419 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	August 28, 2019
Limit on fees of office that a director may receive during a fiscal year:	$ 7,200

Board Members	Term of Office Elected & Expires*	Fees**	Expense Reimbursements	Title at Year-end
Robert G. Thomas	Elected 05/16-11/20	$ 2,550	$ 1,779	President
Radney Poole	Elected 05/16-11/20	1,650	0	Vice President
Ed Conger	Appointed 08/17-11/20	1,950	1,175	Secretary
Shea Thielen	Elected 05/18-05/22	1,650	113	Assistant Secretary
Sandra Kalb	Elected 05/18-05/22	2,550	1,398	Director

*May 2020 director election was deferred until November 2020.

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

Harris County Municipal Utility District No. 419
Board Members, Key Personnel and Consultants (Continued)
Year Ended May 31, 2020

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BGE, Inc.	04/15/05	$ 86,281	Engineer
BKD, LLP	06/12/06	28,000	Auditor
Harris County Appraisal District	Legislative Action	82,631	Appraiser
Inframark, LLC	06/13/05	1,171,246	Operator
Masterson Advisors LLC	05/14/18	87,792	Financial Advisor
Municipal Accounts & Consulting, L.P.	03/03/05	47,939	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/21/06	8,137	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	03/03/05	83,261 92,309	General Counsel/ Bond Counsel
Wheeler & Associates, Inc.	03/03/05	79,469	Tax Assessor/ Collector

Investment Officers	Date Hired	Fees and Expense Reimbursements	Title
Mark M. Burton and Ghia Lewis	06/13/05	N/A	Bookkeepers

APPENDIX B

AGM Specimen Municipal Bond Insurance Policy
Series 2020 Bonds

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

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

APPENDIX C

BAM Specimen Municipal Bond Insurance Policy
Series 2020A Park Bonds

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____
Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
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