OFFICIAL STATEMENT DATED SEPTEMBER 23, 2020

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

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

NEW ISSUE—BOOK-ENTRY ONLY
CUSIP No. 41424K

RATINGS: Underlying "BBB-" (stable outlook) S&P
Insured "AA" (stable outlook) S&P
See "BOND INSURANCE" and "MUNICIPAL BOND RATING" herein

$6,855,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX BONDS
SERIES 2020

Dated: October 1, 2020 **Due: April 1 (as shown below)**

Interest on the Bonds (the "Bonds" or the "Series 2020 Bonds") will accrue from October 1, 2020, and will be payable on April 1 and October 1 of each year, commencing April 1, 2021. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar."

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

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)	Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)
$175,000	2023	3.000%	0.60%	$225,000	2031(b)	2.000%	1.80%
$175,000	2024	3.000%	0.70%	$250,000	2032(b)	2.000%	1.90%
$175,000	2025	2.000%	0.80%	***	***	***	***
$200,000	2026(b)	2.000%	1.00%	$275,000	2035(b)	2.000%	2.05%
$200,000	2027(b)	2.000%	1.15%	$300,000	2036(b)	2.000%	2.10%
$200,000	2028(b)	2.000%	1.35%	$300,000	2037(b)	2.000%	2.15%
$225,000	2029(b)	2.000%	1.50%	$325,000	2038(b)	2.000%	2.20%
$225,000	2030(b)	2.000%	1.70%	$325,000	2039(b)	2.125%	2.25%

$525,000 2.00% Term Bond Due April 1, 2034 to Yield 2.00% (a) (b) (c)
$2,755,000 2.25% Term Bond Due April 1, 2046 to Yield 2.40% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed.
(b) The Bonds maturing on or after April 1, 2026, are subject to redemption in whole or from time to time in part, at the option of the District, on April 1, 2025, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Optional Redemption."
(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 480 (the "District") to: (1) reimburse the developers (defined herein) for certain water, wastewater, drainage, and detention improvements in the District and associated engineering costs; (2) reimburse the developers for certain land acquisition costs; (3) fund developer interest; and (4) pay bond issuance and administrative expenses. See "USE OF BOND PROCEEDS." The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Source of and Security for Payment." 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. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston is pledged to the payment of the principal of, or interest on, the Bonds. The Bonds are subject to certain risk factors described under the caption "RISK FACTORS."

The Bonds are offered when, as, and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about October 22, 2020.

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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 connection with an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not registered or qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Any information and expressions of opinion herein contained are subject to change 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.

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

This Official Statement contains, in part, estimates, assumptions, and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the 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 Initial Purchaser.

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.066871% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 2.342424%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Prices and Marketability

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

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

Securities Laws

No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, in reliance upon the exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein nor have the Bonds been registered or qualified under the securities laws of any other jurisdiction. 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.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

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

Annual Reports

The District will provide certain updated financial information and operating data to the MSRB. The information to be updated with respect to the District includes the quantitative financial information and operating data of the general type included in "DISTRICT DEBT," "DISTRICT TAX DATA," and "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District) of this Official Statement. The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2020. The District will provide the updated information to the MSRB.

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 ("Rule"). 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, the District will provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolutions 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 November 30. Accordingly, it must provide updated information by May 31 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify EMMA of the change.

Event Notices

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement 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, if 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 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 Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

MUNICIPAL BOND RATING

S&P Global Ratings ("S&P") assigned an underlying municipal bond rating of "BBB-" (stable outlook) to this issue of Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P, and the District makes no representation of the appropriateness of such rating. The underlying rating of the District to be released by S&P will be maintained by S&P in addition to the rating by virtue of bond insurance. See "BOND INSURANCE." The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

S&P assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. See "BOND INSURANCE." The District can make no assurance that S&P's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On July 16, 2020, S&P announced 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 Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Municipal Corp.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100). Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

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

Miscellaneous Matters

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: The Unlimited Tax Bonds, Series 2020, are dated October 1, 2020. The Bonds represent the third series of bonds to be issued by the District. See "THE BONDS."

Source of Payment: The Bonds are payable from a continuing direct annual ad valorem tax upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any other political subdivision or agency. See "THE BONDS – Source of and Security for Payment."

Redemption Provisions: The Bonds maturing on or after April 1, 2026, are subject to early redemption, in whole or from time to time in part, on April 1, 2025, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the years 2034 and 2046 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on April 1 in the years 2033 and 2040, respectively. See "THE BONDS – Mandatory Redemption."

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

Use of Proceeds: Proceeds from the sale of the Bonds will be used to: (1) reimburse the developers (hereinafter defined) for certain water, wastewater, drainage, and detention improvements in the District and associated engineering costs; (2) reimburse the developers for certain land acquisition costs; (3) fund developer interest; and (4) pay bond issuance and administrative expenses. See "USE OF BOND PROCEEDS."

Legal Opinion: Allen Boone Humphries Robinson LLP, Bond Counsel, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."

Paying Agent/Registrar: The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS – Paying Agent/Registrar."

Payment Record: The Bonds represent the third series of bonds to be issued by the District. The District has never defaulted on the payment of interest on or principal of its bonded indebtedness.

Risk Factors: The Bonds are subject to certain investment considerations as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds, particularly the sections captioned "RISK FACTORS" and "LEGAL MATTERS."

Qualified Tax Exempt Obligations: The Bonds are designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS – Qualified Tax-Exempt Obligations."

Municipal Bond Rating: S&P assigned an underlying municipal bond rating of "BBB-" (stable outlook) to this issue of Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P, and the District makes no representation of the appropriateness of such rating. The underlying rating of the District to be released by S&P will be maintained by S&P in addition to the rating by virtue of bond insurance. See "BOND INSURANCE." The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "MUNICIPAL BOND RATING."

Bond Insurance: S&P assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The District can make no assurance that S&P's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "MUNICIPAL BOND RATING," "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

THE DISTRICT

Description: The District is a municipal utility district created on January 30, 2007, by the Texas Commission on Environmental Quality (the "TCEQ"). The District was created pursuant to the authority of Article XVI, Section 59, of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code. The District is located in north Harris County, Texas and consists of four noncontiguous tracts that are generally located approximately 35 miles northwest of the Houston central business district and are located in the City of Houston's extraterritorial jurisdiction. See "THE DISTRICT – Authority" and "– Description and Location."

Development of the District: The District, as it was originally created, included approximately 483 acres and after two annexations in 2014 and 2018, the District currently includes approximately 541 acres. As of August 1, 2020, the District included approximately 265 developed acres, approximately 155 acres that remain to be developed, and approximately 121 undevelopable acres.

The first tract of land in the District is known as the Pine Trace Village subdivision, which is bound on the north and east by undeveloped acreage, the south by residential development, and the west by Stuebner-Airline Road. The Pine Trace Village subdivision consists of approximately 124 developable acres in Pine Trace Village, Sections 1 – 8, which, as of August 1, 2020, includes approximately 564 completed homes, no homes under construction, and no vacant developed lots. The original developer in Pine Trace Village was Pine Trace Village, LLC. Pine Trace Village, LLC developed the land and lots located in Pine Trace Village, Sections 1 – 5. On August 31, 2016, Pine Trace Village, LLC sold four improved lots and approximately 80 acres to DRH Land Opportunities I, Inc., a Delaware corporation ("D.R. Horton" herein). D.R. Horton has developed such acres as Pine Trace Village, Sections 6 – 8.

The second tract in the District is known as the Fairway Farms subdivision, which is bound by undeveloped acreage except to the north by Spring Creek. The Fairway Farms subdivision consists of approximately 123 acres, of which approximately 60 acres have been developed as Fairway Farms, Section 1. The developer in Fairway Farms, Section 1 is BBRR Partners, Ltd. ("BBRR" herein). Fairway Farms, Section 1 includes 78 completed homes, 15 homes under construction, and 20 vacant developed lots. On June 11, 2020, BBRR sold approximately 63 acres to Century Land Holdings of Texas, LLC ("Century Communities" herein). Century Communities has plans to develop the 63 acres that it purchased into Fairway Farms, Sections 2 and 3, which, based on current land plans, are expected to collectively contain approximately 195 lots (118 lots in Section 2 and 77 lots in Section 3). The lots in Fairway Farms, Sections 2 and 3 are currently anticipated to be available for homebuilding during calendar year 2021.

The third tract in the District is known as the Twelve Oaks subdivision, which is bound on the east by Stanolind Road, the north by Spring Creek, the south by I.&G.N. Railroad, and the west by undeveloped acreage. Twelve Oaks consists of approximately 79 developable acres all of which have been platted as Twelve Oaks, Section 1. Twelve Oaks, Section 1 includes 2 completed homes, no homes under construction, and 77 vacant developed lots. The land in the Twelve Oaks subdivision is presently owned by an investor group that, to the knowledge of the District, has no immediate plans for any additional lot development or homebuilding on such property.

The fourth tract in the District is known as the Grove Landing subdivision, which is bound on the north by Bogs Road, to the east by Fairway Farms, to the west by Texas Department of Transportation detention facilities, and to the south by undeveloped acreage. The Grove Landing subdivision includes approximately 27 developable acres, which, as of August 1, 2020, includes approximately 32 completed homes, 23 homes under construction, and 75 vacant developed lots. The developer in Grove Landing is Bogs Tract, LLC.

D.R. Horton, BBRR, and Bogs Tract, LLC are collectively referred to herein as the "Developers." See "THE DISTRICT – Description and Location", "– Status of Land Development/Land Uses in the District, and "– Current Status of Residential Development" and "THE DISTRICT'S DEVELOPERS."

Homebuilding in the District: All of the residential homebuilding in the District to date has taken place in Pine Trace Village, Sections 1 – 8, Fairway Farms, Section 1, Grove Landing, Section 1, and, to a certain extent, Twelve Oaks, Section 1. As of August 1, 2020, the District included approximately 676 completed homes (approximately 640 of which were occupied), 38 homes under construction, and 172 vacant developed lots.

Homes in Pine Trace Village, Sections 1 – 5 were constructed by Lennar Homes, Meritage Homes, Colina Homes, Megatel Homes, and Brighton Homes on 45-foot and 50-foot lots and were sold in the $130,000 to $200,000 price range. Homes in Pine Trace Village, Sections 6 – 8 were constructed on 50-foot lots by D.R. Horton Homes and were sold in the $200,000 to $215,000 price range. Homes in Fairway Farms, Section 1 have been, and are being, constructed on 60-foot and 65-foot lots by D.R. Horton Homes, Empire Homes, and David Powers Homes and are being marketed in the $300,000 to $350,000 price range. Homes in Grove Landing, Section 1 have been, and are being, constructed on 50-foot lots by David Weekly Homes and MHI Homes and are being marketed in the $240,000 to $320,000 price range. See "THE DISTRICT – Current Status of Residential Development."

The System: The District's water supply facilities serve the Pine Trace Village subdivision. The District's water supply facilities for the Pine Trace subdivision have the capacity to serve approximately 792 equivalent single-family connections ("ESFCs"). According to the Engineer, the existing water supply facilities are sufficient to serve the Pine Trace Village subdivision, which has been fully developed and contains 564 ESFCs. The Fairway Farms, Twelve Oaks, and Grove Landing subdivisions are served with water supply capacity pursuant to a wholesale water contract with Aqua Texas, Inc. ("Aqua"). The contract provides that the District will pay a wholesale price for water equal to $5.01 per 1,000 gallons and that future rates will be subject to the review and approval of the appropriate state agency. The term of the contract runs until May 1, 2054, and includes provisions for the extension of the contract if mutually agreeable to Aqua and the District. The District is the retail provider in these areas.

The wastewater treatment facilities that serve the Pine Trace Village subdivision consists of a leased wastewater treatment plant, which is capable of servicing a total of 800 ESFCs. According to the Engineer, the existing wastewater treatment facilities are sufficient to serve the Pine Trace Village subdivision, which has been fully developed and contains 564 ESFCs. The Fairway Farms and Grove Landing subdivisions are served with wastewater treatment facilities pursuant to a wholesale wastewater treatment contract with Aqua. The contract provides that the District will pay Aqua a wholesale price for wastewater treatment equal to $63.80 per ESFC per month and that future prices for wastewater treatment will be subject to the review and approval of the appropriate state agency. The contract includes specific terms designed to ensure that the appropriate levels of service will be provided to the residents in the Fairway Farms and Grove Landing subdivisions and for provisions to remedy a breach of contract by either Aqua or the District. Each home in the Twelve Oaks subdivision is currently served by separate private septic systems.

Each of the subdivisions located within the District has, or will have, their own storm drainage and detention pond systems. In general, the District drains towards the northeast. The drainage system improvements consist of storm sewer systems and detention basins to serve the District's storm water runoff. The land in Pine Trace Village generally drains into Roan Gully and from there into Willow Creek. Fairway Farms generally drains into three minor natural tributaries and from there into Spring Creek. Twelve Oaks generally drains into Bogs Gully and Spring Creek. Grove Landing generally drains into Spring Creek. See "THE SYSTEM."

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. As described herein under "RISK FACTORS – 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 COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not necessarily indicative of the economic impact of the Pandemic on the District's financial condition.

SELECTED FINANCIAL INFORMATION
(Unaudited)

7/15/2020 Estimated Taxable Value	$171,264,547	(a)
2020 Certified Taxable Value	$140,531,844	(b)
Direct Debt		
Outstanding Bonds	$10,435,000	
The Bonds	$6,855,000	
Total Direct Debt	$17,290,000	
See "DISTRICT DEBT"		
Estimated Overlapping Debt	$7,000,143	(c)
Direct and Estimated Overlapping Debt	$24,290,143	
Percentage of Direct Debt to:		
7/15/2020 Estimated Taxable Value	10.10%	
2020 Certified Taxable Value	12.30%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
7/15/2020 Estimated Taxable Value	14.18%	
2020 Certified Taxable Value	17.28%	
See "DISTRICT DEBT"		
2019 Tax Rate Per $100 of Assessed Value		
Debt Service Tax	$0.54	
Maintenance Tax	$0.88	
Total 2019 Tax Rate	$1.42	(d)
Cash and Temporary Investment Balances as of August 26, 2020		
General Fund	$2,037,673	(e)
Debt Service Fund	$691,029	(f)

(a) Reflects data supplied by the Harris County Appraisal District ("HCAD"). The Estimated Taxable Value as of July 15, 2020, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any values subsequent to January 1, 2020, as a result of new homebuilding or development activity will not be included on the District's tax roll until the 2021 tax roll is prepared and certified by HCAD during the second half of 2021. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the January 1, 2020 Certified Taxable Value according to data supplied to the District by HCAD; such value excludes $11,769,734 of appraised value that is under protest and, therefore, still in the certification process. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt."

(d) The District has authorized the publication of a total tax rate of $1.20 per $100 of taxable assessed valuation for the 2020 tax year and intends to set such total tax rate. The exact composition of the total tax rate has not yet been determined.

(e) Unaudited figure per the District's records. See "THE SYSTEM – Historical Operations of the System."

(f) Neither Texas law nor the District's Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements on the District's outstanding bonds and the debt service requirements for the Bonds.

Year	Outstanding Debt Service	Plus: Debt Service on the Series 2020 Bonds Principal	Interest	Total Debt Service Requirements
2020	$395,237			$395,237
2021	$530,180		$147,893	$678,073
2022	$572,143		$147,893	$720,036
2023	$587,705	$175,000	$145,268	$907,973
2024	$577,612	$175,000	$140,018	$892,630
2025	$569,080	$175,000	$135,643	$879,723
2026	$611,543	$200,000	$131,893	$943,436
2027	$603,193	$200,000	$127,893	$931,086
2028	$594,568	$200,000	$123,893	$918,461
2029	$634,949	$225,000	$119,643	$979,592
2030	$624,234	$225,000	$115,143	$964,377
2031	$613,137	$225,000	$110,643	$948,780
2032	$626,433	$250,000	$105,893	$982,326
2033	$638,830	$250,000	$100,893	$989,723
2034	$650,468	$275,000	$95,643	$1,021,111
2035	$636,793	$275,000	$90,143	$1,001,936
2036	$672,081	$300,000	$84,393	$1,056,474
2037	$656,331	$300,000	$78,393	$1,034,724
2038	$665,049	$325,000	$72,143	$1,062,192
2039	$697,299	$325,000	$65,440	$1,087,739
2040	$702,800	$350,000	$58,050	$1,110,850
2041	$707,034	$375,000	$49,893	$1,131,927
2042	$710,362	$375,000	$41,456	$1,126,818
2043	$418,300	$400,000	$32,737	$851,037
2044	$416,150	$400,000	$23,737	$839,887
2045		$425,000	$14,456	$439,456
2046		$430,000	$4,837	$434,837
TOTALS	**$15,111,511**	**$6,855,000**	**$2,363,930**	**$24,330,441**

Maximum Annual Debt Service Requirements (2041).. $1,131,927

$0.70 Tax Rate on the 7/15/2020 Estimated Taxable Value of $171,264,547
at 95% collections produces .....……………………………………………………………………....$1,138,909

$0.85 Tax Rate on the 2020 Certified Taxable Value of $140,531,844
at 95% collections produces .....……………………………………………………………………....$1,134,795

See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

OFFICIAL STATEMENT

Relating to

$6,855,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

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

UNLIMITED TAX BONDS

SERIES 2020

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of the $6,855,000 Harris County Municipal Utility District No. 480 Unlimited Tax Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59, of the Texas Constitution and general laws of the State of Texas, particularly, Chapters 49 and 54 of the Texas Water Code, as amended, pursuant to a resolution (the "Bond Resolution") adopted by the Board of Directors of Harris County Municipal Utility District No. 480 (the "District"), an approving Order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission"), and an election held within the District.

This Official Statement includes descriptions of the Bonds, the Bond Resolution, certain information about the District, the District's financial condition, and the Developers in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Bond Counsel upon payment of duplication costs thereof.

RISK FACTORS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any other political subdivision. The Bonds are payable from a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District. See "THE BONDS – Source of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds the taxable property within the District will accumulate or maintain taxable values sufficient to maintain property taxes to pay debt service at current levels.

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"). 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 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 COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not necessarily indicative of the economic impact of the Pandemic on the District's financial condition.

Marketability

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

Tax Collections

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through foreclosure may be impaired by: (a) repetitive, annual expensive collections procedures, (b) a federal bankruptcy court's stay of tax collection procedures, or (c) market conditions affecting the marketability of taxable property within the District and limiting the proceeds from a foreclosure sale of such property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding.

Registered Owners' Remedies

If the District defaults in the payment of principal of, interest on, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Resolution, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Resolution, the Registered Owners have the right 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 Resolution. Except for mandamus, the Bond Resolution 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. Even if such sovereign immunity were waived and a judgment against the District for money damages were obtained, the judgment 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 the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Section 901-946, if the District (a) is generally authorized to file for federal bankruptcy protection by the State law; (b) is insolvent or unable to meet its debts as they mature; (c) desires to effect a plan to adjust such debts; and (d) has either obtained the agreement of, or negotiated in good faith with, its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, the District must obtain the approval of the TCEQ prior to filing bankruptcy. Such law requires that the TCEQ investigate the financial condition of the District and authorize the District to proceed only if the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

Notwithstanding noncompliance by a district with Texas law requirements, a 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 Owners could potentially and adversely impair the value of the Registered Owners' 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 the District.

Approval of the Bonds

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

Economic Factors

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space, especially during times of relatively low oil and natural gas prices. The relatively low oil and natural gas prices, currently being experienced worldwide, could affect the demand for new residential home construction and commercial development and hence the growth of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon homebuilding plans altogether.

The continued growth of taxable values in the District is directly related to the housing and building industry. The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, labor conditions, and general economic conditions. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District.

Interest rates and the availability of mortgage and development funds have a direct impact on construction activity, particularly the short-term interest rates at which developers and builders are able to obtain financing for land development or homebuilding costs. Interest rate levels may affect the Developers' or builders' ability to complete development or building plans. Long-term interest rates affect home purchasers' ability to qualify for and afford the total financing costs of a new home. The continuation of long-term interest rates at higher levels may negatively affect home sales and the rate of growth of taxable values in the District.

The housing industry in the Houston area is competitive and the District can give no assurance that current homebuilding programs will be completed. The competitive position of the Developers in the sale of their developed lots or, respectively, that of present and prospective builders in the construction of single-family residential houses, is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Nationally, there was a significant downturn in new housing construction from 2008 – 2012 caused, in part, by increasing foreclosures, reduced builder financing, the unavailability of mortgage funds, and contraction in the national economy resulting in a decline in the market value of homes. That downturn did not have a significant effect on the value of homes in the District. However, the Houston area did experience reduced levels of home construction in 2009, 2010, 2011 and 2012 when compared to similar periods in prior years (i.e. 2004 – 2007).

Alternative sites are available for the construction of single-family residential improvements and commercial development within the market area in which the District is located. Such sites could pose competition to the continued home-building development and commercial development on comparable sites within the District.

Potential Effects of Oil Price Declines on the Houston Area

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

Landowners/Developers under No Obligation to the District

Neither the Developers nor any other landowner within the District has any commitments or obligations to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes in the District. Currently, there is no restriction on any landowner's right (including the Developers') to sell its land. Failure to construct taxable improvements on developed lots (anticipated to be created by the Developers) or commercial tracts and failure of landowners to develop their land would restrict the rate of growth of taxable value in the District as it has in the past. The District is also dependent upon certain principal taxpayers for the timely payment of ad valorem taxes, and the District cannot predict what the future financial condition of either will be or what effect, if any, such conditions may have on their ability to pay taxes. See "DISTRICT TAX DATA – Principal Taxpayers."

Dependence on Future Development and Potential Impact on District Tax Rates

Assuming no further residential building development within the District other than that which has been constructed, the value of such land and improvements currently located and under construction within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement will be $1,131,927 (2041). The District's July 15, 2020 Estimated Taxable Value is $171,264,547. Assuming no increase or decrease from the July 15, 2020 Estimated Taxable Value and no use of other District funds, a tax rate of $0.70 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The District's 2020 Certified Taxable Value is $140,531,844. Assuming no increase or decrease from the 2020 Certified Taxable Value and no use of other District funds, a tax rate of $0.85 per $100 of assessed valuation at 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Future Debt

The District's voters have authorized the issuance of a total of $46,100,000 of unlimited tax bonds for various purposes as reflected in the table below:

Amount	Purpose
$41,100,000	For certain water, sanitary sewer, storm water facilities, and refunding
$5,000,000	For certain parks and recreation facilities and refunding

After the issuance of the Bonds, the District will have $23,610,000 of unlimited tax, water, sanitary sewer, and storm water facilities bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, and $5,000,000 of unlimited tax parks and recreation bonds (and for refunding such bonds previously issued) that remain authorized but unissued.

The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Such additional new money bonds or refunding bonds would be issued on a parity with the Bonds. Any future new money bonds to be issued by the District must also be approved by the TCEQ.

The District is also 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 bonds payable from taxes for said purpose, 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) amendment of the existing City of Houston ordinance specifying the purposes for which the District may issue bonds; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. The District has no information concerning any determination by the City of Houston to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park project and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District. The District has prepared a park plan and has conducted a park and recreational facilities bond election that authorized $5,000,000 of park bonds at an election held on May 12, 2007.

Current law may be changed in a manner to increase the amount of bonds that 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. The levy of taxes for such purposes may dilute the security for the Bonds.

Continuing Compliance with Certain Covenants

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

The TCEQ issued the General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit") on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. While the District is currently not subject to the MS4 Permit, if the District's inclusion were required at a future date, the District could incur substantial costs to develop, implement, and maintain the necessary plans as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff in order to comply with the MS4 Permit.

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

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

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal officially became final on December 23, 2019, but the repeal has itself become the subject of litigation in multiple jurisdictions.

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

Subsidence and Conversion to Surface Water

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

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

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty of $9.00 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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

Changes in Tax Legislation

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

Bond Insurance Risk Factors

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

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

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

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

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

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

Severe Weather

The District is located approximately 80 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to 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 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 would be adversely affected.

The greater Houston area has experienced four storms exceeding a 0.2% probability of occurrence (i.e., “500-year flood” events) since 2015. If the District were to sustain damage to its facilities as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

Hurricane Harvey

The Houston area, including the area in and around the District in Harris County, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey’s landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to the District’s Engineer and the District’s Operator, the water, wastewater, and drainage facilities serving the land within the District did not sustain any significant damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. According to information available to the District, no homes that were located within the District at the time of Hurricane Harvey experienced flooding as a result of the storm.

Specific Flood Type Risks

The District may be subject to the following flood risks:

Ponding (or Pluvial) Flooding – 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) Flooding – 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.

Temporary Tax Exemption for Property Damaged by Disaster

The Property Tax Code (hereinafter defined) provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised. See “TAXING PROCEDURES.”

Tax Payment Installments

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

After January 1, 2020, a district may adopt an exemption for a portion of the value of property damaged by a declared national disaster based on the percentage of damage to the property.

Atlas 14

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States (“Atlas 14”). Floodplain boundaries within the Service Area may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the Service Area. The application of 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.

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to: (1) reimburse the Developers for certain water, wastewater, drainage, and detention improvements in the District and associated engineering costs; (2) reimburse the Developers for certain land acquisition costs; (3) fund developer interest; and (4) pay bond issuance and administrative expenses.

The Engineer has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

CONSTRUCTION COSTS:	**Total Amount**	
Developer Contribution Items		
Pine Trace Village Sections 6 & 7 – W, WW, D	$1,512,370	
Pine Trace Village Section 8 – W, WW, D	$753,978	
Engineering	$496,098	
Total Developer Contribution Items	**$2,762,446**	
District Items		
Pine Trace Village Detention Phase 3	$855,097	
Fairway Farms Detention Pond	$363,659	
Fairway Farms Lift Station No. 1	$375,367	
Grove Landing Detention Pond	$618,971	
Engineering	$324,337	
Land Acquisition Grove Landing	$690,053	
Land Acquisition Fairway Farms Detention Basin	$178,429	
Land Acquisition Fairway Farms Lift Station No. 1	$6,640	
Total District Items	**$3,412,553**	
TOTAL CONSTRUCTION COSTS	**$6,174,999**	
Less Surplus Funds	**($414,942)**	
NET TOTAL CONSTRUCTION COSTS	**$5,760,057**	(a)
NON-CONSTRUCTION COSTS:		
Legal Fees	$177,100	
Fiscal Agent Fees	$137,100	
Developer Interest	$454,276	
Bond Discount	$201,066	
Bond Issuance Cost	$44,049	
Bond Application Report Cost	$52,775	
Attorney General's Fee	$6,855	
TCEQ Bond Issuance Fee	$17,138	
Contingency	$4,584	(b)
TOTAL NON-CONSTRUCTION COSTS	**$1,094,943**	
TOTAL BOND ISSUE REQUIREMENT	**$6,855,000**	

(a) TCEQ rules require, with certain exceptions, that developers contribute to the District's construction program a minimum of 30% of the construction costs of certain system facilities. The District has been granted a waiver of such requirement.

(b) The District will designate any surplus Bond proceeds resulting from the sale of the Bonds at a lower interest rate than the estimated rate as a contingency line item in the Final Official Statement. Such funds will be used by the District to fund costs only after approval by the TCEQ.

THE DISTRICT

Authority

The District is a municipal utility district created on January 30, 2007, by the Texas Commission on Environmental Quality ("TCEQ"). The District was created pursuant to the authority of Article XVI, Section 59, of the Texas Constitution and operates pursuant to Chapters 49 and 54, Texas Water Code. The District is located in north Harris County, Texas and consists of four noncontiguous tracts that are generally located approximately 35 miles northwest of the Houston central business district.

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

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent of the City of Houston (the "City"), within whose corporate limits the District lies, to the District's creation, the District has agreed to observe certain City requirements. These requirements limit the purposes for which the District may sell bonds for the acquisition and improvement of waterworks, wastewater, and drainage facilities; limit the net effective interest rate on such bonds and other terms of such bonds; and require the City's approval of certain of the District's construction plans and specifications.

Description and Location

The District, as it was originally created, included approximately 483 acres and after two annexations in 2014 and 2018, the District currently includes approximately 541 acres. The District is located entirely within Harris County, Texas, and lies within the extraterritorial jurisdiction of the City. The District lies approximately 35 miles northwest of the Houston central business district and consists of four noncontiguous tracts of land.

The first tract in the District is known as the Pine Trace Village subdivision, which is bound on the north and east by undeveloped acreage, the south by residential development, and the west by Stuebner-Airline Road. The Pine Trace Village subdivision consists of approximately 124 developable acres in Pine Trace Village, Section 1 – 8, which, as of August 1, 2020, includes approximately 564 completed homes, no homes under construction, and no vacant developed lots. The original developer in Pine Trace Village was Pine Trace Village, LLC. Pine Trace Village, LLC developed the land and lots located in Pine Trace Village, Sections 1 – 5. On August 31, 2016, Pine Trace Village, LLC sold four improved lots and approximately 80 acres to DRH Land Opportunities I, Inc., a Delaware corporation ("D.R. Horton"). D.R. Horton has developed such acres as Pine Trace Village, Sections 6 – 8.

The second tract in the District is known as the Fairway Farms subdivision, which is bound by undeveloped acreage except to the north by Spring Creek. The Fairway Farms subdivision consists of approximately 123 acres, of which approximately 60 acres have been developed as Fairway Farms, Section 1. The developer in Fairway Farms, Section 1 is BBRR Partners, Ltd. ("BBRR"). Fairway Farms, Section 1 includes 78 completed homes, 15 homes under construction, and 20 vacant developed lots. On June 11, 2020, BBRR sold approximately 63 acres to Century Land Holdings of Texas, LLC ("Century Communities"). Century Communities has plans to develop the 63 acres that it purchased into Fairway Farms, Sections 2 and 3, which, based on current land plans, are expected to collectively contain approximately 195 lots (118 lots in Section 2 and 77 lots in Section 3). The lots in Fairway Farms, Sections 2 and 3 are currently anticipated to be available for homebuilding during calendar year 2021.

The third tract in the District is known as the Twelve Oaks subdivision, which is bound on the east by Stanolind Road, the north by Spring Creek, the south by I.&G.N. Railroad, and the west by undeveloped acreage. The Twelve Oaks subdivision consists of approximately 79 developable acres all of which have been platted as Twelve Oaks, Section 1. Twelve Oaks, Section 1 includes 2 completed homes, no homes under construction, and 77 vacant developed lots. The land in the Twelve Oaks subdivision is presently owned by an investor group that, to the knowledge of the District, has no immediate plans for any additional lot development or homebuilding on such property. The District only supplies water service to the Twelve Oaks subdivision, and has no plans to add wastewater service. Wastewater is provided through septic or similar homeowner provided systems.

The fourth tract in the District is known as the Grove Landing subdivision, which is bound on the north by Bogs Road, to the east by Fairway Farms, to the west by Texas Department of Transportation detention facilities, and to the south by undeveloped acreage. The Grove Landing subdivision includes approximately 27 developable acres, which, as of August 1, 2020, includes approximately 32 completed homes, 23 homes under construction, and 75 vacant developed lots. The developer in Grove Landing is Bogs Tract, LLC.

Status of Land Development/Land Uses in the District

A summary of the approximate land use in the District as of August 1, 2020, appears in the following table:

Type of Land Use	Approximate Acres	
Developed and Improved Acres	265	(a)
Acres Under Development	0	
Additional Developable Acres	155	(b)
Undevelopable Acres	121	(c)
Total Approximate Acres	**541**	

(a) Represents the land that is located in Pine Trace Village, Sections 1 – 8, Fairway Farms, Section 1, Grove Landing, Section 1, and Twelve Oaks, Section 1.

(b) Includes additional developable acreage in Fairway Farms, Sections 2 and 3 and the Twelve Oaks subdivision.

(c) Includes drainage easements, District plant sites, street rights of way, detention ponds, and open spaces in the District.

Current Status of Residential Development

The approximate status of development in the District as of August 1, 2020, is summarized in the table below:

			Homes		
Subdivision/Section	Approx. Acres	Total Lots	Complete	Under Construction	Vacant Lots
Pine Trace Village, Sections 1 – 5 (a)	74	325	325	0	0
Pine Trace Village, Sections 6 – 8 (b)	50	239	239	0	0
Fairway Farms, Section 1 (c)	35	113	78	15	20
Grove Landing, Section 1 (d)	27	130	32	23	75
Twelve Oaks, Section 1 (e)	79	79	2	0	77
Acres Under Development	0				
Other Developable Acreage (f)	155	-	-	-	-
Non-Developable Acreage (g)	121	-	-	-	-
TOTAL	**541**	**886**	**676** (h)	**38**	**172**

(a) Homes in Pine Trace Village, Sections 1 – 5 were constructed by Lennar Homes, Meritage Homes, Colina Homes, Megatel Homes, and Brighton Homes on 45-foot and 50-foot lots and were sold in the $130,000 to $200,000 price range.

(b) Homes in Pine Trace Village, Sections 6 – 8 were constructed on 50-foot lots by D.R. Horton Homes and were sold in the $200,000 to $215,000 price range.

(c) Homes in Fairway Farms, Section 1 have been, and are being, constructed on 60-foot and 65-foot lots by D.R. Horton Homes, Empire Homes, and David Powers Homes and are being marketed in the $300,000 to $350,000 price range

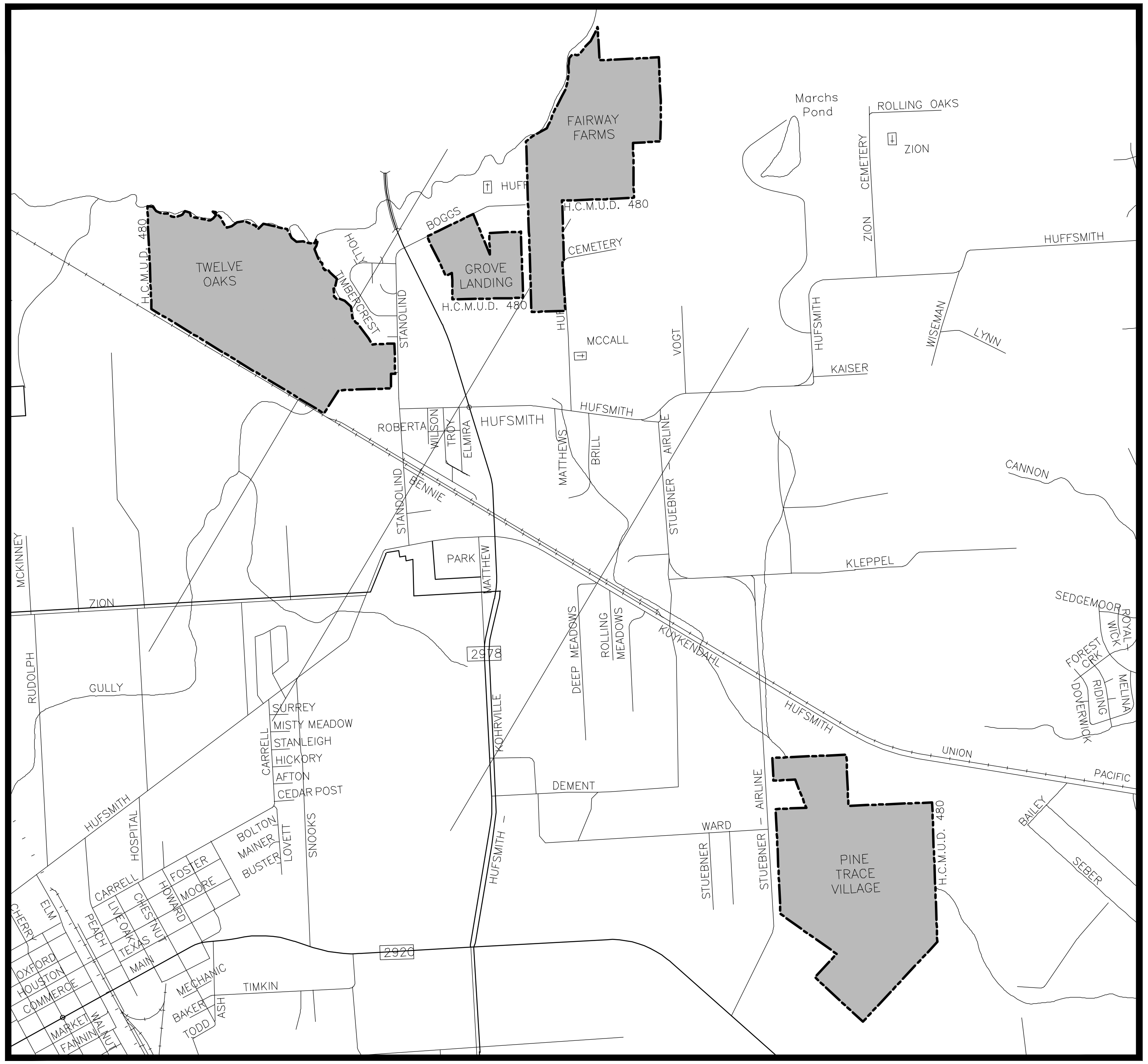
(d) Homes in Grove Landing, Section 1 have been, and are being, constructed on 50-foot lots by David Weekly Homes and MHI Homes and are being marketed in the $240,000 to $320,000 price range.

(e) Twelve Oaks, Sections 1 has been platted for 99 lots. As of August 1, 2019, approximately 79 lots have been developed and 2 homes have been constructed on such lots. To the knowledge of the District, there are no immediate plans for any additional lot development or homebuilding on such property.

(f) Represents additional developable acreage in the District, including land available for future development in Fairway Farms, Sections 2 and 3 (approximately 63 acres) and in the Twelve Oaks subdivision.

(g) Includes drainage easements, District plant sites, street rights of way, detention ponds, and open spaces in the District.

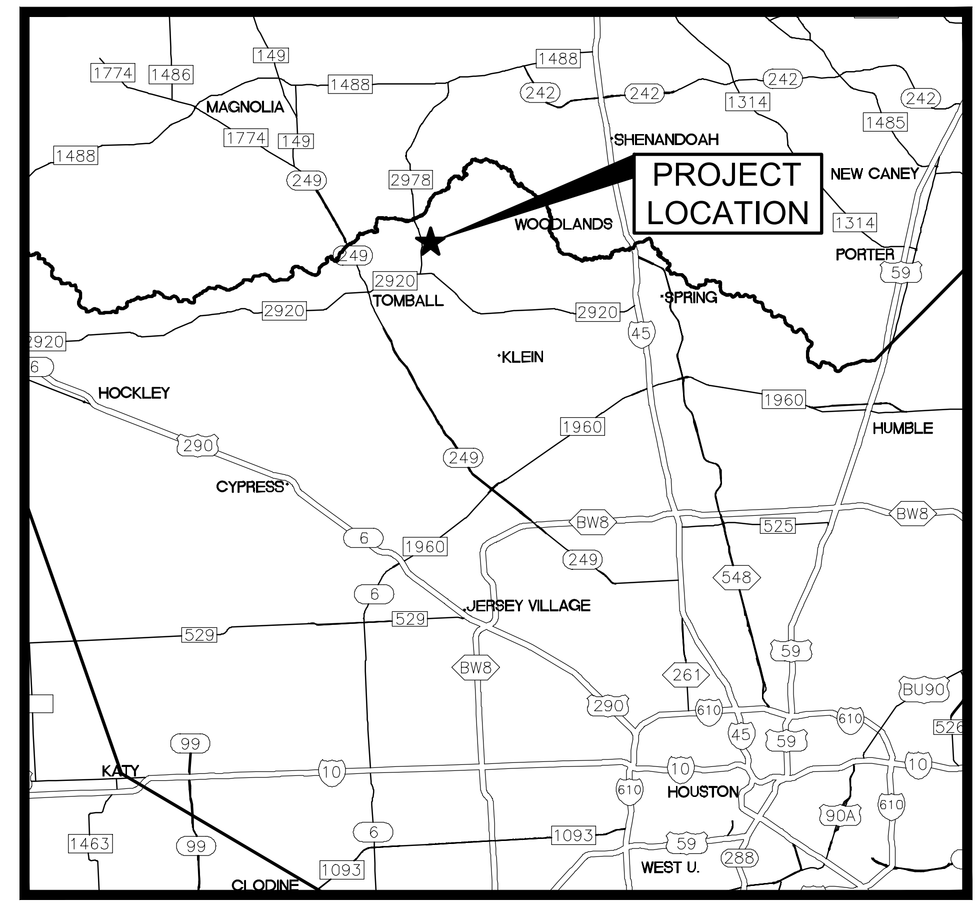
(h) As of August 1, 2020, approximately 640 homes were occupied.



VICINITY MAP

N.T.S.

KEY MAP # 289G. 249T, 249S
LAMBERT GRID # 4871, 4873, 4872
ZIP CODE 77375



LOCATION MAP

N.T.S.

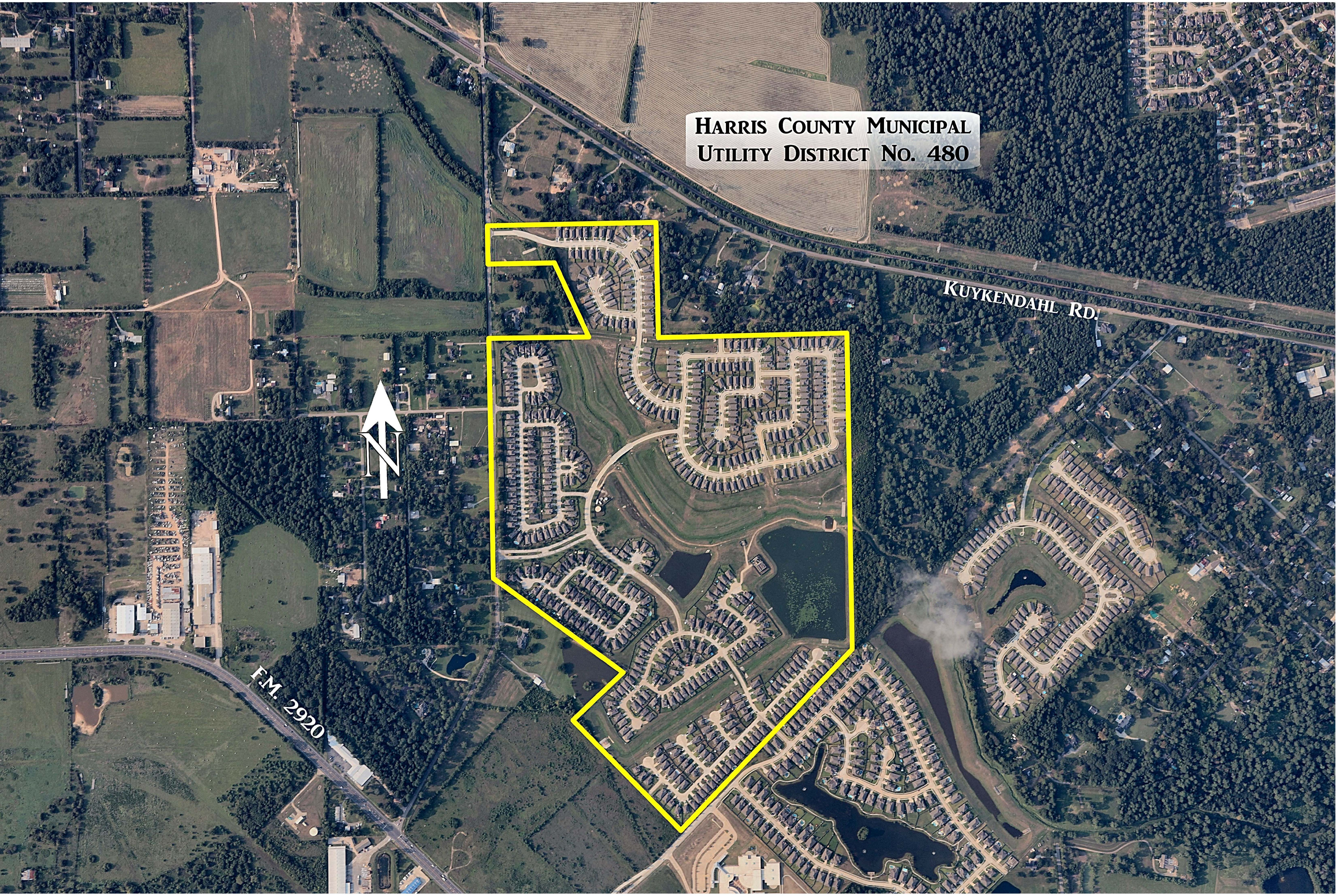
H.C.M.U.D. No.480
ATTACHMENT 4

r.g.miller engineers

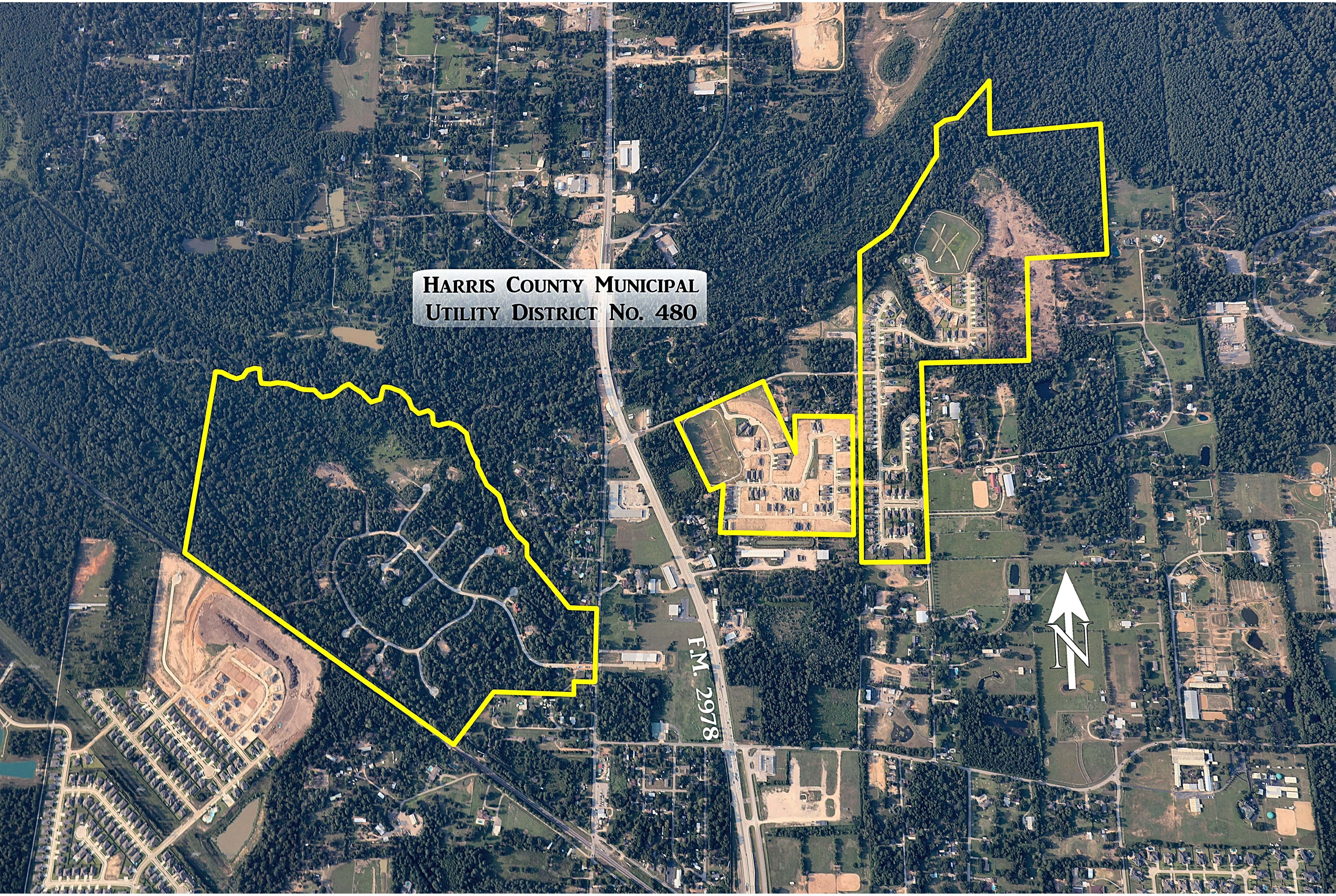
16340 Park Ten Place
Suite 350
Houston, Texas 77084
(713) 461-9600

TEXAS FIRM REGISTRATION NO. F-487
DATE: SEPTEMBER 2019 SCALE: N.T.S.

AERIAL PHOTOGRAPH 1



AERIAL PHOTOGRAPH 2



THE DISTRICT'S DEVELOPERS

Role of a Developer

In general, the activities of developers in a municipal utility district such as the District include purchasing the land within a district, designing the streets in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities, and selling improved lots and commercial reserves to builders, other developers or other third parties. In most instances, a developer will be required to pay up to 30% of the cost of financing certain water, wastewater, and drainage facilities in the utility district exclusive of water and sewage treatment plants unless a waiver from this requirement is requested and obtained from the TCEQ by the District, pursuant to the rules of the TCEQ. In addition, a developer is ordinarily the major taxpayer within a utility district during the property development phase and the developer's inability to pay the taxes assessed on its property within a district would have a materially adverse effect on the revenues of the district. The relative success or failure of a developer to perform development activities within a utility district may have a profound effect on the ability of the district to generate sufficient tax revenues to service and retire all tax bonds issued by the district. While a developer generally commits to pave streets and pay its allocable portion of the costs of utilities to be financed by the utility district through a specific bond issue, a developer is generally under no obligation to a district to undertake development activities with respect to other property that it owns within a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land that the developer owns within a district.

DRH Land Opportunities I, Inc.

The original developer of the Pine Trace Village subdivision was Pine Trace Village, LLC, which developed the land located in Pine Trace Village, Sections 1 – 5. Pine Trace Village, LLC sold four improved lots and approximately 80 acres that it owned to D.R. Horton on August 31, 2016. D.R. Horton has developed such acres as Pine Trace Village, Sections 6 – 8. Homes in Pine Trace Village, Sections 6 – 8 were constructed by D.R. Horton Homes on 50-foot lots; such homes were sold in the $200,000 to $215,000 price range.

BBRR Partners, Ltd.

The developer of Fairway Farms, Section 1 is BBRR. BBRR has developed the 60-acre tract in Fairway Farms, Section 1 into 113 lots. Homes in Fairway Farms, Section 1 are being constructed by D.R. Horton Homes, Empire Homes, and David Powers Homes on 60-foot and 65-foot lots; such homes are being marketed in the $300,000 to $350,000 price range. The Fairway Farms subdivision includes an additional 63 acres. On June 11, 2020, BBRR sold such 63 acres to Century Communities. Century Communities has plans to develop the 63 acres that it purchased into Fairway Farms, Sections 2 and 3, which, based on current land plans, are expected to collectively contain approximately 195 lots (118 lots in Section 2 and 77 lots in Section 3). The lots in Fairway Farms, Sections 2 and 3 are currently anticipated to be available for homebuilding during calendar year 2021.

Bogs Tract, LLC

The developer of the Grove Landing subdivision is Bogs Tract, LLC. Bogs Tract, LLC has developed the 37-acre tract in Grove Landing, Section 1 into 130 lots. Homes in Grove Landing, Section 1 are being constructed by David Weekly Homes and MHI Homes on 50-foot lots; such homes are being marketed in the $240,000 to $320,000 price range.

THE SYSTEM

Regulation

The water and wastewater facilities serving land within the District have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, City of Houston and Harris County. According to the Engineer, the design of all such facilities has been approved by all required governmental agencies.

Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the United States Environmental Protection Agency ("EPA") and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Construction and operation of the System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of various federal, state and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to regulatory authority of the TCEQ and the EPA. Provision of potable water in the District is subject to regulatory authority of the TCEQ and the EPA. Withdrawal of groundwater and the issuance of water well permits are subject to the regulatory authority of the Harris-Galveston Coastal Subsidence District. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District. Harris County and the City of Houston also exercise regulatory jurisdiction over the District's System.

Description of the System

The water supply, wastewater treatment, and drainage facilities, and the accompanying rights of use therein (the "System") which the District has financed with the proceeds of the Bonds and previously-issued bonds are described below, based upon information obtained from the District's Engineer.

– Water Supply Facilities –

The District's water supply facilities serve the Pine Trace Village subdivision and consist of two wells totaling 475 gallons per minute ("gpm") of water production capacity, 194,226 gallons of ground storage tank capacity, 30,000 gallons of hydro-pneumatic pressure tank capacity, and 2,050 gpm of booster pump capacity. The District's water supply facilities for the Pine Trace subdivision have the capacity to serve approximately 792 equivalent single-family connections ("ESFCs"). According to the Engineer, the existing water supply facilities are sufficient to serve the Pine Trace Village subdivision, which has been fully developed and contains 564 ESFCs. Additionally, the District has entered into an emergency water supply agreement and has interconnects with Dowdell Public Utility District to serve only the Pine Trace Village subdivision.

The Fairway Farms, Twelve Oaks, and Grove Landing subdivisions are served with water supply capacity pursuant to a wholesale water contract with Aqua Texas, Inc. ("Aqua"), a private water company that provides water and wastewater services to communities in 53 counties throughout Texas, including the Houston area. Aqua's water supply facilities that service the Fairway Farms, Twelve Oaks, and Grove Landing subdivisions includes a water plant located adjacent to the Twelve Oaks subdivision and an eight-inch water line that runs to points of connection located in Fairway Farms, Twelve Oaks, and Grove Landing to Aqua's water supply facility. The contract provides that the District will pay a wholesale price for water equal to $5.01 per 1,000 gallons and that future rates will be subject to the review and approval of the appropriate state agency. The contract includes specific terms designed to ensure that the appropriate levels of service will be provided to the residents in Fairway Farms, Twelve Oaks, and Grove Landing and for provisions to remedy a breach of contract by either Aqua or the District. The term of the contract runs until May 1, 2054, and includes provisions for the extension of the contract if mutually agreeable to Aqua and the District. The District is the retail provider in these areas.

– Conversion to Surface Water –

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. The Subsidence District has adopted a District Regulatory Plan (the "Subsidence District Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the Subsidence District Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the Subsidence District Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. If the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a ground water reduction plan to comply with the Subsidence District Plan. The Authority submitted its Groundwater Reduction Plan (the "GRP") to the Subsidence District and it received final certification on June 11, 2003. The GRP covers the area of the District and, provided the Authority adheres to the GRP, the District will not owe any disincentive fees to the Subsidence District. The Authority has entered into a contract with the City of Houston to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee of $4.25 per 1,000 gallons and a rate of $4.70 per 1,000 gallons for surface water used. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in the Authority's regional surface water conversion effort.

– Wastewater Treatment Facilities –

The wastewater treatment facilities that serve the Pine Trace Village subdivision consists of a leased wastewater treatment plant that is capable of servicing a total of 800 ESFCs. According to the Engineer, the existing wastewater treatment facilities are sufficient to serve the Pine Trace Village subdivision, which has been fully developed and contains 564 ESFCs.

The Fairway Farms and Grove Landing subdivisions are served with wastewater treatment facilities pursuant to a wholesale wastewater treatment contract with Aqua. Aqua's wastewater treatment facilities that service the Fairway Farms and Grove Landing subdivisions include a wastewater treatment plant located approximately 300 feet from the District. Wastewater will be transferred from the District to the wastewater treatment plant by way of various sized sanitary sewer lines that flow to a lift station within the Fairway Farms subdivision, which will pump through a six-inch force main that run from points of connection located in Fairway Farms to Aqua's wastewater treatment plant. The contract provides that the District will pay Aqua a wholesale price for wastewater treatment equal to $63.80 per ESFC per month and that future prices for wastewater treatment will be subject to the review and approval of the appropriate state agency. The contract includes specific terms designed to ensure that the appropriate levels of service will be provided to the residents in Fairway Farms and Grove Landing and for provisions to remedy a breach of contract by either Aqua or the District.

Each home in the Twelve Oaks subdivision is currently served by separate private septic systems.

– Storm Drainage and Detention Facilities –

Each of the above subdivisions has, or will have, their own storm drainage systems and detention pond systems. In general, the District drains towards the northeast. The drainage system improvements consist of storm sewer systems and detention basins to serve the District's storm water runoff. The land in Pine Trace Village generally drains into Roan Gully and from there into Willow Creek. Fairway Farms generally drains into three minor natural tributaries and from there into Spring Creek. Twelve Oaks generally drains into Bogs Gully and Spring Creek. Grove Landing generally drains into Spring Creek.

100-Year Flood Plain

According to the Engineer, the Flood Hazard Boundary Map, currently in effect, published by the Federal Emergency Management Agency (FEMA), which covers land located in the District, indicates that there may be portions of the District that are within the 100-year flood plain. However, all developed acres have been, and any acres planned for future development will be, mitigated as necessary as part of the design of that development. All of the land within the flood plain, with the exception of future mitigated developments, is made up of drainage easements, detention ponds, or other designated drainage facilities. None of the developed and improved land is located in the 100-year flood plain.

Historical Operations of the System

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The information included in the table below relating to the District's water and sewer system operations is provided for information purposes only.

	Fiscal Year Ended November 30 (a)				
GENERAL FUND	**2019**	**2018**	**2017**	**2016**	**2015**
REVENUES					
Property Taxes	$1,035,074	$693,904	$613,713	$791,535	$491,184
Water Service	$206,686	$175,397	$105,349	$98,176	$93,875
Wastewater Service	$176,573	$140,048	$89,699	$77,507	$73,570
Water Authority Fees	$202,204	$130,612	$81,549	$61,215	$46,688
Tap Connection and Inspection Fees	$179,270	$191,134	$166,014	$21,780	$43,727
Investment and Misc. Revenues	$39,565	$22,856	$12,684	$9,823	$19,803
TOTAL REVENUES	**$1,839,372**	**$1,353,951**	**$1,069,008**	**$1,060,036**	**$768,847**
EXPENDITURES					
Professional Fees	$108,985	$117,800	$105,535	$119,455	$84,604
Contracted Services	$155,128	$116,887	$89,234	$78,987	$70,058
Purchased Water and Wastewater Services	$78,862	$49,907	-	-	-
Utilities	$37,072	$32,631	$25,016	$26,362	$17,302
Water Authority Assessments	$176,614	$114,104	$76,238	$58,644	$46,998
Repairs and Maintenance	$274,530	$228,499	$160,592	$148,309	$116,907
Operating Leases	$295,142	$271,078	$271,578	$357,878	$170,384
Other	$170,782	$200,121	$140,055	$70,201	$74,850
Capital Outlay	$42,872	$97,450	-	-	-
TOTAL EXPENDITURES	**$1,339,987**	**$1,228,477**	**$868,248**	**$859,836**	**$581,103**
NET CHANGE IN FUND BALANCE	**$499,385**	**$125,474**	**$200,760**	**$200,200**	**$187,744**
BEGINNING FUND BALANCE	**$828,225**	**$702,751**	**$501,991**	**$301,791**	**$114,047**
ENDING FUND BALANCE (b)	**$1,327,610**	**$828,225**	**$702,751**	**$501,991**	**$301,791**

(a) The information in this table is taken from District's audited financial statements. See "APPENDIX A."

(b) As of August 26, 2020, the District's General Fund had an unaudited cash and investment balance of approximately $2,037,673. For the fiscal year ending November 30, 2020, the District's General Fund is currently budgeting revenues of approximately $1,779,000 and expenditures of approximately $1,109,978.

MANAGEMENT OF THE DISTRICT

The District is governed by a board of directors (the "Board"), which has control over and management supervision of all affairs of the District. None of the directors reside in the District; each of the directors owns a parcel of land in the District subject to a note and deed of trust. A directors' election is held within the District in May in even-numbered years. Directors are elected to serve four-year staggered terms. The current members and officers of the Board, along with their titles on the Board, are listed below.

Name	Title	Expires May
Josh Hawes	President	2022
William Ehler	Vice President	2022
Gina LaRoche	Secretary	2024
April Konopka	Assistant Vice President	2024
Christopher Verret II	Assistant Secretary	2022

The District does not employ a general manager or any other full-time employees. The District has contracted for utility system operating, bookkeeping, tax assessing and collecting services, and annual auditing of its financial statements as follows:

Tax Assessor/Collector – The District's Tax Assessor/Collector is Assessments of the Southwest, Inc., who is employed under an annual contract to perform the tax collection functions.

Bookkeeper – The District has contracted with Myrtle Cruz, Inc. for bookkeeping services.

Auditor – The financial statements of the District as of November 30, 2019, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's November 30, 2019, audited financial statements.

Utility System Operator – The operator of the District’s water and wastewater system is Water District Management Co.

Engineer – The consulting engineer for the District is R.G. Miller Engineers, Inc. (the "Engineer").

Financial Advisor – The GMS Group, L.L.C., serves as Financial Advisor to the District, and is paid an hourly fee for certain work performed for the District and a contingent fee to be computed on each separate issuance of the bonds, if and when such bonds are delivered.

Bond Counsel – Allen Boone Humphries Robinson LLP serves as Bond Counsel to the District and as general counsel for the District on matters other than the issuance of bonds. Fees paid for the Bond Counsel services will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

Disclosure Counsel – Norton Rose Fulbright US LLP, Houston, Texas, has been engaged by the District to serve as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

DISTRICT INVESTMENT POLICY

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 in its portfolio. Funds of the District are 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, the inclusion of long-term securities or derivative products in the District portfolio.

DISTRICT DEBT

7/15/2020 Estimated Taxable Value	$171,264,547	(a)
2020 Certified Taxable Value	$140,531,844	(b)
Direct Debt		
Outstanding Bonds	$10,435,000	
The Bonds	$6,855,000	
Total Direct Debt	$17,290,000	
Estimated Overlapping Debt	$7,000,143	(c)
Direct and Estimated Overlapping Debt	$24,290,143	
Percentage of Direct Debt to:		
7/15/2020 Estimated Taxable Value	10.10%	
2020 Certified Taxable Value	12.30%	
Percentage of Direct and Estimated Overlapping Debt to:		
7/15/2020 Estimated Taxable Value	14.18%	
2020 Certified Taxable Value	17.28%	
2019 Tax Rate Per $100 of Assessed Value		
Debt Service Tax	$0.54	
Maintenance Tax	$0.88	
Total 2019 Tax Rate	$1.42	(d)
Cash and Temporary Investment Balances as of August 26, 2020		
General Fund	$2,037,673	(e)
Debt Service Fund	$691,029	(f)

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of July 15, 2020, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any values subsequent to January 1, 2020, as a result of new homebuilding or development activity will not be included on the District's tax roll until the 2021 tax roll is prepared and certified by HCAD during the second half of 2021. The District is authorized by law to levy taxes only against certified values. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the January 1, 2020 Certified Taxable Value according to data supplied to the District by HCAD; such value excludes $11,769,734 of appraised value that is under protest and, therefore, still in the certification process. See "DISTRICT TAX DATA" and "TAXING PROCEDURES."

(c) See "Estimated Overlapping Debt" herein.

(d) The District has authorized the publication of a total tax rate of $1.20 per $100 of taxable assessed valuation for the 2020 tax year and intends to set such total tax rate. The exact composition of the total tax rate has not yet been determined.

(e) Unaudited figure per the District's records. See "THE SYSTEM – Historical Operations of the System."

(f) Neither Texas law nor the District's Bond Resolution requires the District to maintain any particular balance in the Debt Service Fund. See "DISTRICT TAX DATA – Tax Adequacy of Tax Revenue."

Estimated Overlapping Debt

Other governmental entities whose boundaries overlap the District have outstanding bonds payable from ad valorem taxes. The following statement of direct and estimated overlapping ad valorem tax debt was developed from information contained in the "Texas Municipal Reports," published by the Municipal Advisory Council of Texas and from information obtained directly from certain jurisdictions. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain of the entities listed below may have issued additional bonds, the amount of which has not been reported. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for operation, maintenance, and/or general revenue purposes in addition to taxes for payment of their debt, and some are presently levying and collecting such taxes.

Taxing Jurisdiction	Outstanding Debt	Overlapping Debt Percent	Overlapping Debt Amount
Klein Independent School District (a)	$1,125,655,000	0.37%	$4,164,923
Tomball Independent School District (a)	$587,705,000	0.34%	$1,998,197
Harris County	$1,478,697,125	0.02%	$295,739
Harris County Flood Control District	$83,075,000	0.02%	$16,615
Port of Houston Authority	$821,534,397	0.02%	$164,306
Harris County Department of Education	$6,320,000	0.02%	$1,264
Harris County Hospital District	$86,050,000	0.02%	$17,210
Lone Star College System	$569,815,000	0.06%	$341,889
Total Estimated Overlapping Debt			**$7,000,143**
The District's Direct Debt (b)			**$17,290,000**
Total Direct and Estimated Overlapping Debt			**$24,290,143**

(a) The District is located within the boundaries of both Klein Independent School District and Tomball Independent School District. The majority of the District's taxable value (approximately 67%) is located in Klein Independent School District, while the remaining taxable value (approximately 33%) is located within Tomball Independent School District.

(b) Includes the Bonds.

DISTRICT TAX DATA

Tax Rate and Collections

The following table sets forth the historical tax information collection experience of the District for the years 2015 through 2019. Such table has also been prepared based upon information from District records. Reference is made to such records for further and complete information.

Tax Year	Taxable Valuation	Tax Rate (a)	Tax Levy	Cumulative Tax Collections (b)	Tax Year Ended September 30
2019	$126,699,751	$1.42	$1,799,136	97%	2020
2018	$84,144,551	$1.43	$1,203,267	99%	2019
2017	$68,873,563	$1.44	$991,779	99%	2018
2016	$60,935,335	$1.44	$877,469	100%	2017
2015	$50,341,326	$1.48	$745,052	100%	2016

(a) See "Tax Rate Distribution" herein.

(b) Represents cumulative collections as of August 31, 2020.

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for maintenance and operation of the District and its facilities. Such tax is in addition to taxes that the District is authorized to levy for paying principal of and interest on the Bonds, and any tax bonds that may be issued in the future. The District's voters have authorized a maintenance tax of up to $1.50 per $100.00 of assessed valuation at an election held on May 12, 2007. See "Tax Rate Distribution" herein.

Tax Rate Distribution

The following table sets forth the tax rate distribution of the District for the years 2015 through 2019.

	2019	2018	2017	2016	2015
Debt Service	$0.54	$0.21	$0.42	$0.42	$0.00
Maintenance/Operations	$0.88	$1.22	$1.02	$1.02	$1.48
Total	**$1.42**	**$1.43**	**$1.44**	**$1.44**	**$1.48**

Additional Penalties

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

Principal Taxpayers

The list of principal taxpayers for 2020 and the other information provided by this table were provided by HCAD to the District's Tax Assessor/Collector based on certified tax rolls net of any exemptions from taxation. This table does not reflect any corrections pursuant to subsequent action of HCAD.

Property Owner	Property Description	Property Value	% of Total
Twelve Oaks Subdivision LLC	Land and Improvements	$2,297,755	1.64%
DR Horton Texas Ltd. (a)	Land and Improvements	$2,079,469	1.48%
Homeowner	Land and Improvements	$1,863,703	1.33%
Bogs Tract LLC (a)	Land and Improvements	$1,729,638	1.23%
MHI Partnership Ltd.	Land and Improvements	$1,560,356	1.11%
BBRR Partners Ltd. (a)	Land and Improvements	$1,393,307	0.99%
Weekley Homes LLC	Land and Improvements	$1,320,683	0.94%
HBDP 1 LLC	Land and Improvements	$881,757	0.63%
Homeland Development LLC	Land and Improvements	$620,558	0.44%
Homeowner	Land and Improvements	$546,486	0.39%
	TOTALS	**$14,293,712**	**10.17%**

(a) See "THE DISTRICT'S DEVELOPERS."

Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following represents the composition of property comprising the gross tax roll valuations and the deferments for 2015 through 2020 and includes the July 15, 2020 Estimated Taxable Value.

Tax Roll Year	Land	Improvements	Personal Property	Gross Valuations	Exemptions	Taxable Valuations
7/15/2020						$171,264,547 (a)
2020	$35,573,555	$106,780,677	$883,268	$143,237,500	$2,705,656	$140,531,844 (b)
2019	$33,816,169	$93,989,639	$977,181	$128,782,989	$2,083,238	$126,699,751
2018	$26,798,176	$57,959,258	$603,193	$85,360,627	$1,216,076	$84,144,551
2017	$22,407,607	$46,761,609	$606,932	$69,776,148	$902,585	$68,873,563
2016	$19,063,785	$42,473,604	$647,014	$62,184,403	$1,249,068	$60,935,335
2015	$18,058,943	$32,889,929	$597,890	$51,546,762	$1,205,436	$50,341,326

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of July 15, 2020, was prepared by HCAD and provided to the District. Such values are not binding on HCAD and are provided for informational purposes only. Any values subsequent to January 1, 2020, as a result of new homebuilding or development activity will not be included on the District's tax roll until the 2021 tax roll is prepared and certified by HCAD during the second half of 2021. The District is authorized by law to levy taxes only against certified values.

(b) Reflects the January 1, 2020 Certified Taxable Value according to data supplied to the District by HCAD; such value excludes $11,769,734 of appraised value that is under protest and, therefore, still in the certification process.

Estimated Overlapping Taxes

The following table sets forth all 2019 taxes levied by overlapping taxing jurisdictions. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy by entities other than political subdivisions.

Taxing Jurisdictions (a)	2019 Tax Rate
Klein Independent School District	$1.360000
Harris County (b)	$0.616700
Lone Star College District	$0.107800
Harris County ESD No. 15	$0.045710
Overlapping Taxes	**$2.130210**
The District (2020) (c)	$1.200000
Total Direct & Overlapping Taxes	**$3.330210**

(a) The District overlaps Klein Independent School District, which levied a 2019 tax rate in the amount of $1.36, and Tomball Independent School District, which levied a 2019 tax rate in the amount of $1.29. The table above reflects the higher tax rate for Klein Independent School District and in which the majority of the District's tax base is located.

(b) Includes taxes levied by Harris County, Port of Houston Authority, Harris County Department of Education, Harris County Hospital District, and the Harris County Flood Control District.

(c) The District has authorized the publication of a total tax rate of $1.20 per $100 of taxable assessed valuation for the 2020 tax year and intends to set such total tax rate. The exact composition of the total tax rate has not yet been determined.

Tax Adequacy of Tax Revenue

The calculations shown below are solely for the purpose of illustration, reflect no net revenues of the System, no transfers of surplus funds from the District's Operating Fund to the Debt Service Fund, and no increase or decrease in assessed valuation over the July 15, 2020 Estimated Taxable Value and the 2020 Certified Taxable Value. The calculations utilize a tax rate adequate to service the District's total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2041) $1,131,927

Requires a $0.70 debt service tax rate on the July 15, 2020 Estimated Taxable Value at 95% collections $1,138,909

Requires a $0.85 debt service tax rate on the 2020 Certified Taxable Value at 95% collections $1,134,795

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal and interest on the Bonds and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "RISK FACTORS – Future Debt." The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS – Source of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations if authorized by the voters in the District. See "DISTRICT TAX DATA – Maintenance Tax."

Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by HCAD. HCAD have the responsibility for appraising property for all taxing units within their respective county. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by 20% of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax-supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans if requested, but only to the maximum extent of $5,000 to $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 the exemption for the full amount of the residential homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran is entitled to an exemption for the full value of the veteran's residence homestead to which the disabled veterans' exemption applied including the surviving spouse of a disabled veteran who would have qualified for such exemption if it had been in effect on the date the disabled veteran died. 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 homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forces 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. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also 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.

Residential Homestead Exemptions. The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has never adopted an order granting a general residential homestead exemption.

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

Tax Abatement

Harris County may designate all or part of the area within the District as a reinvestment zone. Thereafter, neither Harris County nor the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt property from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to 10 years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by HCAD at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use of the property.

The Property Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business are 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 the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three years for agricultural use, open space land and timberland. Developers in the District have waived their rights to agricultural use, open space, or timber land exemptions.

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

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

Chapter 49 of the Texas Water Code, as amended, classifies districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as “Special Taxing Units.” Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as “Developed Districts.” Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate is described for each classification below. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

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

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

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

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "DISTRICT TAX DATA – Estimated 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; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

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

ANNEXATION AND CONSOLIDATION

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent. If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District within 90 days. The District makes no representation concerning the ability of the City to pay debt service on the District's bonds. If annexation were to occur, annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City and therefore, the District makes no representation that the City will ever annex the District and assume its debt, nor does the District make any representation that annexation might occur.

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

THE BONDS

General

The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District. Set forth below is a summary of certain provisions of the Bond Resolution. Capitalized terms in such summary are used as defined in the Bond Resolution. Such summary is not a complete description of the entire Bond Resolution and is qualified in its entirety by reference to the Bond Resolution, a copy of which is available from the District's Bond Counsel upon request.

The Bonds are dated and will bear interest from October 1, 2020, at the per annum rates shown on the cover page hereof. The Bonds are fully registered, serial bonds maturing on April 1 in the years and in the principal amounts set forth on the cover page hereof. Interest on the Bonds is payable April 1, 2021, and each October 1 and April 1 thereafter until the earlier of maturity or redemption. The Record Date on the Bonds is the 15th day of the calendar month next preceding the interest payment date.

The Bonds will be issued only in fully registered form in any integral multiple of $5,000 of the principal amount for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of the Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein.

In the event that the Book-Entry-Only System is discontinued, interest on the Bonds shall be payable by check on or before each interest payment date, mailed by the Paying Agent/Registrar to the registered owners ("Registered Owners") as shown on the bond register (the "Register") kept by the Paying Agent/Registrar at the close of business on the 15th calendar day of the month immediately preceding each interest payment date to the address of such Registered Owner as shown on the Register, or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and a Registered Owner at the risk and expense of such Registered Owner.

Optional Redemption

The Bonds maturing on and after April 1, 2026, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2025, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. In the event the Bonds are to be redeemed in part, the maturities and principal amounts to be redeemed shall be selected by the District. In the event of redemption of fewer than all of the Bonds of a particular maturity, the Paying Agent/Registrar, on behalf of the District, will select the Bonds of such maturity to be redeemed by lot or by such other customary method as the Paying Agent/Registrar deems fair and appropriate or while the Bonds are in Book-Entry-Only form the portions to be redeemed shall be selected by DTC in accordance with its procedures.

Mandatory Redemption

The Bonds maturing on April 1 in the years 2034 and 2046 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown on the tables below.

$525,000 Term Bonds, due April 1, 2034

Mandatory Redemption Date	Principal Amount
April 1, 2033	$250,000
April 1, 2034 (maturity)	$275,000

$2,755,000 Term Bonds, due April 1, 2046

Mandatory Redemption Date	Principal Amount
April 1, 2040	$350,000
April 1, 2041	$375,000
April 1, 2042	$375,000
April 1, 2043	$400,000
April 1, 2044	$400,000
April 1, 2045	$425,000
April 1, 2046 (maturity)	$430,000

Notice of Redemption; Partial Redemption

While the Bonds are in book-entry-only form, pursuant to the Bond Resolution, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the

Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

Notice of each exercise of the right of redemption will be given at least 30 calendar days prior to the date fixed for redemption by the mailing of a notice by the Paying Agent/Registrar to each of the registered owners of the Bonds to be redeemed at the address shown on the records of the Paying Agent/Registrar on the date which is 45 calendar days prior to the redemption date. When Bonds have been called for redemption, the right of the registered owners of such Bonds to collect interest which would otherwise accrue after the date for redemption will be terminated.

The Bonds of a denomination larger than $5,000 in principal amount may be redeemed in part ($5,000 in principal or any integral multiple thereof). Any Bond to be partially redeemed must be surrendered in exchange for one or more new Bonds of the same maturity for the unredeemed portion of the principal.

Source of and Security for Payment

The Bonds are secured by, and payable from, the levy of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, Registrar fees, and Appraisal Districts fees. The Bonds are obligations of the District and are not the obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District.

Defeasance

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

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

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

Funds

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

Accrued interest on the Bonds shall be deposited into the Debt Service Fund upon receipt. The remaining proceeds of sale of the Bonds shall be deposited into the Capital Projects Fund to be used for the purpose of reimbursing the Developers for certain construction and land acquisition costs and for paying the costs of issuance of the Bonds. Any monies remaining in the Capital Projects Fund will be used as described in the Bond Resolution or ultimately transferred to the Debt Service Fund.

Paying Agent/Registrar

Pursuant to the Bond Resolution, the initial paying agent and initial registrar with respect to the Bonds is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, any outstanding bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

The District reserves the right and authority to change any paying agent/registrar and, upon any such change, the District covenants and agrees in the Bond Resolution to promptly cause written notice thereof, specifying the name and address of such successor paying agent/registrar, to be sent to each Registered Owner of the Bonds by United States mail, first class, postage prepaid.

Registration and Transfer

In the event the Book-Entry-Only System should be discontinued, the Bonds will be transferable only on the Bond Register kept by the Registrar upon surrender and reissuance. The Bonds are exchangeable for an equal principal amount of Bonds of the same maturity and of any authorized denomination upon surrender of the Bonds to be exchanged at the operations office of the Registrar in Dallas, Texas. See "BOOK-ENTRY-ONLY SYSTEM" herein for a description of the system to be utilized initially in regard to the ownership and transferability of the Bonds. Every Bond presented or surrendered for transfer is required to be duly endorsed, or be accompanied by a written instrument of transfer, in a form satisfactory to the Registrar. Neither the Registrar nor the District is required (1) to transfer or exchange any Bond during the period beginning at the opening of business on a Record Date (defined herein) and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within 30 calendar days of the redemption date. No service charge will be made for any transfer or exchange, but the District or the Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith.

Lost, Stolen, or Destroyed Bonds

In the event the Book-Entry-Only System is discontinued, the District has agreed to replace mutilated, destroyed, lost, or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss, or theft and receipt by the District and the Registrar of security or indemnity as may be required by either of them to keep them harmless. The District will require payment of taxes, governmental charges, and expenses in connection with any such replacement.

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 authorities, 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 authorities, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any un-matured 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.

Issuance of Additional Debt

The District’s voters have authorized the issuance of unlimited tax bonds for various purposes as reflected in the table below:

Amount	Purpose
$41,100,000	For certain water, sanitary sewer, storm water facilities, and refunding
$5,000,000	For certain parks and recreation facilities and refunding

After the issuance of the Bonds, the District will have $23,610,000 of unlimited tax, water, sanitary sewer, and storm water facilities bonds (and for refunding such bonds previously issued) that will remain authorized but unissued, and $5,000,000 of unlimited tax parks and recreation bonds (and for refunding such bonds previously issued) that remain authorized but unissued.

The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District and may issue refunding bonds without additional elections so long as they do not exceed the principal amount of then outstanding bonds. Such additional new money bonds or refunding bonds would be issued on a parity basis with the Bonds. Any future new money bonds to be issued by the District must also be approved by the TCEQ.

The District is also 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 bonds payable from taxes for said purpose, 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) amendment of the existing City of Houston ordinance specifying the purposes for which the District may issue bonds; (c) approval of the master plan and issuance of bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board is not considering issuing any fire-fighting unlimited tax bonds at this time. The District has no information concerning any determination by the City of Houston to modify its consent ordinance. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Securities is to be transferred and how the principal of, premium, if any, Maturity Value, and interest on the Securities are to be paid to and credited by DTC while the Securities are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District, the Financial Advisor, and the Underwriter believe the source of such information to be reliable but take no responsibility for the accuracy or completeness thereof.

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

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

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

Purchases of Securities under the DTC system must be made by or through Direct Participants, who will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Certificate ("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 Securities 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 securities representing their ownership interests in Securities except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners.

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but none of the District, the Financial Advisor or the Underwriter takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

LEGAL MATTERS

Legal Proceedings

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

Legal Review

In its capacity as Bond Counsel, Allen Boone Humphries Robinson LLP has reviewed the information appearing in this Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12," "THE DISTRICT – Authority," "TAXING PROCEDURES," "ANNEXATION AND CONSOLIDATION," "THE BONDS," "LEGAL MATTERS – Legal Opinions" (to the extent such section relates to the opinion of Bond Counsel) and "– Legal Review," "TAX MATTERS," and "REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS" solely to determine whether such information fairly summarizes the documents and legal matters referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement, nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of any of the other information contained herein. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind, with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with issuance of the Bonds are based on a percentage of the Bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

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

No-Litigation Certificate

On the date of delivery of the Bonds, the District will execute and deliver a certificate to the effect that there is not pending, and to the knowledge of the District, there is not threatened any litigation affecting the validity of the Bonds, the levy and/or collection of taxes for the payment thereof, the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

No Material Adverse Change

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

TAX MATTERS

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

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

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

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

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, taxpayers owning an interest in a FASIT that holds tax-exempt obligations, and individuals otherwise qualifying for the earned income credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences.

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Qualified Tax-Exempt Obligations

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

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

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

REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

The offer and sale of the Bonds have not been registered or qualified 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 qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated, 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 provisions.

OFFICIAL STATEMENT

Sources of Information

The information contained in this Official Statement has been obtained primarily from the District's records, the Engineer, the Tax Assessor/Collector, and other sources that are believed to be reliable, but no representation is made as to the accuracy or completeness of the information derived from such other sources. The summaries of the statutes, orders, resolutions, and engineering and other related reports set forth in the 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

The GMS Group, L.L.C. 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, the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, The GMS Group, L.L.C. 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:

Engineer – The information contained in this Official Statement relating to engineering matters generally and to the description of the System and in particular that information included in the sections entitled "THE SYSTEM," "USE OF BOND PROCEEDS," and certain engineering matters included in "THE DISTRICT – Description and Location," and "THE DISTRICT – Status of Land Development/Land Uses in the District" has been provided by R.G. Miller Engineers, Inc., and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

Tax Assessor/Collector – The information contained in this Official Statement relating to the estimated assessed valuation of property and, in particular, such information contained in the section captioned "DISTRICT TAX DATA," has been provided by the Appraisal Districts and by Assessments of the Southwest, Inc., in reliance upon their authority as experts in the field of tax assessing and appraising.

Auditor – The financial statements of the District as of November 30, 2019, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's November 30, 2019, audited financial statements.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District audit report is required to be filed with the TCEQ within 135 days after the close of its fiscal year.

The District's financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

Certification as to Official Statement

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

Updating of Official Statement

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, in the other matters described in the Official Statement, until the delivery of the Bonds. All information with respect to the resale of the Bonds shall be the responsibility of the Underwriters.

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 statement in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated is intended as such and not a representation of fact and no representation is made that any such statement will be realized.

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 480 as of the date shown on the cover page.

APPENDIX A

AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2019

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

NOVEMBER 30, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

NOVEMBER 30, 2019

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

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Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 480
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. 480 (the "District"), as of and for the year ended November 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Harris County Municipal
Utility District No. 480

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 November 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

March 25, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2019

Management's discussion and analysis of Harris County Municipal Utility District No. 480's (the "District") financial performance provides an overview of the District's financial activities for the year ended November 30, 2019. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets by $1,630,117 as of November 30, 2019. A portion of the District's net position reflects its net investment in capital assets (land as well as water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in the Statement of Net Position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	$ 4,270,405	$ 2,755,389	$ 1,515,016
Capital Assets (Net of Accumulated Depreciation)	17,088,911	9,420,483	7,668,428
Total Assets	$ 21,359,316	$ 12,175,872	$ 9,183,444
Due to Developer	$ 10,772,203	$ 7,415,174	$ (3,357,029)
Bonds Payable	10,258,027	4,181,801	(6,076,226)
Other Liabilities	245,880	180,207	(65,673)
Total Liabilities	$ 21,276,110	$ 11,777,182	$ (9,498,928)
Deferred Inflows of Resources	$ 1,713,323	$ 1,164,561	$ (548,762)
Net Position:			
Net Investment in Capital Assets	$ (3,244,151)	$ (1,967,022)	$ (1,277,129)
Restricted	311,518	391,131	(79,613)
Unrestricted	1,302,516	810,020	492,496
Total Net Position	$ (1,630,117)	$ (765,871)	$ (864,246)

The following table provides a summary of the District's operations for the years ended November 30, 2019, and November 30, 2018.

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,201,948	$ 988,697	$ 213,251
Charges for Services	797,342	652,386	144,956
Other Revenues	34,969	17,777	17,192
Total Revenues	$ 2,034,259	$ 1,658,860	$ 375,399
Expenses for Services	2,898,505	1,530,896	(1,367,609)
Change in Net Position	$ (864,246)	$ 127,964	$ (992,210)
Net Position, Beginning of Year	(765,871)	(893,835)	127,964
Net Position, End of Year	$ (1,630,117)	$ (765,871)	$ (864,246)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of November 30, 2019 were $2,331,864, an increase of $927,264 from the prior year.

The General Fund fund balance increased by $499,385, primarily due to property tax and service revenues exceeding operating and capital costs.

The Debt Service Fund fund balance decreased by $59,819, primarily due to the structure of the District's debt service requirements.

The Capital Projects Fund fund balance increased by $487,698. The District issued its Series 2019 Unlimited Tax Bonds and used the proceeds to reimburse developers and pay for bond issuance costs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were $385,550 more than budgeted revenues primarily due to higher than anticipated service revenues, property tax revenues and investment revenues. Actual expenditures were $323,309 more than budgeted expenditures primarily due to higher than anticipated expenditures across all categories except professional fees.

CAPITAL ASSETS

Capital assets as of November 30, 2019, total $17,088,911 (net of accumulated depreciation) and include land as well as the water, wastewater and drainage systems. Capital assets activity during the year included detention basin and storm sewer facilities serving Grove Landing; Fairway Farms detention; water, wastewater and drainage facilities serving Pine Trace Village Sections 3, 4, and 5; and land for detention basins 8, 9 and 10.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 1,238,943	$ 1,145,908	$ 93,035
Capital Assets, Net of Accumulated Depreciation:			
Water System	1,484,776	823,163	661,613
Wastewater System	4,846,222	2,445,166	2,401,056
Drainage System	9,518,970	5,006,246	4,512,724
Total Net Capital Assets	$ 17,088,911	$ 9,420,483	$ 7,668,428

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED NOVEMBER 30, 2019

LONG-TERM DEBT ACTIVITY

As of November 30, 2019, the District had total bond debt payable of $10,535,000. The changes in the debt position of the District during the fiscal year ended November 30, 2019, are summarized as follows:

Bond Debt Payable, December 1, 2018	$	4,300,000
Add: Bond Sale - Series 2019		6,335,000
Less: Bond Principal Paid		100,000
Bond Debt Payable, November 30, 2019	$	10,535,000

The District's Series 2016 Bonds do not carry an underlying or insured rating. The District's Series 2019 Bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal as well as an underlying rating of "BBB-". The above ratings are as of November 30, 2019 and reflect all rating changes of the bond insurers through the year then ended.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 480, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
NOVEMBER 30, 2019

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 970,733	$ 402,891
Investments	447,462	
Receivables:		
Property Taxes	1,026,056	626,460
Penalty and Interest on Delinquent Taxes		
Service Accounts	58,136	
Accrued Interest	6,328	
Due from Other Funds	22,980	
Prepaid Costs	47,805	
Due from Other Governmental Units	8,381	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 2,587,881	$ 1,029,351
LIABILITIES		
Accounts Payable	$ 93,923	$ 250
Accrued Interest Payable		
Due to Developers		
Due to Other Funds		22,980
Security Deposits	94,758	
Accrued Interest at Time of Sale		9,728
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 188,681	$ 32,958
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 1,071,590	$ 654,401
FUND BALANCES/NET POSITION		
FUND BALANCES		
Nonspendable: Prepaid Costs	$ 47,805	$
Restricted for Authorized Construction		
Restricted for Debt Service		341,992
Unassigned	1,279,805	
TOTAL FUND BALANCES	$ 1,327,610	$ 341,992
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 2,587,881	$ 1,029,351
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 672,262	$ 2,045,886	$	$ 2,045,886
	447,462		447,462
	1,652,516		1,652,516
		3,891	3,891
	58,136		58,136
	6,328		6,328
	22,980	(22,980)	
	47,805		47,805
	8,381		8,381
		1,238,943	1,238,943
		15,849,968	15,849,968
$ 672,262	$ 4,289,494	$ 17,069,822	$ 21,359,316
$ 10,000	$ 104,173	$	$ 104,173
		46,949	46,949
		10,772,203	10,772,203
	22,980	(22,980)	
	94,758		94,758
	9,728	(9,728)	
		100,000	100,000
		10,158,027	10,158,027
$ 10,000	$ 231,639	$ 21,044,471	$ 21,276,110
$ -0-	$ 1,725,991	$ (12,668)	$ 1,713,323
$	$ 47,805	$ (47,805)	$
662,262	662,262	(662,262)	
	341,992	(341,992)	
	1,279,805	(1,279,805)	
$ 662,262	$ 2,331,864	$ (2,331,864)	$ - 0 -
$ 672,262	$ 4,289,494		
		$ (3,244,151)	$ (3,244,151)
		311,518	311,518
		1,302,516	1,302,516
		$ (1,630,117)	$ (1,630,117)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
NOVEMBER 30, 2019

Total Fund Balances - Governmental Funds		$ 2,331,864
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		17,088,911
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.		16,559
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (10,772,203)	
Accrued Interest Payable	(37,221)	
Bonds Payable	(10,258,027)	(21,067,451)
Total Net Position - Governmental Activities		$ (1,630,117)

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED NOVEMBER 30, 2019

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 1,035,074	$ 176,873
Water Service	206,686	
Wastewater Service	176,573	
Water Authority Fees	202,204	
Penalty and Interest	9,786	25,247
Tap Connection and Inspection Fees	179,270	
Investment and Miscellaneous Revenues	29,779	4,845
TOTAL REVENUES	$ 1,839,372	$ 206,965
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 108,985	$ 5,915
Contracted Services	155,128	22,060
Purchased Water Service	63,295	
Purchased Wastewater Service	15,567	
Utilities	37,072	
Water Authority Assessments	176,614	
Repairs and Maintenance	274,530	
Operating Leases	295,142	
Depreciation		
Developer Interest		
Other	170,782	2,041
Capital Outlay	42,872	
Debt Service:		
Bond Principal		100,000
Bond Interest		136,768
Bond and BAN Issuance Costs		
TOTAL EXPENDITURES/EXPENSES	$ 1,339,987	$ 266,784
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 499,385	$ (59,819)
OTHER FINANCING SOURCES (USES)		
Proceeds From Issuance of Long-Term Debt	$	$
Bond Discount		
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ -0-
NET CHANGE IN FUND BALANCES	$ 499,385	$ (59,819)
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - DECEMBER 1, 2018	828,225	401,811
FUND BALANCES/NET POSITION - NOVEMBER 30, 2019	$ 1,327,610	$ 341,992

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 1,211,947	$ (9,999)	$ 1,201,948
	206,686		206,686
	176,573		176,573
	202,204		202,204
	35,033	(2,424)	32,609
	179,270		179,270
345	34,969		34,969
$ 345	$ 2,046,682	$ (12,423)	$ 2,034,259
$ 11,501	$ 126,401	$ 23,615	$ 150,016
	177,188		177,188
	63,295		63,295
	15,567		15,567
	37,072		37,072
	176,614		176,614
	274,530		274,530
	295,142		295,142
		615,035	615,035
341,815	341,815		341,815
216	173,039		173,039
4,907,177	4,950,049	(4,950,049)	
	100,000	(100,000)	
	136,768	19,589	156,357
422,835	422,835		422,835
$ 5,683,544	$ 7,290,315	$ (4,391,810)	$ 2,898,505
$ (5,683,199)	$ (5,243,633)	$ 4,379,387	$ (864,246)
$ 6,335,000	$ 6,335,000	$ (6,335,000)	$
(164,103)	(164,103)	164,103	
$ 6,170,897	$ 6,170,897	$ (6,170,897)	$ -0-
$ 487,698	$ 927,264	$ (927,264)	$
		(864,246)	(864,246)
174,564	1,404,600	(2,170,471)	(765,871)
$ 662,262	$ 2,331,864	$ (3,961,981)	$ (1,630,117)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED NOVEMBER 30, 2019

Net Change in Fund Balances - Governmental Funds	$ 927,264
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(9,999)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(2,424)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(615,035)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	4,926,434
Governmental funds report bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	164,103
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Assets, bond principal payments are reported as decreases in long-term liabilities.	100,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(19,589)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(6,335,000)
Change in Net Position - Governmental Activities	$ (864,246)

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 480 (the "District") was created effective January 30, 2007, by an Order of the Texas Commission on Environmental Quality, (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, and to construct parks and recreational facilities for the residents of the District. The Board of Directors held its first meeting on February 28, 2007.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

<u>Financial Statement Presentation</u>

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenue and expense of the government-wide Statement of Activities.

Fund Financial Statements

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)

The District has three governmental funds and considers these funds to be major funds.

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include the 2018 tax levy collections during the period October 1, 2018, to November 30, 2019, and taxes collected from December 1, 2018, to November 30, 2019, for the 2017 and prior tax levies. The 2019 tax levy has been fully deferred.

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of November 30, 2019, the Debt Service Fund owed the General Fund $22,980 for maintenance tax collections.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. The District chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Water, wastewater and drainage facilities are amortized over periods ranging from 10 to 45 years.

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Directors to be wages subject to federal income tax withholding for federal payroll tax purposes only.

Measurement Focus

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

All assets and liabilities associated with the activities are reported. Fund equity is classified as net position.

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

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2016	Series 2019
Amount Outstanding – November 30, 2019	$ 4,200,000	$ 6,335,000
Interest Rates	2.10% - 3.625%	2.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	April 1, 2020/2042	April 1, 2021/2044
Interest Payment Dates	April 1/October 1	April 1/October 1
Callable Dates	April 1, 2021*	April 1, 2024*

* Or on any date thereafter, in whole or in part, at the option of the District, at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2016 term bonds maturing on April 1, 2028, 2032, 2035, 2038 and 2042 are subject to mandatory redemption beginning April 1, 2027, 2031, 2033, 2036 and 2039, respectively. Series 2019 term bonds maturing on April 1, 2031, 2033, 2035, 2037, 2039 and 2044 are subject to mandatory redemption beginning April 1, 2030, 2032, 2034, 2036, 2038 and 2040, respectively.

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

	December 1, 2018	Additions	Retirements	November 30, 2019
Bonds Payable	$ 4,300,000	$ 6,335,000	$ 100,000	$ 10,535,000
Unamortized Discount	(118,199)	(164,103)	(5,329)	(276,973)
Bonds Payable, Net	$ 4,181,801	$ 6,170,897	$ 94,671	$ 10,258,027

Amount Due Within One Year	$ 100,000
Amount Due After One Year	10,158,027
Bonds Payable, Net	$ 10,258,027

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

NOTE 3. LONG-TERM DEBT (Continued)

Fiscal Year	Principal	Interest	Total
2020	$ 100,000	$ 285,511	$ 385,511
2021	225,000	305,182	530,182
2022	275,000	297,143	572,143
2023	300,000	287,707	587,707
2024	300,000	277,612	577,612
2025-2029	1,750,000	1,263,338	3,013,338
2030-2034	2,150,000	1,003,106	3,153,106
2035-2039	2,675,000	652,556	3,327,556
2040-2044	2,760,000	194,646	2,954,646
	$ 10,535,000	$ 4,566,801	$ 15,101,801

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount. As of November 30, 2019, the District had authorized but unissued bonds in the amount of $30,465,000 for utility facilities and $5,000,000 for recreational facilities.

During the year ended November 30, 2019, the District levied an ad valorem debt service tax rate of $0.54 per $100 of assessed valuation, which resulted in a tax levy of $651,545 on the adjusted taxable valuation of $120,656,574 for the 2019 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of section 148 (f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is every five years for each bond issue beginning on the fifth anniversary of each bond issue.

NOTE 4. SIGNIFICANT BOND RESOLUTION AND LEGAL REQUIREMENTS

The bond resolution states that the District is required to annually provide continuing disclosure of certain general financial information and operating data to certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes. Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $2,493,348 and the bank balance was $2,583,337. The District was not exposed to custodial credit risk at year-end.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 970,733	$ 447,462	$ 1,418,195
DEBT SERVICE FUND	402,891		402,891
CAPITAL PROJECTS FUND	672,262		672,262
TOTAL DEPOSITS	$ 2,045,886	$ 447,462	$ 2,493,348

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

Certificates of deposit are recorded at acquisition cost for financial reporting purposes. As of November 30, 2019, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
Certificates of Deposit	$ 447,462	$ 447,462

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The District manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Restrictions

All cash and investments of the Debt Service Fund are restricted for the payment of debt service and the cost of assessing and collecting taxes. All cash and investments of the Capital Projects Fund are restricted for the purchase of capital assets.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended November 30, 2019 is as follows:

	December 1, 2018	Increases	Decreases	November 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 1,145,908	$ 93,035	$ - 0 -	$ 1,238,943
Capital Assets Subject to Depreciation				
Water System	$ 906,130	$ 722,831	$	$ 1,628,961
Wastewater System	2,832,366	2,597,573		5,429,939
Drainage System	5,759,899	4,870,024		10,629,923
Total Capital Assets Subject to Depreciation	$ 9,498,395	$ 8,190,428	$ - 0 -	$ 17,688,823
Less Accumulated Depreciation				
Water System	$ 82,967	$ 61,218	$	$ 144,185
Wastewater System	387,200	196,517		583,717
Drainage System	753,653	357,300		1,110,953
Total Accumulated Depreciation	$ 1,223,820	$ 615,035	$ - 0 -	$ 1,838,855
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 8,274,575	$ 7,575,393	$ - 0 -	$ 15,849,968
Total Capital Assets, Net of Accumulated Depreciation	$ 9,420,483	$ 7,668,428	$ - 0 -	$ 17,088,911

NOTE 7. MAINTENANCE TAX

On May 12, 2007, the voters of the District approved the levy and collection of a maintenance tax in an amount not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's water and wastewater system and for any other lawful purpose. During the year ended November 30, 2019, the District levied an ad valorem maintenance tax of $0.88 per $100 of assessed valuation, which resulted in a tax levy of $1,061,778 on the adjusted taxable valuation of $120,656,574 for the 2019 tax year.

NOTE 8. UNREIMBURSED COSTS

The District has entered into certain financing and reimbursement agreements with Developers within the District which provide for the Developers to make payments on behalf of the District for various projects and operating advances. The District has an obligation to reimburse the Developers for these costs from future bond issues to the extent approved by the Commission. The actual amounts owed, including developer interest, will be calculated at the time debt is issued to reimburse the Developers. The changes in Developer liability during the fiscal year ended November 30, 2019, are summarized as follows:

Due to Developer, beginning of year	$ 7,415,174
Current year payments	1,268,791
Due to Developer, end of year	$ 6,146,383

NOTE 9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The District carries commercial insurance for its fidelity bonds and participates in the Texas Municipal League Intergovernmental Risk Pool (TML) to provide general liability, automobile, and errors and omissions coverage. The District, along with other participating entities, contributes annual amounts determined by TML's management. As claims arise, they are submitted and paid by TML. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10. OPERATING LEASES

Interim Wastewater Treatment Plant

The District leases an interim wastewater treatment plant from AUC Group, L.P. The monthly lease payments are $4,800. On July 22, 2015, the District signed an agreement to expand the interim wastewater treatment plant to 240,000 gallons-per-day and increase the monthly lease payments by $5,300 for a total monthly lease by payment of $10,100. Current year lease payments totaled $132,300 and the District maintained a prepaid lease balance of $20,200.

Water Well and Water Treatment Plant

The District leases a potable water well and water treatment plant from Bussell & Sons, LLC. The monthly lease payments are $12,532. Current year lease payments totaled $162,842 with a prepaid balance of $25,063.

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75^{th} Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority currently charges a fee of $3.85 per 1,000 gallons of water pumped from each well. The District made payments of $176,614 to the Authority during the current fiscal year.

NOTE 12. EMERGENCY WATER SUPPLY AGREEMENT

On April 1, 2014, the District entered into an Emergency Water Supply Agreement (Agreement) with Dowdell Public Utility District (Dowdell). Each district will fund one-half of the design and construction of the interconnect facilities with Dowdell's share not to exceed $25,000. Costs to maintain the point of connection facilities will be borne equally by both districts, with the costs to be billed by the District to Dowdell. The cost of water will be equal to the base rate per 1,000 gallons charged by the supplying district for single family residential users within its district at 5,000 gallons usage during a month, plus any pumpage fee, unless the fee is already included in the rate. The term of the agreement is 20 years, with automatic successive five-year renewals.

NOTE 13. AGREEMENTS FOR WATER AND WASTEWATER SERVICE

On September 24, 2014, the District entered into an agreement with Aqua Texas, Inc. (Aqua) for the provision of water services. Water supplied will be billed to the District at the volumetric rate established for wholesale water users as provided in the applicable tariff approved by the State agency with jurisdiction, currently $5.01 per 1,000 gallons of water. The agreement expires May 1, 2054. During the current year, the District was billed $63,295 in accordance with this agreement.

On September 24, 2014, the District entered into an agreement with Aqua Texas, Inc. (Aqua) for the provision of wastewater services. Wastewater treatment will be billed to the District based on the number of active single family connections for the preceding month at the rate established for retail residential wastewater users as provided in the applicable tariff approved by the State agency with jurisdiction, currently $63.80 per single family equivalent connection. The agreement expires May 1, 2054. During the current year, the District was billed $15,567 in accordance with this agreement.

NOTE 14. BOND SALE

On November 21, 2019, the District closed on its $6,335,000 Series 2019 Unlimited Tax Bonds. Proceeds of the bonds were used to reimburse the Developer for certain water, wastewater, drainage and detention improvements in the District and associated engineering costs, developer interest and costs of issuance.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

REQUIRED SUPPLEMENTARY INFORMATION

NOVEMBER 30, 2019

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 928,572	$ 1,035,074	$ 106,502
Water Service	220,000	206,686	(13,314)
Wastewater Service	95,000	176,573	81,573
Water Authority Fees	105,000	202,204	97,204
Tap Connection and Inspection Fees	100,000	179,270	79,270
Investment and Miscellaneous Revenues	5,250	39,565	34,315
TOTAL REVENUES	$ 1,453,822	$ 1,839,372	$ 385,550
EXPENDITURES			
Services Operations:			
Professional Fees	$ 120,000	$ 108,985	$ 11,015
Contracted Services	115,000	155,128	(40,128)
Purchased Water and Wastewater Services		78,862	(78,862)
Utilities	35,000	37,072	(2,072)
Water Authority Assessment	115,000	176,614	(61,614)
Repairs and Maintenance/Capital Outlay	240,000	317,402	(77,402)
Operating Leases	271,578	295,142	(23,564)
Other	120,100	170,782	(50,682)
TOTAL EXPENDITURES	$ 1,016,678	$ 1,339,987	$ (323,309)
NET CHANGE IN FUND BALANCE	$ 437,144	$ 499,385	$ 62,241
FUND BALANCE - DECEMBER 1, 2018	828,225	828,225	
FUND BALANCE - NOVEMBER 30, 2019	$ 1,265,369	$ 1,327,610	$ 62,241

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

NOVEMBER 30, 2019

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
SERVICES AND RATES
FOR THE YEAR ENDED NOVEMBER 30, 2019

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved November 19, 2014.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 24.19	8,000	N	$ 1.50	8,001 to 15,000
				$ 2.00	15,001 to 20,000
				$ 2.50	20,001 to 30,000
				$ 3.50	30,001 and up
WASTEWATER:	$ 24.34		Y		
SURCHARGE:					
Commission Regulatory Assessments	0.5% of actual water and sewer bill				
Water Authority Fee	$4.24 per 1,000 gallons				

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

Total monthly charges per 10,000 gallons usage: Water: $27.19 Wastewater: $24.34 Surcharge: $42.66

See accompanying independent auditor's report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	654	647	x 1.0	647
1"	5	5	x 2.5	13
1½"			x 5.0	
2"	8	8	x 8.0	64
3"			x 15.0	
4"			x 25.0	
6"			x 50.0	
8"			x 80.0	
10"			x 115.0	
Total Water Connections	667	660		724
Total Wastewater Connections	652	645	x 1.0	645

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

Gallons pumped into the system:	44,518,000	Water Accountability Ratio: 94.6% (Gallons billed/Gallons pumped)
Gallons billed to customers:	48,533,000	
Gallons purchased:	6,773,000	From: Aqua Texas

See accompanying independent auditor's report.

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

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

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

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes X No ______

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely ______ Partly _______ Not at all X

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

Entirely X Partly _______ Not at all _____

ETJ in which the District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No X

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED NOVEMBER 30, 2019

PROFESSIONAL FEES:		
Auditing	$	13,500
Engineering		16,045
Legal		78,540
Financial Advisor		900
TOTAL PROFESSIONAL FEES	$	108,985
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	63,295
Purchased Wastewater Service		15,567
TOTAL PURCHASED SERVICES FOR RESALE	$	78,862
CONTRACTED SERVICES:		
Bookkeeping	$	12,056
Operations and Billing		34,578
Solid Waste Disposal		108,494
TOTAL CONTRACTED SERVICES	$	155,128
UTILITIES	$	37,072
REPAIRS AND MAINTENANCE	$	274,530
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	6,228
Insurance		9,863
Office Supplies and Postage		20,055
Travel and Meetings		1,319
Other		9,583
TOTAL ADMINISTRATIVE EXPENDITURES	$	47,048
TOTAL CAPITAL OUTLAY	$	42,872
TAP CONNECTIONS	$	55,910
OTHER EXPENDITURES:		
Chemicals	$	9,678
Laboratory Fees		14,807
Permit Fees		2,039
Inspection and Reconnection Fees		33,805
Regulatory Assessment		1,843
Water Authority Assessments		176,614
Sludge Hauling		5,652
Operating Leases		295,142
TOTAL OTHER EXPENDITURES	$	539,580
TOTAL EXPENDITURES	$	1,339,987

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
INVESTMENTS
NOVEMBER 30, 2019

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Certificate of Deposit	XXXX8680	2.50%	07/22/20	$ 207,462	$ 4,466
Certificate of Deposit	XXXX0976	2.75%	03/26/20	240,000	1,862
TOTAL GENERAL FUND				$ 447,462	$ 6,328

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED NOVEMBER 30, 2019

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - DECEMBER 1, 2018	$ 988,312		$ 173,211	
Adjustments to Beginning Balance	34,806	$ 1,023,118	6,518	$ 179,729
Original 2019 Tax Levy	$ 989,913		$ 607,447	
Adjustment to 2019 Tax Levy	71,865	1,061,778	44,098	651,545
TOTAL TO BE ACCOUNTED FOR		$ 2,084,896		$ 831,274
TAX COLLECTIONS:				
Prior Years	$ 1,013,306		$ 176,873	
Current Year	45,534	1,058,840	27,941	204,814
TAXES RECEIVABLE - NOVEMBER 30, 2019		$ 1,026,056		$ 626,460
TAXES RECEIVABLE BY YEAR:				
2019		$ 1,016,244		$ 623,604
2018		4,915		846
2017		3,282		1,352
2016		1,600		658
2015		7		
2014		8		
TOTAL		$ 1,026,056		$ 626,460

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED NOVEMBER 30, 2019

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	$ 31,577,402	$ 24,901,087	$ 22,233,259	$ 17,483,661
Improvements	90,222,637	56,990,234	45,567,240	42,473,604
Personal Property	844,830	509,932	508,757	532,191
Exemptions	(1,988,295)	(963,447)	(786,684)	(1,096,593)
TOTAL PROPERTY VALUATIONS	$ 120,656,574	$ 81,437,806	$ 67,522,572	$ 59,392,863
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.54	$ 0.21	$ 0.42	$ 0.42
Maintenance	0.88	1.22	1.02	1.02
TOTAL TAX RATES PER $100 VALUATION	$ 1.42	$ 1.43	$ 1.44	$ 1.44
ADJUSTED TAX LEVY*	$ 1,713,323	$ 1,164,561	$ 972,326	$ 855,257
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	4.29 %	99.51 %	99.52 %	99.74 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on May 12, 2007.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480

LONG-TERM DEBT SERVICE REQUIREMENTS

NOVEMBER 30, 2019

	SERIES - 2016		
Due During Fiscal Years Ending November 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2020	$ 100,000	$ 134,719	$ 234,719
2021	100,000	132,569	232,569
2022	125,000	130,031	255,031
2023	125,000	127,094	252,094
2024	125,000	124,000	249,000
2025	125,000	120,719	245,719
2026	150,000	116,931	266,931
2027	150,000	112,581	262,581
2028	150,000	108,081	258,081
2029	175,000	103,119	278,119
2030	175,000	97,606	272,606
2031	175,000	91,853	266,853
2032	175,000	85,947	260,947
2033	200,000	79,594	279,594
2034	200,000	72,794	272,794
2035	200,000	65,994	265,994
2036	225,000	58,656	283,656
2037	225,000	50,781	275,781
2038	225,000	42,906	267,906
2039	250,000	34,438	284,438
2040	250,000	25,375	275,375
2041	275,000	15,859	290,859
2042	300,000	5,437	305,437
2043			
2044			
	$ 4,200,000	$ 1,937,084	$ 6,137,084

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
LONG-TERM DEBT SERVICE REQUIREMENTS
NOVEMBER 30, 2019

	SERIES - 2019		
Due During Fiscal Years Ending November 30	Principal Due April 1	Interest Due April 1/ October 1	Total
2020	$	$ 150,792	$ 150,792
2021	125,000	172,613	297,613
2022	150,000	167,112	317,112
2023	175,000	160,613	335,613
2024	175,000	153,612	328,612
2025	175,000	148,363	323,363
2026	200,000	144,612	344,612
2027	200,000	140,613	340,613
2028	200,000	136,487	336,487
2029	225,000	131,832	356,832
2030	225,000	126,628	351,628
2031	225,000	121,285	346,285
2032	250,000	115,487	365,487
2033	250,000	109,237	359,237
2034	275,000	102,675	377,675
2035	275,000	95,800	370,800
2036	300,000	88,425	388,425
2037	300,000	80,550	380,550
2038	325,000	72,144	397,144
2039	350,000	62,862	412,862
2040	375,000	52,425	427,425
2041	375,000	41,175	416,175
2042	375,000	29,925	404,925
2043	400,000	18,300	418,300
2044	410,000	6,150	416,150
	$ 6,335,000	$ 2,629,717	$ 8,964,717

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
LONG-TERM DEBT SERVICE REQUIREMENTS
NOVEMBER 30, 2019

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending November 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	$ 100,000	$ 285,511	$ 385,511
2021	225,000	305,182	530,182
2022	275,000	297,143	572,143
2023	300,000	287,707	587,707
2024	300,000	277,612	577,612
2025	300,000	269,082	569,082
2026	350,000	261,543	611,543
2027	350,000	253,194	603,194
2028	350,000	244,568	594,568
2029	400,000	234,951	634,951
2030	400,000	224,234	624,234
2031	400,000	213,138	613,138
2032	425,000	201,434	626,434
2033	450,000	188,831	638,831
2034	475,000	175,469	650,469
2035	475,000	161,794	636,794
2036	525,000	147,081	672,081
2037	525,000	131,331	656,331
2038	550,000	115,050	665,050
2039	600,000	97,300	697,300
2040	625,000	77,800	702,800
2041	650,000	57,034	707,034
2042	675,000	35,362	710,362
2043	400,000	18,300	418,300
2044	410,000	6,150	416,150
	$ 10,535,000	$ 4,566,801	$ 15,101,801

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED NOVEMBER 30, 2019

Description	Original Bonds Issued	Bonds Outstanding December 1, 2018
Harris County Municipal Utility District No. 480 Unlimited Tax Bonds - Series 2016	$ 4,300,000	$ 4,300,000
Harris County Municipal Utility District No. 480 Unlimited Tax Bonds - Series 2019	6,335,000	
TOTAL	$ 10,635,000	$ 4,300,000

Bond Authority:	Tax Bonds (Utilities)	Park Bonds
Amount Authorized by Voters	$ 41,100,000	$ 5,000,000
Amount Issued	10,635,000	
Remaining to be Issued	$ 30,465,000	$ 5,000,000

Debt Service Fund cash and investment balances as of November 30, 2019:	$ 402,891
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 604,072

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding November 30, 2019	Paying Agent
$	$ 100,000	$ 136,768	$ 4,200,000	Amegy Bank, a division of ZB, N.A. Houston, TX
6,335,000			6,335,000	The Bank of New York Mellon Trust Company N.A. Dallas, TX
$ 6,335,000	$ 100,000	$ 136,768	$ 10,535,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 1,035,074	$ 693,904	$ 613,713
Water Service	206,686	175,397	105,349
Wastewater Service	176,573	140,048	89,699
Water Authority Fees	202,204	130,612	81,549
Tap Connection and Inspection Fees	179,270	191,134	166,014
Investment and Miscellaneous Revenues	39,565	22,856	12,684
TOTAL REVENUES	$ 1,839,372	$ 1,353,951	$ 1,069,008
EXPENDITURES			
Professional Fees	$ 108,985	$ 117,800	$ 105,535
Contracted Services	155,128	116,887	89,234
Purchased Water and Wastewater Services	78,862	49,907	
Utilities	37,072	32,631	25,016
Water Authority Assessments	176,614	114,104	76,238
Repairs and Maintenance	274,530	228,499	160,592
Operating Leases	295,142	271,078	271,578
Other	170,782	200,121	140,055
Capital Outlay	42,872	97,450	
TOTAL EXPENDITURES	$ 1,339,987	$ 1,228,477	$ 868,248
NET CHANGE IN FUND BALANCE	$ 499,385	$ 125,474	$ 200,760
BEGINNING FUND BALANCE	828,225	702,751	501,991
ENDING FUND BALANCE	$ 1,327,610	$ 828,225	$ 702,751

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
$ 791,535	$ 491,184	56.3 %	51.3 %	57.4 %	74.6 %	63.8 %
98,176	93,875	11.2	13.0	9.9	9.3	12.2
77,507	73,570	9.6	10.3	8.4	7.3	9.6
61,215	46,688	11.0	9.6	7.6	5.8	6.1
21,780	43,727	9.7	14.1	15.5	2.1	5.7
9,823	19,803	2.2	1.7	1.2	0.9	2.6
$ 1,060,036	$ 768,847	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 119,455	$ 84,604	5.9 %	8.7 %	9.9 %	11.3 %	11.0 %
78,987	70,058	8.4	8.6	8.3	7.5	9.1
		4.3	3.7			
26,362	17,302	2.0	2.4	2.3	2.5	2.3
58,644	46,998	9.6	8.4	7.1	5.5	6.1
148,309	116,907	14.9	16.9	15.0	14.0	15.2
357,878	170,384	16.0	20.0	25.4	33.8	22.2
70,201	74,850	9.3	14.8	13.1	6.6	9.7
		2.3	7.2			
$ 859,836	$ 581,103	72.7 %	90.7 %	81.1 %	81.2 %	75.6 %
$ 200,200	$ 187,744	27.3 %	9.3 %	18.9 %	18.8 %	24.4 %
301,791	114,047					
$ 501,991	$ 301,791					

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 176,873	$ 285,725	$ 253,782
Penalty and Interest	25,247	5,641	12,197
Investment and Miscellaneous Revenues	4,845	1,075	592
TOTAL REVENUES	$ 206,965	$ 292,441	$ 266,571
EXPENDITURES			
Tax Collection Expenditures	$ 29,516	$ 20,043	$ 22,562
Debt Service Principal	100,000		
Debt Service Interest and Fees	137,268	138,269	128,334
TOTAL EXPENDITURES	$ 266,784	$ 158,312	$ 150,896
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (59,819)	$ 134,129	$ 115,675
OTHER FINANCING SOURCES (USES)			
Proceeds From Issuance of Long-Term Debt	$ - 0 -	$ - 0 -	$ - 0 -
NET CHANGE IN FUND BALANCE	$ (59,819)	$ 134,129	$ 115,675
BEGINNING FUND BALANCE	401,811	267,682	152,007
ENDING FUND BALANCE	$ 341,992	$ 401,811	$ 267,682
TOTAL ACTIVE RETAIL WATER CONNECTIONS	660	556	344
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	645	542	276

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
$	$	85.5 %	97.7 %	95.2 %	%	%
51,630		12.2	1.9	4.6	99.9	
48		2.3	0.4	0.2	0.1	
$ 51,678	$ - 0 -	100.0 %	100.0 %	100.0 %	100.0 %	N/A %
$ 37,439	$	14.3 %	6.9 %	8.5 %	72.4 %	%
		48.3				
		66.3	47.3	48.1		
$ 37,439	$ - 0 -	128.9 %	54.2 %	56.6 %	72.4 %	N/A %
$ 14,239	$ - 0 -	(28.9) %	45.8 %	43.4 %	27.6 %	N/A %
$ 137,768	$ - 0 -					
$ 152,007	$ - 0 -					
$ 152,007	$ - 0 -					
284	257					
276	249					

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
NOVEMBER 30, 2019

District Mailing Address	-	Harris County Municipal Utility District No. 480 c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, TX 77027
District Telephone Number	-	(713) 860-6400

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended November 30, 2019	Expense Reimbursements for the year ended November 30, 2019	Title
Josh Hawes	05/18 - 05/22 (Elected)	$ 900	$ -0-	President
Bill Ehler	05/18 - 05/22 (Elected)	$ 1,650	$ 932	Vice President
April Konopka	05/16 - 05/20 (Elected)	$ 900	$ -0-	Assistant Vice President
Gina LaRoche	05/16 - 05/20 (Elected)	$ 600	$ 97	Secretary
Christopher Verret	09/18 - 05/22 (Appointed)	$ 1,650	$ 290	Assistant Secretary

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

The submission date of the most recent District Registration Form: July 31, 2019.

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on February 28, 2007. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 480
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
NOVEMBER 30, 2019

Consultants:	Date Hired	Fees for the year ended November 30, 2019	Title
Allen Boone Humphries Robinson LLP	02/28/07	$ 78,540	General Counsel
		$ 166,820	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/29/08	$ 13,500	Auditor
		$ 10,000	Bond Related
Myrtle Cruz, Inc.	04/12/07	$ 13,337	Bookkeeper
		$ 3,000	Bond related
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/08/08	$ 5,915	Delinquent Tax Attorney
R.G. Miller Engineers, Inc.	04/12/07	$ 64,220	Engineer
The GMS Group, LLC	05/23/07	$ 128,135	Financial Advisor
Mary Jarmon	02/26/14	$ -0-	Investment Officer
Water District Management	04/12/07	$ 326,835	Operator
Assessments of the Southwest	04/12/07	$ 10,820	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

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

Form 500NY (5/90)