OFFICIAL STATEMENT DATED OCTOBER 27, 2020

THE DELIVERY OF THE BONDS IS SUBJECT TO THE OPINION OF BOND COUNSEL AS TO THE VALIDITY OF THE BONDS AND TO THE EFFECT THAT INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUTES, REGULATIONS, COURT DECISIONS, AND PUBLISHED RULINGS EXISTING ON THE DATE THEREOF, SUBJECT TO THE MATTERS DESCRIBED UNDER "TAX EXEMPTION" HEREIN.

THE DISTRICT HAS DESIGNATED THE BONDS AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS.

NEW ISSUE - Book Entry Only

Ratings: (S&P: "AA" Moody's: "A2"/Moody's: "Baa1") (Insured/Uninsured) (See "BOND INSURANCE" and "SALE AND DISTRIBUTION OF THE BONDS – Rating" herein)

$3,770,000
PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 10
(A political subdivision of the State of Texas located within El Paso County)
UNLIMITED TAX IMPROVEMENT AND REFUNDING BONDS, SERIES 2020

Dated: November 1, 2020 **Due: August 15, as shown below**

Principal of the Bonds will be payable at stated maturity or redemption upon presentation of the Bonds at the principal payment office of the paying agent/registrar, initially BOKF, N.A., (the "Paying Agent/Registrar") in Dallas, Texas. Interest on the Bonds will accrue from the date of delivery of the Bonds (expected to be December 2, 2020), and is payable on February 15, 2021 and on each August 15 and February 15 thereafter until the earlier of maturity or redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. Interest will be calculated on the basis of a 360 day year of twelve 30 day months. The Bonds are subject to redemption prior to maturity as shown below.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent/Registrar directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "BOOK-ENTRY-ONLY SYSTEM."

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES AND INITIAL REOFFERING YIELDS

Due Aug. 15	Principal Amount	Interest Rate	Initial Reoffering Yield [(a)]	CUSIP Number[(d)]	Due Aug. 15	Principal Amount	Interest Rate	Initial Reoffering Yield [(a)]	CUSIP Number[(d)]
2021	$ 150,000	3.000%	0.520%	702598EK5	2027	$ 210,000	3.000%	1.330%	702598ER0
2022	180,000	3.000%	0.630%	702598EL3	2028	215,000	3.000%	1.470%	702598ES8
2023	185,000	3.000%	0.740%	702598EM1	2029	225,000 [(b)]	3.000%	1.610% [(c)]	702598ET6
2024	190,000	3.000%	0.870%	702598EN9	***	***	***	***	***
2025	200,000	3.000%	1.000%	702598EP4	2032	245,000 [(b)]	2.000%	2.030%	702598EW9
2026	205,000	3.000%	1.180%	702598EQ2					

$455,000 2.000% Term Bonds Due August 15, 2031, Priced to Yield 1.950%[(a)(b)(c)] - CUSIP[(d)]: 702598EV1

$620,000 2.500% Term Bonds Due August 15, 2036, Priced to Yield 2.410%[(a)(b)(c)] - CUSIP[(d)]: 702598FA6

$690,000 2.500% Term Bonds Due August 15, 2040, Priced to Yield 2.570%[(a)(b)] - CUSIP[(d)]: 702598FE8

(a) Initial reoffering yield represents the initial offering yield to the public which has been established by the Underwriter (as herein defined) for offers to the public and which may be subsequently changed by the Underwriter and is the sole responsibility of the Underwriter.
(b) Bonds maturing on or after August 15, 2029 are subject to redemption prior to maturity at the option of the District, in whole or, from time to time in part, on August 15, 2028, 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. The Bonds maturing on August 15, 2031, 3036 and 2040 (the "Term Bonds") are also subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Redemption Provisions."
(c) Yield calculated based on the assumption that the Bonds denoted and sold at a premium will be redeemed on August 15, 2028, the first optional redemption date for such Bonds, at a redemption price of par plus accrued interest to the redemption date.
(d) CUSIP Numbers have been assigned to the Bonds by CUSIP Global Services and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

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")**

The Bonds, when issued, will constitute valid and legally binding obligations of Paseo del Este Municipal Utility District No. 10 (the "District") and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. The Bonds are obligations solely of the District and are not obligations of the State of Texas, El Paso County, the City of El Paso or any entity other than the District. Investment in the Bonds is subject to special considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by McCall, Parkhurst & Horton L.L.P., Austin, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by Winstead PC, Dallas, Texas, as Underwriter's Counsel. Delivery of the Bonds through the facilities of DTC is expected on or about December 2, 2020.

SAMCO CAPITAL

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

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 representation must not be relied upon as having been authorized by the District.

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

All of the summaries of the statutes, resolutions, 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 Lloyd Gosselink Rochelle & Townsend, P.C. 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 Underwriter and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT-Updating the Official Statement."

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 C - Specimen Municipal Bond Insurance Policy".

OFFICIAL STATEMENT SUMMARY

The following information is qualified in its entirety by the detailed information appearing elsewhere in this Official Statement.

THE FINANCING

The Issuer..Paseo del Este Municipal Utility District No. 10 (the "District"), a political subdivision of the State of Texas, is located in El Paso County, Texas. See "THE DISTRICT."

The Issue..The $3,770,000 Unlimited Tax Improvement and Refunding Bonds, Series 2020 (the "Bonds") are issued pursuant to a resolution (the "Bond Resolution") of the District's Board of Directors. The Bonds will be issued as fully registered bonds in denominations of $5,000 each or integral multiples thereof, maturing on August 15 in each of the years and in the amounts set forth on the cover hereof. Interest on the Bonds accrues from the date of initial delivery of the Bonds (expected to be December 2, 2020), and is payable on February 15, 2021, and on each August 15 and February 15 thereafter until the earlier of maturity or prior redemption.

Redemption......................................The Bonds maturing on and after August 15, 2029, are subject to redemption, in whole or in part, at the option of the District, prior to their maturity dates, on August 15, 2028, or on any date thereafter. Upon redemption, the Bonds will be payable at a price of par plus accrued interest to the date of redemption. See "THE BONDS - Redemption Provisions."

Source of Payment...........................The Bonds are payable from an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District (see "TAX PROCEDURES"). The Bonds are obligations of the District and are not obligations of the State of Texas, El Paso County, the City of El Paso or any other political subdivision or agency other than the District. See "THE BONDS - Source of and Security for Payment."

Use of Proceeds...............................Proceeds from sale of the Bonds, together with other lawfully available funds of the District, if necessary, will be used (i) to pay for certain water, wastewater and drainage facilities as set forth more particularly under "THE SYSTEM – Use and Distribution of Bond Proceeds" and (ii) to currently refund $2,020,000 of the District's outstanding unlimited tax bonds as more particularly described under the section "PLAN OF FINANCING – Refunded Bonds" (the "Refunded Bonds") in order to achieve net savings in the District's annual debt service expense. Bond proceeds will also be used to pay certain costs associated with the issuance of the Bonds. See "PLAN OF FINANCING."

Payment Record.............................The District has previously issued three series of unlimited tax bonds for water, wastewater and drainage purposes and two series of unlimited tax refunding bonds for refunding purposes, of which, an aggregate principal amount of $8,390,000 will be outstanding, excluding the Refunded Bonds, after issuance of the Bonds. The District has never defaulted in payments of principal of or interest on its unlimited tax debt.

Qualified Tax-Exempt Obligations......................................The District has designated the Bonds as "qualified tax-exempt obligations for financial institutions." See "TAX EXEMPTION - Qualified Tax Exempt Obligations for Financial Institutions."

Municipal Bond Rating and Municipal Bond Insurance..............S&P Global Ratings, a division of S&P Global, Inc. ("S&P") has assigned a rating of "AA" (stable outlook) concurrently, Moody's Investors Service ("Moody's") has assigned a rating of "A2" (stable outlook) to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of principal of and interest on the Bonds will be issued by AGM. Moody's has also assigned an underlying credit rating of "Baa1" to the Bonds (see "BOND INSURANCE" and "SALE AND DISTRIBUTION OF THE BONDS – Rating").

General Counsel..............................Lloyd Gosselink Rochelle & Townsend, P.C., Austin, Texas.

Bond Counsel..................................McCall, Parkhurst & Horton L.L.P., Austin, Texas.

Underwriter's Counsel....................Winstead PC, Dallas, Texas.

Financial Advisor............................Hilltop Securities, Inc., El Paso, Texas and Dallas, Texas.

Engineer..TRE & Associates, LLC, Austin, Texas and El Paso, Texas.

Investment Considerations ....The purchase and ownership of the Bonds are subject to special investment considerations, including certain investment considerations related to the current pandemic associated with the COVID-19 virus, and all prospective purchasers are urged to examine carefully the entire Official Statement for a discussion of investment risks, including particularly the section captioned "INVESTMENT CONSIDERATIONS."

THE DISTRICT

Description.....................................The District was created by division of Paseo del Este Municipal Utility District (the "Original District") pursuant to a division order adopted by the Original District on March 27, 2003, and operates pursuant to Chapter 443, Acts of the Texas Legislature, Regular Session, 1997 (the "Act") and Chapters 49 and 54, Texas Water Code. Prior to division, Paseo del Este Municipal Utility District was created as a Conservation and Reclamation District on May 29, 1997 by the Act. The District presently contains approximately 414.36 acres of land (29.3 remaining developable acres) located in the eastern portion of El Paso County approximately 15 miles east of the central area of the City of El Paso, Texas (the "City"). The District is located north of Interstate Highway 10 and east of Loop 375. Eastlake Boulevard provides access to the District. From Interstate Highway 10, exit Eastlake Boulevard and proceed north approximately 2.8 miles. The District lies within the exclusive extraterritorial jurisdiction of the City.

Master District Contract.................The District and Nine other districts in the Paseo del Este development in eastern El Paso County known as Paseo del Este Municipal Utility District Nos. 2, 3, 4, 5, 6, 7, 8, 9, and 11 (those ten districts and the Master District being collectively referred to as the "Participant Districts" and individually as "Participant District No. –") have each entered into a "Master District Contract" with the Master District to coordinate the development of the water, sanitary sewer and drainage facilities to serve the area within all eleven Participant Districts. Under the Master District Contract, the Master District will acquire, construct, own and operate the Regional Facilities to serve the area within all eleven Participant Districts; each Participant District will acquire, construct and own its Internal Facilities serving only area within it and lease the Internal Facilities to the Master District for operation; and the Master District will provide retail water and wastewater service to all retail customers in all of the Participant Districts.

Status of Development.....................The District is being developed primarily for single family residential purposes, and is within the Paseo del Este development ("Paseo del Este"). Paseo del Este is being developed primarily by Hunt Communities Group, Inc. ("Hunt") and certain affiliates thereof, and B&G/Sunrise Joint Venture ("B&G"), and is planned to include approximately 4,300 acres of land. Approximately 10 percent of this land is currently owned by the Texas General Land Office ("GLO") and is under an option contract to Hunt through Hunt's arrangement with B&G. In 1998, B&G entered into a purchase option contract with the GLO as to all of the approximately 4,300 acres planned to comprise Paseo del Este. In 2002, a Hunt affiliate purchased an assignment of such option contract as to 3,400 acres planned for residential and interior commercial development, which arrangement allows Hunt to exercise the B&G option with respect to GLO-owned land within Participant Districts 2-11, including the District. Subsequently, B&G conveyed to Hunt certain land located in Participant District No. 1 on which land B&G had previously exercised its purchase option with GLO. As of August 31, 2020, approximately 7,889 single family residential lots have been developed within Paseo del Este, and approximately 7,018 homes are completed or are in various stages of construction in Paseo del Este, including approximately 1,097 residential lots within the District.

The development within the District includes the Emerald Park Units 1 through 4, Emerald Estates Units 1 through 3, Estates at Emerald Park Units 1 through 3, Emerald Springs Retreat and Emerald Pass Unit 1. These single family residential subdivisions contain approximately 1,097 residential lots and encompass approximately 305.9 acres. All such 1,097 lots have been developed within this development and provided with utility facilities.

Single family home construction in the District began in April 2004. As of August 31, 2020, a total of 1,022 homes were completed or in various stages of construction in the District. Of the 1,022 homes, 952 were completed and occupied, 7 were completed and unoccupied, 63 were under construction.

In 2013, the Emerald Pass Commercial Unit 1 development was completed within the district and includes a 2.199-acre commercial parcel and a 3.147-acre parkland parcel. Both of these parcels have been provided with utility facilities. In 2020, the Emerald Pass Commercial Unit 2 development was completed within the district and includes 32.5 acres of commercial.

Approximately 29.3 remaining acres of developable land within the district have not yet been furnished with water, sanitary sewer and storm drainage facilities. See "INVESMENT CONSIDERATIONS – Undeveloped Acreage" and "THE DISTRICT – Status of Development."

The Developer .... Major water, sewer and drainage facilities and streets to serve land within the District have been developed by Hunt Emeralds, LLC, an affiliate of Hunt. The activities of Hunt and its affiliates include development, construction, consulting and advisory. Water, sewer and drainage facilities to serve specific sections within the District have been acquired or constructed by Hunt Emeralds, LLC, referred to herein as the "Developer." See "THE DEVELOPER."

SELECTED FINANCIAL INFORMATION

Tax Year 2020 Certified Assessed Valuation	$	183,154,551	(a)
District Debt:			
Gross Debt Outstanding (after the issuance of the Bonds)	$	8,390,000	
Estimated Overlapping Debt		12,362,741	(b)
Gross Debt and Estimated Overlapping Debt	$	20,752,741	
Ratio of Gross Debt to Tax Year 2020 Certified Assessed Valuation		4.58%	
Ratio of Gross Debt and Estimated Overlapping Debt to Tax Year 2020 Certified Assessed Valuation		11.33%	
Debt Service Funds Available, as of October 6, 2020	$	535,582	
Capital Projects Funds Available, as of October 6, 2020	$	1.01	
Operating Funds Available, as of October 6, 2020	$	1,443,733	
Tax Year 2020 Tax Rates:			
Debt Service	$	0.3700	
Contract		0.2900	
Maintenance and Operations		0.0900	
Total	$	0.7500	/$100 A.V.
Average Annual Debt Service Requirements (2021 - 2040) of the Bonds ("Average Requirement")	$	538,834	(c)
Tax rate required to pay Average Requirement based upon Tax Year 2020 Certified Assessed Valuation at a 98% collection rate		0.3002	/$100 A.V.

Status of Water Connections as of August 31, 2020

Single-family residential - completed and occupied	952
Single-family residential - completed and vacant	7
Single-family residential - under construction - builder	63
Other (Irrigation and commercial connections)	13
Total Connections	1,035

(a) As certified by the El Paso Central Appraisal District (the "Appraisal District"). Represents the assessed taxable valuation within the District as of January 1, 2020. See "TAX PROCEDURES."

(b) See "ESTIMATED OVERLAPPING DEBT STATEMENT" herein.

(c) See "DEBT SERVICE REQUIREMENTS."

OFFICIAL STATEMENT

$3,770,000

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 10
(A political subdivision of the State of Texas located within El Paso County)

UNLIMITED TAX IMPROVEMENT AND REFUNDING BONDS, SERIES 2020

This Official Statement provides certain information in connection with the issuance by Paseo del Este Municipal Utility District No. 10 (the "District") of its $3,770,000 Unlimited Tax Improvement and Refunding Bonds, Series 2020 (the "Bonds").

The Bonds are issued pursuant to the Texas Constitution, Chapter 443, Acts of the Texas Legislature, Regular Session, 1997 (the "Act") and Chapters 49 and 54 of the Texas Water Code, as amended and a resolution authorizing the issuance of the Bonds (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

This Official Statement includes descriptions, among others, of the Bonds and the Bond Resolution, and certain other information about the District and the Developer of land within the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Lloyd Gosselink Rochelle & Townsend, P.C., Austin, Texas upon payment of the costs of duplication therefor.

PLAN OF FINANCING

Purpose

The Bonds are being issued to (i) to pay for certain water, wastewater and drainage facilities as set forth more particularly under "THE SYSTEM – Use and Distribution of Bond Proceeds" and (ii) to currently refund the Refunded Bonds in order to achieve net savings in the District's annual debt service expense. See "Refunded Bonds" below. Bond proceeds will also be used to pay certain costs associated with the issuance of the Bonds. After the issuance of the Bonds, the District will have a total of $8,390,000 in aggregate principal amount of unlimited tax bonds outstanding, excluding the Refunded Bonds. See "PLAN OF FINANCING—Outstanding Bonds" and "—Sources and Uses of Funds" below.

Escrow Agreement

The Refunded Bonds, and the interest due thereon, are to be paid on each principal or interest payment date and on the redemption date from funds to be deposited with BOKF, N.A., in Dallas, Texas as escrow agent (the "Escrow Agent").

The Bond Resolution provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to provide for the discharge and defeasance of the Refunded Bonds. The Bond Resolution further provides that from the proceeds of the sale of the Bonds and other available funds of the District, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds. By the deposit of the cash with the Escrow Agent pursuant to the Escrow Agreement, and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior orders of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts so deposited, and the amounts so deposited and invested in the Escrow Fund will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

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Refunded Bonds

Proceeds of the Bonds, together with other lawfully available funds of the District, if necessary, will be applied to refund and defease $2,020,000 in principal amount of the Refunded Bonds and to pay certain costs of issuing the Bonds. The principal amounts and maturity dates of the Refunded Bonds are set forth below:

Maturity Date August 15	Series 2012
2021	$ 125,000 [(a)]
2022	130,000 [(a)]
2023	135,000 [(a)]
2024	140,000 [(b)]
2025	145,000 [(b)]
2026	150,000 [(b)]
2027	155,000 [(b)]
2028	160,000 [(c)]
2029	165,000 [(c)]
2030	170,000 [(d)]
2031	175,000 [(d)]
2032	185,000 [(d)]
2033	185,000 [(d)]
	$ 2,020,000

Redemption Date: December 2, 2020

(a) Component of a term bond in the aggregate principal amount of $390,000 maturing August 15 and subject to mandatory sinking fund redemption.
(b) Component of a term bond in the aggregate principal amount of $590,000 maturing August 15 and subject to mandatory sinking fund redemption.
(c) Component of a term bond in the aggregate principal amount of $325,000 maturing August 15 and subject to mandatory sinking fund redemption.
(d) Component of a term bond in the aggregate principal amount of $715,000 maturing August 15 and subject to mandatory sinking fund redemption.

Outstanding Bonds

The District has previously issued three series of unlimited tax bonds for water, wastewater and drainage purposes and two series of unlimited tax refunding bonds for refunding purposes, of which, an aggregate principal amount of $8,390,000 will be outstanding, excluding the Refunded Bonds, after issuance of the Bonds. The following table lists the original principal amount, the currently outstanding principal amount, the principal amount of the Refunded Bonds and the principal amount of remaining Outstanding Bonds for each such series.

Series	Original Principal Amount	Principal Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2012	$2,750,000	$2,020,000	$2,020,000	$ -
2013	2,125,000	1,600,000	-	1,600,000
2019	3,145,000	3,020,000	-	3,020,000
Total	$8,020,000	$6,640,000	$2,020,000	$4,620,000
The Bonds ……………………………………………………………………………….				$3,770,000
The Bonds and Remaining Outstanding Bonds (as of the date of issuance of the Bonds)………..				$8,390,000

SOURCES AND USES OF FUNDS

	New Money	Refunding	Total
Source of Funds:			
Principal Amount of Bonds	$ 1,750,000.00	$ 2,020,000.00	$ 3,770,000.00
Transfer from Prior Debt Service Fund	-	15,000.00	15,000.00
Reoffering Premium	32,997.75	107,676.00	140,673.75
Total Sources of Funds	$ 1,782,997.75	$ 2,142,676.00	$ 3,925,673.75
Uses of Funds:			
Deposit to Escrow Fund	$ -	$ 2,038,929.34	$ 2,038,929.34
Deposit to Project Fund	1,368,665.00	-	1,368,665.00
Deposit to Capitalized Interest Fund	42,610.63	-	42,610.63
Underwriters' Discount	16,246.52	18,287.75	34,534.27
Developer Interest	103,785.00	-	103,785.00
Bond Application Report	60,000.00	-	60,000.00
Costs of Issuance/Insurance/Surplus Fund	191,690.60	85,458.91	277,149.51
Total Uses of Funds	$ 1,782,997.75	$ 2,142,676.00	$ 3,925,673.75

BOND INSURANCE

BOND INSURANCE POLICY

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

BOND INSURANCE RISKS

The following are risk factors relating to bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the Policy, however, such payments will be made by the 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.
Under no circumstances does default of payment of principal and interest obligate acceleration of the obligations of the bond insurer without their consent, so long as the bond insurer performs its obligations under the applicable Policy. 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 revenues pledged in the Bond Resolution.

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. In the event bond insurance is purchased, the long-term rating on the Bonds will be dependent in part on the financial strength of the bond insurer and its claims 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 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 “BOND INSURANCE” herein for a description of the ratings.

The obligations of the bond insurer are general obligations of the bond insurer and in an event of default by the bond insurer the remedies may be limited by applicable bankruptcy law. Neither the District nor the Financial Advisor have made an independent investigation into the claims paying ability of any potential bond insurer and no assurance or representation regarding the financial strength or projected financial strength of any potential bond insurer is given.

Claims-Paying Ability and Financial Strength of Municipal Bond Insurers

Moody's Investor Services, Inc., S&P Global Ratings, a division of S&P Global, Inc., and Fitch Ratings (the “Rating Agencies”) have downgraded and/or placed on negative watch the claims-paying ability and financial strength of most providers of municipal bond insurance. Additional downgrades or negative changes in the rating outlook for all bond insurers are possible. Thus, when making an investment decision, potential investors should carefully consider the ability of any such bond insurer to pay principal and interest on the Bonds and the claims-paying ability of any such bond insurer, particularly over the life of the Bonds.

INVESTMENT CONSIDERATIONS

General

The Bonds, which are obligations of the District and not obligations of the State of Texas, El Paso County, the City of El Paso, or any other political entity other than the District, will be secured by a continuing, direct, annual ad valorem tax levied, without legal limitation as to rate or amount, on all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends on the ability of the District to collect from the property owners within the District all taxes levied against the property or, in the event of foreclosure, on the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. See “THE BONDS - Source of and Security for Payment.” The collection by the District of delinquent taxes owed to it and the enforcement by the Registered Owners of the District's obligation to collect sufficient taxes may be a costly and lengthy process. Furthermore, the District cannot and does not make any representations that continued development of taxable property within the District will accumulate or maintain taxable values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property in the District or that owners of the property in the District will have the ability to pay taxes. See “Registered Owners' Remedies and Bankruptcy Limitations” below.

Infectious Disease Outbreak (COVID-19)

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

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with the disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation, which among other things, impose limitations on social gatherings and related activities. Furthermore, the Governor has suspended various statutes of the Texas Open Meetings Act that require government officials and members of the public to be physically present at a specified meeting location. This temporary suspension will allow for telephonic or videoconference meetings of a governmental bodies that are accessible to the public in an effort to reduce in-person meetings that assemble larger groups of people. El Paso County's current "stay home" order does not prohibit homebuilding activity or the construction of utility facilities within the District. 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 affect economic growth within Texas.

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. These negative impacts may reduce or negatively affect property values or homebuilding activity within the District.

The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

The District continues to monitor the spread of COVID-19 and is working with local, state, and national agencies to address the potential impact of COVID-19 upon the District. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of the dates and for periods largely prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District financial condition or its rating.

Factors Affecting Taxable Values and Tax Payments

Economic Factors and Interest Rates: A substantial percentage of the taxable value of the District results from the current market value of single-family residences, undeveloped land and developed lots which are currently being marketed by the Developer (as defined herein) to builders for the construction of primary residences. The market value of such homes and lots is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon can be significantly affected by factors such as interest rates, credit availability (see "Credit Markets and Liquidity in the Financial Markets" below), construction costs, energy availability and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "THE DISTRICT - Status of Development."

Future development and construction in the District are highly dependent on the availability of financing. Lenders generally have become more selective in making real estate loans throughout the nation, including in Texas. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds to potential home builders and home purchasers.

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which Developer are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 15 miles east from the central downtown business district of the City of El Paso, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the El Paso metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions in the El Paso area and/or decline in the nation's real estate and financial markets could continue to adversely affect development and home-building plans in the District and restrain the growth of the District's property tax base.

Competition: The demand for and construction of single-family homes in the District, which is 15 miles east from downtown El Paso, could be affected by competition from other residential developments, including other residential developments located in the northwestern, northeastern and far eastern portion of the El Paso area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

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

Landowner Obligation to the District: There are no commitments from or obligations of any developer or any landowner to the District to proceed at any particular rate or according to any specified plan with the construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to develop undeveloped land or construct taxable improvements on developed lots or developed tracts of land would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds, taxable property within the District will increase or maintain its taxable value. See “Undeveloped Acreage” below.

Dependence on Principal Taxpayers: The ability of any principal taxpayer to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. If, for any reason, any one or more principal taxpayers do not pay taxes due or do not pay in a timely manner, the District may need to levy additional taxes or use other funds available for debt service purposes. However, the District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in its Debt Service Fund or any other funds to allow for any such delinquencies. Therefore, failure by one or more principal taxpayers to pay their taxes on a timely basis in amounts in excess of the District's available funds could have a material adverse effect upon the District's ability to pay debt service on the Bonds on a current basis. See “TAX DATA – Principal Taxpayers”.

Impact on District Tax Rates: Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2020 certified assessed valuation of the District (see “SELECTED FINANCIAL INFORMATION”) is $183,154,551. After issuance of the Bonds, the projected maximum annual debt service requirement will be $676,738 (2032) and the projected average annual debt service requirement will be $538,834 (2021-2040). Assuming no increase or decrease from the 2020 assessed valuation and no use of funds other than tax collections, a tax rate of $0.3770 per $100 assessed valuation at a 98% collection rate would be necessary to pay the projected maximum annual debt service requirement of $676,738 and a tax rate of $0.3002 per $100 assessed valuation at a 98% collection rate would be necessary to pay the projected average annual debt service requirement of $538,834 (see “SELECTED FINANCIAL INFORMATION”). Such calculated rates may be higher than tax rates presently being levied in utility districts in the general vicinity of the District. Although calculations have been made regarding average and maximum tax rates necessary to pay the debt service on the Bonds based upon the 2020 Assessed Valuation, the District can make no representations regarding the future level of assessed valuation within the District. Increases in the tax rate may be required in the event the District's assessed valuation does not continue to increase or in the event major taxpayers do not pay their District taxes timely. Increases in taxable values depend primarily on the continuing construction and sale of homes and other taxable improvements within the District. See “TAX PROCEDURES,” “FINANCIAL STATEMENT,” and “TAX DATA – Projected Tax Adequacy for Debt Service.”

Undeveloped Acreage

Approximately 29.3 remaining acres of developable land within the district have not yet been furnished with water, sanitary sewer and storm drainage facilities. See “INVESMENT CONSIDERATIONS – Undeveloped Acreage” and “THE DISTRICT – Status of Development.”

District Operations and Contract Tax

The Master District Contract between the District and the Master District provides that, as partial consideration for the District allowing the Master District to provide retail water and wastewater service to retail customers inside the District’s boundaries, the Master District will pay the District’s administrative expenses to manage the District pursuant to a budget process outlined below. The Master District Contracts between the other Participant Districts and the Master Districts have similar provisions regarding those other Participant Districts. The Master District Contract provides that the District will submit annually a budget for its administrative expenses to the Master District for review and approval by the Master District. Once approved, all such expenses will be paid by the Master District. The District’s budget must be approved by the Master District if it is no more than 10% higher than the average of the annual budgets of the Participant Districts Nos. 2-11. To date, the District’s annual budgets have all been approved by the Master District.

The Master District Contract also provides that the Master District will pay its own operation and administrative expenses and the approved administrative expenses of the Participant Districts from the revenues from the Master District’s water and wastewater system. If the Master District’s water and wastewater system revenues are insufficient to pay all of those costs, the resulting deficit will be paid by all Participant Districts (including the Master District) from the proceeds of an annual ad valorem contract tax levied by each Participant District on all taxable property within its boundaries in an amount sufficient to pay each Participant District’s pro rata share of the deficit. A Participant District’s pro rata share of the deficit each year is determined by multiplying the deficit by a fraction, the numerator of which is the Participant District’s taxable assessed valuation for the year and the denominator of which is the total of the taxable assessed valuations in all the Participant Districts (including the Master District). See “THE SYSTEM - The Master District Contract.”

For the 2021 fiscal year, the District has paid its pro rata share of the Master District’s budgeted operating deficit from the $0.29/$100 assessed value contract tax levied by the District on September 1, 2020.

Future Debt

At an election held February 1, 2003, the District authorized the issuance of up to $14,000,000 of unlimited tax debt. The District reserves in the Bond Resolution the right to issue the remaining $3,260,000 principal amount of unlimited tax debt authorized but unissued after the issuance of the Bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and the District may issue additional bonds which may be voted hereafter. The District may also issue revenue bonds and refunding bonds. See "THE BONDS - Issuance of Additional Debt" and "THE SYSTEM." The issuance of such future obligations may dilute and adversely affect the investment security of the Bonds. The District does not employ any formula with regard to assessed valuations or tax collections or otherwise to limit the amount of bonds which may be issued. Any bonds issued by the District, however, must be approved by the Board of the District, the Attorney General of Texas and, with respect to bonds for water, sewer and drainage improvements, the TCEQ. See "THE SYSTEM" herein.

Environmental Regulation

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. The Master District currently receives wholesale water and wastewater services from the El Paso Water Utilities Public Service Board ("EPWU") for the areas within the Participant Districts. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

- Requiring permits for construction and operation of water supply wells and wastewater treatment facilities;
- Restricting the manner in which wastes are released into the air, water, or soils;
- Restricting or regulating the use of wetlands or other property;
- Requiring action to prevent or mitigate pollution;
- Imposing substantial liabilities for pollution resulting from facility operations.

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a municipal utility district or other type of district ("Utility Districts") 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 injunctive relief as to future compliance of and the ability to operate the Utility District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, or (iii) 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. The costs of collecting any such taxpayer's delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor's confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid. See "TAX PROCEDURES - District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond 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 statutory 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 does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

The enforceability of the rights and remedies of Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Texas law requires municipal utility districts such as the District to obtain the approval of the TCEQ as a condition to seeking relief under Chapter 9 of the Federal Bankruptcy Code.

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 the collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of the Registered Owners' claims against a district.

A district such as the District may not be forced into bankruptcy involuntarily.

Continuing Compliance with Certain Covenants

The Bond Resolution contains covenants by the District intended to preserve the exclusion from gross income of interest on the Bonds. Failure by the District to comply with such covenants in the Bond Resolution on a continuous basis prior to maturity of the Bonds could result in interest on the Bonds becoming taxable retroactively to the date of original issuance. See "TAX EXEMPTION—Opinion."

Marketability

The District has no agreement with the Underwriter (as defined herein) regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers as such bonds are generally bought, sold or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that any such secondary market would not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 virus. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak (COVID-19)."

The failure by the District to comply with its agreement to provide the information and notices required by Rule 15c (2)-12 of the Securities and Exchange Commission could possibly inhibit the sale of the Bonds in the secondary market. See "CONTINUING DISCLOSURE OF INFORMATION."

The Effect of FIRREA on Tax Collections of the District

The Financial Institutions Reform, Recovery and Enforcement Act of 1989 ("FIRREA") contains certain provisions which affect the time for protesting property valuations, the fixing of tax liens and the collection of penalties and interest on delinquent taxes on real property owned by the Federal Deposit Insurance Corporation ("FDIC") when the FDIC is acting as the conservator or receiver of an insolvent financial institution.

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states that (i) no real property of the FDIC shall be subject to foreclosure or sale without the consent of the FDIC and no involuntary liens shall attach to such property, (ii) the FDIC shall not be liable for any penalties, interest, or fines, including those arising from the failure to pay any real or personal property tax when due, and (iii) notwithstanding failure of a person to challenge an appraisal in accordance with state law, such value shall be determined as of the period for which such tax is imposed.

To the extent that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

Changes in Tax Legislation

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

THE BONDS

General

Following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Resolution of the Board authorizing the issuance and sale of the Bonds. The Bond Resolution authorizes the issuance and sale of the Bonds and prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated November 1, 2020, and will accrue interest from the date of initial delivery of the Bonds (expected to be December 2, 2020). Interest is payable on each February 15 and August 15 commencing February 15, 2021, until the earlier of maturity or prior redemption. The Bonds mature on August 15 in the amounts and years shown on the cover page of this Official Statement. Interest calculations are based on a 360-day year comprised of twelve 30-day months. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof.

Authority for Issuance

At a bond election held within the District on February 1, 2003, the voters of the District authorized the issuance of a total of $14,000,000 principal amount of unlimited tax bonds for water, wastewater and drainage facilities. See "Issuance of Additional Debt" below.

The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution, Article XVI, Section 59 of the Texas Constitution, the Act and Chapters 49 and 54 of the Texas Water Code, as amended.

Source of and Security for Payment

While the Bonds or any part of the principal thereof or interest thereon remain outstanding and unpaid, the District covenants in the Bond Resolution to levy an annual ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District sufficient to pay the principal of and interest on the Bonds, with full allowance being made for delinquencies and costs of collection.

The Bonds are obligations of the District and are not the obligations of the State of Texas, El Paso County, the City of El Paso or any entity other than the District.

Record Date

The record date for the interest payable on the bonds on any interest payment date means the close of business on the last day of the preceding month whether or not a business day.

Funds

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

Proceeds from sale of the Bonds, including interest earnings thereon, shall be deposited into the Capital Projects Fund, to pay the costs of acquiring or constructing Internal Facilities or the District's pro rata share of capacity in Regional Facilities, for paying the District's pro rata share of creation and administrative costs of all Participant Districts and for paying the costs of issuing the Bonds. See "THE SYSTEM - Use and Distribution of Bond Proceeds" for a more complete description of the use of Bond proceeds.

No Arbitrage

The District will certify as of the date the Bonds are delivered and paid for that, based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered and paid for, the District reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds, or any portion of the Bonds, to be "arbitrage bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations prescribed thereunder. Furthermore, all officers, employees, and agents of the District have been authorized and directed to provide certifications of facts and estimates that are material to the reasonable expectations of the District as of the date the Bonds are delivered and paid for. In particular, all or any officers of the District are authorized to certify to the facts and circumstances and reasonable expectations of the District on the date the Bonds are delivered and paid for regarding the amount and use of the proceeds of the Bonds. Moreover, the District covenants in the Bond Resolution that it shall make such use of the proceeds of the Bonds, regulate investment of proceeds of the Bonds, and take such other and further actions and follow such procedures, including, without limitation, calculating the yield on the Bonds, as may be required so that the Bonds shall not become "arbitrage bonds" under the Code and the regulations prescribed from time to time thereunder.

Redemption Provisions

Optional Redemption .The District reserves the right, at its option, to redeem Bonds having stated maturities on and after August 15, 2029, in whole or in part in principal amounts of $5,000 or any integral multiple thereof, on August 15, 2028, or any date thereafter, at the par value thereof plus accrued thereon to the date fixed for redemption.

If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

Mandatory Sinking Fund Redemption: The Bonds maturing on August 15 in each of the years 2031, 2036 and 2040 (the "Term Bonds") are subject to mandatory sinking fund redemption in the amounts and at the price of par plus accrued interest to the redemption date on August 15 in the following years:

Term Bond Maturing August 15, 2031		Term Bond Maturing August 15, 2036		Term Bond Maturing August 15, 2040	
Redemption Date	Principal Amount	Redemption Date	Principal Amount	Redemption Date	Principal Amount
August 15, 2030	$ 225,000	August 15, 2033	$ 240,000	August 15, 2037	$ 165,000
August 15, 2031*	230,000	August 15, 2034	65,000	August 15, 2038	170,000
		August 15, 2035	155,000	August 15, 2039	175,000
		August 15, 2036*	160,000	August 15, 2040*	180,000

* Stated maturity.

At least thirty days prior to the mandatory redemption date, the Paying Agent/Registrar shall select by lot the Term Bonds within the applicable stated maturity to be redeemed. Any Term Bond not selected for prior redemption shall be paid on the date of their stated maturity.

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the District, by the principal amount of any Term Bonds of the stated maturity which, at least 50 days prior to a mandatory redemption date, (1) shall have been acquired by the District, at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent for cancellation, (2) shall have been purchased and cancelled by the Paying Agent at the request of the District, with monies in the Debt Service Fund at a price not exceeding the principal amount of the Term Bonds plus accrued interest to the date of purchase thereof, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory sinking fund redemption requirement.

Notice of Redemption: Notice of any optional redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty (30) days prior to the date fixed for optional redemption by sending written notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the register. Such notices shall state the redemption date, the redemption price, and the place at which the Bonds are to be surrendered for payment and, if fewer than all the Bonds outstanding within any one maturity are to be redeemed, the numbers of the Bonds or the portions thereof to be redeemed. Any notice given shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Registered Owners to collect interest that would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

Paying Agent/Registrar

The Board has appointed BOKF, N.A., (the "Paying Agent/Registrar") in Dallas, Texas, as the initial (the Paying Agent/Registrar") for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM."

Registration and Transfer

So long as any Bonds remain outstanding, the Paying Agent/Registrar shall keep the register at its principal payment office and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with the terms of the Bond Resolution. While the Bonds are in the Book-Entry-Only System, the Bonds will be registered in the name of Cede & Co. and will not be transferred. See "BOOK-ENTRY-ONLY SYSTEM."

Replacement of Paying Agent/Registrar

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

Issuance of Additional Debt

The District may issue additional bonds, with the approval of the TCEQ, necessary to provide and maintain improvements and facilities consistent with the purposes for which the District was created. After issuance of the Bonds, the District will have $3,260,000 of unlimited tax bonds authorized but unissued for water, sanitary sewer and drainage purposes. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be authorized for issuance by the District's voters or the amount of bonds ultimately issued by the District. See "THE SYSTEM - Future Debt."

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or acquire contract rights therefor. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts after approval by the City of El Paso, the TCEQ and the voters of the District.

Annexation by the City of El Paso

The District lies wholly within the extraterritorial jurisdiction of the City of El Paso (the "City"), and may be annexed by the City in accordance with existing Texas law. Under House Bill 347 approved during the 86th Regular Legislative Session ("HB 347"), (a) a municipality may annex a district with a population of less than 200 residents only if: (i) the municipality obtains consent to annex the area through a petition signed by more than 50% of the registered voters of the district, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation; and (b) a municipality may annex a district with a population of 200 residents or more only if: (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition has been signed by more than 50% of the landowners consenting to the annexation. Notwithstanding the foregoing, a municipality may annex an area if each owner of land in the area requests the annexation. As of July 31, 2020, the District had an estimated population of greater than 200 residents, thus triggering the voter approval and/or landowner consent requirements discussed in clause (b) above. The described election and petition process does not apply, however, during the term of a strategic partnership agreement between a municipality and a district specifying the procedures for annexation of all or a portion of the District. At present, the District and the City have not entered into (and do not currently have plans to enter into) any such strategic partnership agreement.

If the District is annexed, the City must assume the District's assets and obligations (including the Bonds) and dissolve the District within ninety (90) days. Annexation of territory by the City and dissolution of the District is a policy-making matter within the discretion of the Mayor and City Council of the City, subject to HB 347, 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 concerning the ability of the City to pay debt service on the District's bonds if annexation were to occur.

Remedies in Event of Default

Other than a writ of mandamus, the Bond Resolution does not provide a specific remedy for a default. If the District defaults, a Registered Owner could petition for a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the District and the District's officials to observe and perform the covenants, obligations or conditions prescribed in the Bond Resolution. Such remedy might need to be enforced on a periodic basis. Based on recent Texas court decisions, it is unclear whether §49.066, Texas Water Code, effectively waives governmental immunity of a municipal utility district for suits for money damages. Even if a judgment against the District for money damages could be obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforcement of a claim for payment on the Bonds would be subject to the applicable provisions of the federal bankruptcy laws, any other similar laws affecting the rights of creditors of political subdivisions, and general principles of equity which permit the exercise of judicial discretion. Certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS - Registered Owners' Remedies and Bankruptcy Limitations."

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District nor the Financial Advisor takes any responsibility for the accuracy or completeness thereof.

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

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange. Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of: "AA+" from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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, Bond certificates will be printed and delivered to DTC.

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 Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

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

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Bond Resolution will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the District or the Financial Advisor.

THE DISTRICT

General

Paseo del Este Municipal Utility District No. 10 (the "District") is a conservation and reclamation district created by division of Paseo del Este Municipal Utility District pursuant to a division order adopted by the Original District on March 27, 2003, and operates pursuant to the Act and Chapters 49 and 54, Texas Water Code. Prior to division, Paseo del Este Municipal Utility District was created as a Conservation and Reclamation District by the Act. The District is located wholly within the extraterritorial jurisdiction of the City of El Paso, Texas (the "City").

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants, and contract rights therefore, necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities or contract rights therefor. The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts after approval by the City, the TCEQ and the voters of the District.

The TCEQ exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds to the acquisition, construction, and improvement of waterworks, wastewater, and drainage facilities or contract rights therefor, and the refunding of outstanding debt obligations; place restrictions on the terms and provisions and conditions on the sale of the District's bonds so long as such restraints and conditions do not render the bonds unmarketable; require approval by the City of District construction plans; and permit connections only to platted lots and reserves which have been approved by the City. Construction and operation of the District's drainage system are subject to the regulatory jurisdiction of additional government agencies. See "THE SYSTEM."

The District presently contains approximately 414.36 acres of land (29.3 remaining developable acres) located in the eastern portion of El Paso County approximately 15 miles east of the central area of the City of El Paso, Texas. The District is located north of Interstate Highway 10 and east of Loop 375. Eastlake Boulevard provides access to the District. From Interstate Highway 10, exit Eastlake Boulevard and proceed north approximately 2.8 miles.

Validation of Creation of Participant Districts

The creation of the Original District and its division into Participant District Nos. 1-9 has been validated by a final judgment of the County Court-at-Law of El Paso County, TX. Likewise, creation of Participant District Nos. 10 and 11 has been validated by a final judgment of the District Court of El Paso County, TX. Each of the Participant Districts, including the District, has held a confirmation, bond, refunding bond, maintenance tax and contract tax election. All such election propositions have been approved by voters of the Participant Districts, including the District.

Status of Development

The District is being developed primarily for single family residential purposes, and is within the Paseo del Este development ("Paseo del Este") which includes all of the Participant Districts. Paseo del Este is being developed primarily by Hunt Communities Group, Inc. ("Hunt"), and B&G/Sunrise Joint Venture ("B&G") and is planned to include approximately 4,300 acres of land. Some property in the District has been sold by Hunt to other developers in the District and in the future Hunt may sell additional land to these or other developers. The eleven Participants Districts have been formed to include the 4,300 acres of land and active single family residential development is occurring within all Participant Districts. To date, approximately 7,889 single family residential lots have been developed within Paseo del Este, and approximately 7,018 homes are completed or are in various stages of construction in Paseo del Este, including 1,022 homes within the District.

The development within the District includes the Emerald Park Units 1 through 4, Emerald Estates Units 1 through 3, Estates at Emerald Park Units 1 through 3, Emerald Springs Retreat and Emerald Pass Unit 1. These single family residential subdivisions contain approximately 1,097 residential lots and encompass approximately 305.9 acres. All such 1,097 lots have been developed within this development and provided with utility facilities.

Single family home construction in the District began in April 2004. As of August 31, 2020, a total of 1,022 homes were completed or in various stages of construction in the District. Of the 1,022 homes, 952 were completed and occupied, 7 were completed and unoccupied, 63 were under construction.

In 2013, the Emerald Pass Commercial Unit 1 development was completed within the district and includes a 2.199-acre commercial parcel and a 3.147-acre parkland parcel. Both of these parcels have been provided with utility facilities. In 2020, the Emerald Pass Commercial Unit 2 development was completed within the District and includes 32.5 acres of commercial.

Approximately 29.3 remaining acres of developable land within the district have not yet been furnished with water, sanitary sewer and storm drainage facilities. See "INVESMENT CONSIDERATIONS – Undeveloped Acreage" and "THE DISTRICT – Status of Development."

Community Facilities

Community facilities are located in the general vicinity of the District. Neighborhood shopping facilities, including supermarkets, pharmacies, cleaners, restaurants, banking facilities and other retail and service establishments are located within five miles of the District along areas adjacent to Loop 375. Fire protection for residents of the District is provided by the El Paso County Emergency Services District No. 2. Police protection is provided by the El Paso County Sheriff. Medical care for District residents is available from various facilities in the City of El Paso within 15 miles of the District. The land within the District is located within the boundaries of Socorro Independent School District, and children within the District attend elementary and middle schools of Socorro Independent School District located within two (2) miles of the District.

MANAGEMENT

Board of Directors

The District is governed by the Board of Directors, consisting of five directors, which has control over and management supervision of all affairs of the District. None of the Directors listed below reside within the District; however, each Director owns a small parcel of land in the District. Directors are elected by the voters within the District for four-year staggered terms. Director elections are held in May in odd numbered years. The Directors and Officers of the District are listed below:

Name	Title	Term Expires
Luis Ortega	President	2021
Greg Spence	Vice-President	2023
B. D. Reynolds, Jr	Secretary	2023
Martin N. Lettunich	Assistant Secretary	2023
Antonio Gallardo	Assistant Secretary	2021

While the District does not employ any full time employees, it has contracted for certain services as follows:

Tax Assessor/Collector

Land and improvements within the District are appraised for ad valorem taxation purposes by the El Paso Central Appraisal District. The District's Tax Assessor/Collector is agreed upon by virtue of the interlocal agreement between the City of El Paso and the District and the City of El Paso Tax Assessor/Collector serves in this capacity for the District.

Operations

The District contracts with Inframark, LLC for maintenance and operation of the District's System. Inframark, LLC also serves as the operator of the Master District's System.

Bookkeeper

The District has engaged Municipal Accounts & Consulting, L.P., to serve as the District's bookkeeper.

Engineer

The consulting engineer for the District is TRE & Associates, LLC. (the "Engineer").

General Counsel

The District engages Lloyd Gosselink Rochelle & Townsend, P.C., Austin, Texas. The fees payable to General Counsel are not contingent upon the issuance sale and delivery of the Bonds.

Bond Counsel

The District has engaged McCall, Parkhurst & Horton, Austin, Texas as Bond Counsel. Lloyd Gosselink Rochelle & Townsend, P.C., in a separate, individual capacity, is also Of Counsel to the firm of McCall, Parkhurst, & Horton L.L.P. The fees payable to Bond Counsel are contingent upon the issuance, sale and delivery of the Bonds.

Financial Advisor

Hilltop Securities, Inc., El Paso, Texas and Dallas, Texas (the "Financial Advisor") serves as financial advisor to the District. The fee to be paid the Financial Advisor is contingent upon sale and delivery of the Bonds.

Auditor

The District's financial statements for the fiscal year ending September 30, 2019 have been audited by West, Davis & Company, LLP.

THE DEVELOPER

Role of a Developer

In general, the activities of a landowner or developer in a district such as the District include designing the project, defining a marketing program and setting building schedules; securing necessary governmental approvals and permits for development; arranging for the construction of roads and the installation of utilities; and selling or leasing improved tracts or commercial reserves to other Developer or third parties. In most instances, a landowner or developer will be required by the TCEQ to pay thirty percent (30%) of the cost of placing the water distribution, wastewater collection, and storm drainage facilities in a district, exclusive of water supply and storage and wastewater treatment plants of which the district incurs one hundred percent (100%) of the cost. While a developer is required by the TCEQ to pave streets, a developer is under no obligation to a district to undertake development activities according to any particular plan or schedule. Furthermore, there is no restriction on a developer's right to sell any or all of the land which the developer owns within a district. In addition, the developer is ordinarily the major taxpayer within the district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect sufficient taxes to pay debt service and retire bonds.

Neither the Developer (as hereinafter defined) nor any of its affiliates, is obligated to pay principal of or interest on the Bonds. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." Furthermore, neither the Developer nor any of its affiliates has any binding commitment to the District to carry out any plan of development, and the furnishing of information relating to the proposed development by the Developer should not be interpreted as such a commitment. Prospective purchasers are encouraged to inspect the District in order to acquaint themselves with the nature of development that has occurred or is occurring within the boundaries of the District.

The Developer

Water, sewer and drainage facilities to serve specific sections within the District have been acquired or constructed by Hunt Emeralds, LLC, referred to herein as the "Developer." Major water, sewer and drainage facilities and streets to serve land within the District are being developed by Hunt Emeralds, LLC, an affiliate of Hunt. The activities of Hunt and its affiliates include development, construction, consulting and advisory.

Land within the District is a portion of the development known as Paseo del Este. The Master District and the Participant Districts have been formed to include approximately 4,300 acres of land in and adjacent to the District, approximately 10 percent of which is currently owned by the GLO and under option to Hunt through Hunt's arrangement with B&G. See "THE DISTRICT - Status of Development."

The Developer is not responsible for, liable for, and has made no commitment for payment of the Bonds or other obligations of the District. The Developer may sell or otherwise dispose of its property within the District, or any other assets, at any time. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Landowner Obligation to the District".

Developer Reimbursement Agreements

Each Participant District, including the District, has entered into reimbursement agreements with the Developer of the Regional Facilities serving all Participant Districts pursuant to which the Participant District agrees to reimburse the Developer for the Participant District's pro rata share of the costs of the Regional Facilities based on the Participant District's total ultimate estimated connections as compared to the total connections in all eleven Participant Districts. In addition, such reimbursement agreements contemplate the Participant District will reimburse the Developer for the Participant District's pro rata share of (i) the Developer costs for creation of all eleven Participant Districts and (ii) the administrative and operation advances to all eleven Participant Districts by the Developer, with each Participant District's pro rata share of such expenses based on the ratio of 1 to 11. Finally, each Participant District, including the District, has entered into reimbursement agreements with the Developer of the Internal Facilities serving the specific Participant District pursuant to which the Participant District agrees to reimburse the Developer for the Internal Facilities serving only the specific Participant District. Before such Internal Facilities are purchased by a Participant District, the developer leases them to the Master District for its use in serving the retail customers within the Participant District. After purchase of such Internal Facilities by a Participant District, the Master District will continue to lease the Internal Facilities from the Participant District.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the then current requirements of various entities having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction of the System was required to be accomplished in accordance with the standards and specifications of the District, the TCEQ and EPWU and is subject to inspection by each such entity. Operation of the System is conducted by the Master District; however, EPWU operates the water treatment and storage and sewer treatment facilities providing wholesale service to the Master District. The regulations and requirements of entities exercising regulatory jurisdiction over the System are subject to further development and revision which, in turn, could require additional expenditures by the District in order to achieve compliance. In particular, additional or revised requirements in the future in connection with any permit held by the EPWU for the wastewater treatment plant from which the District receives service could result in the need to construct additional facilities in the future.

The Master District Contract

The District and the remaining Participant Districts have each entered into a "Master District Contract" with the Master District to coordinate the development of the water, sanitary sewer and drainage facilities to serve the area within all eleven Participant Districts. Under the Master District Contract, the Master District will acquire, construct, own and operate the Regional Facilities to serve the area within all eleven Participant Districts; each Participant District will acquire, construct and own its Internal Facilities serving only area within it and lease the Internal Facilities to the Master District for operation; and the Master District will provide retail water and wastewater service to all retail customers in all of the Participant Districts.

Master District Facilities

Source of Water Supply: The District receives its water supply pursuant to the Paseo del Este Wholesale Potable Water Supply and Wastewater Treatment and Transportation Contract (the "Water Supply and Wastewater Agreement") between the Master District and EPWU. Pursuant to terms of the Water Supply and Wastewater Agreement, which expires in 2063, EPWU is obligated to provide wholesale water to meet the needs of the area served by the Master District, including land within the boundaries of the District. EPWU currently supplies water to the Master District facilities from its existing three million gallon elevated storage tank and 12.3 MGD booster pump station. The major components of the EPWU's system serving the Master District's water supply system will serve the anticipated 16,995 equivalent single-family connections and contractually up to 20,000 equivalent single-family connections committed to the Master District, of which 1.661 ESFC are allocated to the District. As of August 31, 2020, the Master District is serving approximately 7,128 active water connections, of which 1,035 (including 12 irrigation and 1 commercial connections) are within the District. According to the Engineer, the District's currently allocated water supply capacity (1,661 equivalent single family connections) is sufficient to serve the District at ultimate build-out.

In order to fully provide water supply to all of the Participant Districts in Paseo del Este, the Master District Facilities will need to be expanded from time to time to meet the demand for such facilities.

Source of Wastewater Treatment: The District is provided wastewater treatment capacity by EPWU through the Water Supply and Wastewater Agreement. Pursuant to the terms of the Water Supply and Wastewater Agreement, EPWU is obligated to provide wholesale wastewater service to meet the needs of the area served by the Master District, including land within the boundaries of the District. The agreement expires in 2063. Wastewater flows are routed to EPWU's Bustamante plant, which has a current permitted capacity of 39 MGD. Current wastewater treatment capacity can serve the anticipated 16,995 equivalent single-family connections and contractually up to 20,000 equivalent single-family connections committed to the Master District. As of August 31, 2020, the Master District is serving approximately 7,044 active wastewater connections, of which 1,023 (including 1 commercial connection) are within the District. The Master District currently receives wholesale water and wastewater services from the EPWU for the areas within Participant Districts. According to the Engineer, the District's currently allocated wastewater treatment capacity (1,661 single family equivalent connections) is sufficient to serve the District at ultimate build-out. Currently, 1,022 active wastewater service connections within the District are being provided by EPWU under the terms of the Water Supply and Wastewater Agreement.

Distribution and Wastewater Collection: Water distribution facilities consist of waterlines ranging in size from 8-inch to 16-inch, generally located within the rights-of-way. These water distribution facilities supply water from the EPWU to each Participant District's internal facilities.

The current wastewater collection facilities include sanitary sewer lines ranging in size from 8-inch to 27-inch generally located within the rights-of-way of collector roads. These collection lines collect wastewater from each Participant District and transport it to an EPWU wastewater interceptor.

Drainage: The Master District will provide the Participant Districts with drainage facilities when it is determined that the facilities benefit two or more Participant Districts. These Regional Facilities will be capable of handling a 100-year storm event and will include storm sewers, drainage channels and retention ponds.

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Internal water distribution, wastewater collection and storm drainage facilities ("Internal Facilities") have been constructed by the District with funds advanced by the Developer to serve District development.

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Use and Distribution of Bond Proceeds

Proceeds from sale of the Bonds, together with other lawfully available funds of the District, if necessary, will be used (i) to pay for certain water, wastewater and drainage facilities as set forth more particularly below and (ii) to currently refund the Refunded Bonds in order to achieve net savings in the District's annual debt service expense.

The estimated use and distribution of Bond proceeds for water, wastewater and drainage purposes (including certain costs associated with the issuance thereof is shown below. Of proceeds to be received from the sale of the Bonds for water, wastewater and drainage purposes, $1,368,665 is estimated for construction costs, and $381,335 is estimated for non-construction costs. The actual amounts to be reimbursed by the District and the non-construction costs, including Developer Interest, will be finalized after the sale of the Bonds and review by an independent auditor.

Construction Costs	District's Share
A. Developer Contribution Items	
1. Emerald Park Unit 4 Water, Wastewater and Drainage Improvements……	$ 962,851
2. Engineering (9.75% of Item 1)……	93,880
Total Developer Contribution Items	$ 1,056,731
B. District Items (Regional Facilities)	
1. Paseo del Este Blvd Regional Water Lines, Phase E-4 & Sanitary Sewer Lines, Phase C-4B ……	$ 32,072
2. Garden Park at Mission Ridge Unit 2 Subdivision Off-Site regional Water & Wastewater Improvements……	7,065
3. Painted Desert Regionals……	13,415
4. Mission Ridge Blvd Phase II Regional Water & Wastewater Improvements……	47,953
5. Peyton Estates Unit Four Water, Wastewater & Drainage & Regional Water and Wastewater Improvements ……	32,158
6. Peyton Estates Unit Five Water, Wastewater & Drainage & Regional Water & Wastewater Improvements……	38,169
7. Emerald Park Unit 4 Regional Wastewater Line Improvements……	37,074
8. Hillside Park at Mission Ridge Unit 1 Drainage, Water & Wastewater Regional Water & Wastewater Improvements……	76,701
9. Engineering (9.60%) of Items 1-8)……	27,327
Total District Items (Regional Facilities)	$ 311,934
TOTAL CONSTRUCTION COSTS (78% of Bond Issue)	$ 1,368,665
Non-Construction Costs	
A. Legal Fees……	$ 36,160
B. Financial Advisor Fees……	21,875
C. Interest	
1. Capitalized Interest (a)……	42,611
2. Developer Interest……	103,785
D. Bond Discount……	(16,751)
E. Bond Issuance Expenses……	39,276
F. Bond Application Report Costs……	60,000
G. Attorney General's Fee (0.10%)……	1,750
H. TCEQ Bond Issuance Fee (0.25%)……	4,375
I. Surplus Funds……	88,254
TOTAL NON-CONSTRUCTION COSTS	$ 381,335
TOTAL BOND ISSUE REQUIREMENT	$ 1,750,000
BOND PREMIUM	16,751
TOTAL BOND PROCEEDS	$ 1,766,751

(a) TCEQ approved maximum amount of 12 months capitalized interest.

In the event approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses in accordance with the rules of the TCEQ. In the event actual costs exceed previously amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required.

Future Debt

According to information provided by the Developer and Engineer, the District is currently obligated to reimburse the Developer approximately $0 (as of July 31, 2020) for design, construction and acquisition of the District's share of Regional Facilities not yet reimbursed, and $800,000 (as of July 31, 2020) for District Facilities not yet reimbursed. It is anticipated that proceeds from future issues of District bonds will be used, in part, to reimburse the Developer for the District's pro rata share of the costs of the Regional Facilities and all of the costs of the District Facilities and future costs of developing currently undeveloped land, to the extent allowed by the TCEQ. According to the District's Engineer, based on current development plans, the $3,260,000 of remaining new money bonds authorized but unissued for water, wastewater and drainage purposes should be sufficient to finance development of the remaining 29.3 acres of undeveloped but developable land within the District.

UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED

Date of Authorization	Purpose	Amount Authorized	Issued to Date	Amount Unissued
2/1/2003	Water, Sanitary Sewer and Drainage	$14,000,000	$10,740,000*	$3,260,000

* Includes the Bonds.

FINANCIAL STATEMENT

Tax Year 2020 Certified Assessed Valuation	$183,154,551[a]
District Debt:	
Currently Outstanding Bonds	$4,620,000
The Bonds	$ 3,770,000
Gross Debt Outstanding (after issuance of the Bonds)	$ 8,390,000
Ratio of Gross Debt to 2020 Certified Assessed Valuation	4.58%

Approximate Area of District – 414.36 acres (29.3 remaining developable acres)

[a] As certified by the El Paso Central Appraisal District (the "Appraisal District"). Represents the assessed valuation within the District as of January 1, 2020. See "TAX PROCEDURES."

Cash and Investment Balances (as of October 6, 2020)

Operating Fund	Cash and Temporary Investments	$ 1,443,732.54
Capital Projects	Cash	$ 1.01
Debt Service Fund	Cash and Temporary Investments	$ 535,581.65

See "SELECTED FINANCIAL INFORMATION."

ESTIMATED OVERLAPPING DEBT STATEMENT

Expenditures of the various taxing entities within the territory of the District are paid out of ad valorem taxes levied by such entities on properties within the District. Such entities are independent of the District and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax bonds ("Tax Debt") was developed from information contained in the "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the District, the District has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional bonds since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined. The following table reflects the estimated share of the overlapping Tax Debt of the District.

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
El Paso County	$ 151,404,147	9/30/2020	0.36%	$ 545,055
Socorro Independent School District	820,672,678	9/30/2020	1.44%	11,817,687
Total Estimated Overlapping Debt				$ 12,362,741
The District				$ 8,390,000 [a]
Total Direct and Estimated Ovelapping Debt				$ 20,752,741
Ratio of Total Direct and Estimated Overlapping Debt to 2020 Certified Assessed Valuation				11.33%

[a] Includes the Bonds.

Overlapping Tax Rates for 2020

Taxing Jurisdiction	2020 Tax Rate per $100 Assessed Valuation
The District	$ 0.750000
El Paso County	0.488997
El Paso County Emergency Services District No. 2	0.095097
El Paso Community College District	0.139859
Socorro Independent School District	1.343354
University Medical Center	0.267747
Total Overlapping Tax Rate	$ 3.085054

TAX DATA

Tax Collections

The following statement of tax collections sets forth in condensed form the historical tax collection experience of the District. This summary has been prepared for inclusion herein, based upon information from District records. Reference is made to these records for further and more complete information.

Tax	Assessed			Current Collections		Total Collections		Fiscal Year
Year	Valuation	Tax Rate	Tax Levy	Amount	Percent	Amount	Percent	Ending
2016	$ 173,212,533	$ 0.7500	1,299,094	$1,296,718	99.82%	$1,299,731	100.05%	9/30/2017
2017	175,144,942	0.7500	1,313,587	1,310,415	99.76%	1,315,559	100.15%	9/30/2018
2018	178,801,322	0.7500	1,341,010	1,342,225	100.09%	1,352,377	100.85%	9/30/2019
2019	180,485,192	0.7500	1,353,639	1,352,204	99.89%	1,359,301	100.42%	9/30/2020 [a]
2020	183,154,551	0.7500	1,373,659	N/A	0.00%	N/A	0.00%	9/30/2021

[a] Collections as of July, 2020.

Taxes are due October 1 and become delinquent if not paid before February 1 of the year following the year in which imposed. No split payments are allowed and no discounts are allowed.

Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	$0.3700	$0.3300	$0.3400	$0.3600	$0.3600
Contract [a]	0.2900	0.2900	0.2700	0.3600	0.1592
Maintenance and Operations	0.0900	0.1300	0.1400	0.0300	0.2308
Total	$0.7500	$0.7500	$0.7500	$0.7500	$0.7500

[a] See “INVESTMENT CONSIDERATIONS – District Operations and Contract Tax” and “– Contract Tax” below.

Tax Rate Limitations

Debt Service: Unlimited (no legal limit as to rate or amount).

Maintenance and Operations: $1.00 per $100 Assessed Valuation.

Debt Service Tax

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

Contract Tax

Under the Master District Contract, each Participant District has agreed to levy and collect a tax (the “Contract Tax”) to make payments to the Master District for (i) the Participant District’s pro rata share of any operating deficits incurred by the Master District and (ii) the debt service on any bonds issued by the Master District for Regional Facilities payable from the Contract Tax (“Master District Bonds”), with the Participant District’s pro rata share based on the Participant District’s total taxable assessed valuation as compared to the total taxable assessed valuation in all eleven Participant Districts. However, the Master District Contract contemplates that the Master District would not issue Master District Bonds for purposes of reimbursing the Developer for the initial construction of the Regional Facilities. Thus, for the foreseeable future, the District contemplates levying a Contract Tax only for its pro rata share of the operating deficits of the Master District. The District levied a total tax of $0.7500 per $100 of Assessed Valuation for Tax Year 2020, as follows: $0.37 for debt service tax, $0.29 for Contract Tax and $0.09 for maintenance and operations tax.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by vote of the District's electors. On February 1, 2003, the Board was authorized to levy such a maintenance tax in an amount not to exceed $1.00 per $100 of assessed valuation. For the 2020 tax year, the Board has levied a maintenance tax in the amount of $0.09 per $100 assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bonds and the Contract Tax.

Tax Exemptions

As discussed in the section titled "TAX PROCEDURES" herein, certain property in the District may be exempt from taxation by the District. The District does not exempt any percentage of the market value of any residential homesteads from taxation.

Additional Penalties

The District has contracted with a delinquent tax attorney to collect delinquent taxes. Pursuant to the contract and in accordance with the Texas Property Tax Code, the District recovers certain costs, expenses and fees associated with tax collection suits, including reasonable attorney's fees in the amount of twenty percent (20%) of the total amount of taxes, penalties, and interest due to the District.

Principal Taxpayers

The following list of principal taxpayers is based upon the 2020 tax roll, which reflects ownership at January 1, 2020.

Taxpayer	Type of Property	Assessed Valuation
Emerald Park Plaza, LLC	Commercial	$ 2,215,201
Hakes Brothers EPTX LLC	Real Estate	925,043
Hunt Emeralds, LLC	Real Estate	659,917
Hunt Communities Development Company II, LLC	Real Estate	592,969
Flores Daniel E & Gloria R	Individual	555,030
Mendez Sergio	Individual	507,111
Jolliff Terrence & Gale W	Individual	510,344
Newland Bobby L	Individual	490,519
Law Craig & Linda	Individual	425,928
Steward Evelyn G & James	Individual	408,029
Total		$ 7,290,091

Summary of Assessed Valuation

The following summary of the Assessed Valuation is provided by the District's Tax Assessor/Collector based on information contained in the 2016-2020 tax rolls of the District. Differences in totals may vary slightly from other information herein due to differences in dates of data.

	2020	2019	2018	2017	2016
Land and Improvements	$ 192,391,796	$ 188,394,460	$ 185,882,534	$ 181,907,600	$ 178,144,669
Personal Property	991,885	739,867	762,782	518,519	558,854
Exemptions	(10,229,130)	(8,649,135)	(7,843,994)	(7,281,177)	(5,490,990)
Total Assessed Valuation	$ 183,154,551	$ 180,485,192	$ 178,801,322	$ 175,144,942	$ 173,212,533

Projected Tax Adequacy for Debt Service

Assuming (i) a tax collection rate similar to the collection rate of the District in years past, (ii) no increase or decrease in assessed valuation over the 2020 Certified Assessed Valuation, (iii) no use of available funds, and (iv) utilization of a tax rate necessary to pay the District's projected average annual debt service requirements on the Bonds, the District expects that sufficient funds will be generated to pay both the Average Annual Debt Service and Maximum Annual Debt Service shown below.

Average Annual Debt Service (2021-2040)	$	538,834
Maximum Annual Debt Service (2032)	$	676,738

TAX PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS - Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Resolution to levy such a tax from year to year as described more fully herein under "THE BONDS - Source of 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. See "TAX DATA."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. The District must also follow tax procedures found in the Texas Water Code. These statutory provisions 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 within a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. The Appraisal District has the responsibility for appraising property for all taxing units within El Paso County, including the District. Such appraisal values are subject to review and change by the El Paso County Appraisal Review Board (the "Appraisal Review Board").

Property Subject to Taxation by the District

General: Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District; however, no effort is expected to be made by the Appraisal District to include on a tax roll tangible or intangible personal property not devoted to commercial or industrial use. 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; income producing tangible personal property or mineral interest with a taxable value of less than $500; certain property used for the control of air, water or land pollution; solar and wind powered energy devices; certain non-profit cemeteries, farm products owned by the producer; and certain property owned by qualified charitable, religious, veterans, youth development, fraternal organizations, designated historical sites, travel trailers, and most individually owned automobiles. Goods, wares, ores and merchandise (other than oil, gas, or petroleum products) that are acquired in or imported into the state and forwarded out of state within 175 days thereafter are also exempt. Article VIII, Section 1-a of the Texas Constitution grants a $3,000 homestead exemption for all homesteads taxed by counties for farm-to-market roads and flood control purposes. Property owned by a disabled veteran or by the spouse of certain children of a deceased disabled veteran or a veteran who died while on active duty is partially exempt to between $5,000 and $12,000 of assessed value depending upon the disability rating of the veteran. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse or a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. The surviving spouse of a member of the armed services who was killed in action is entitled to an exemption from taxation of the total appraised value of the surviving spouse's residence homestead where certain condition are met 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, 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. Also partially exempt are residence homesteads of certain persons who are disabled or at least 65 years old, not less than $3,000 of appraised value or such higher amount as the Board or the District's voters may approve. Subject to certain conditions, the surviving spouse of a person 65 or older is entitled to an exemption for the same property in an amount equal to that which the deceased spouse wad qualified. The District's tax assessor 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. The District's tax assessor/collector is authorized by statute to disregard such exemptions for the elderly and disabled if granting the exemptions would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemptions by the District. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) (not less than $5,000) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has not adopted a general residential homestead exemption. See "TAX DATA."

Freeport Goods Exemption: Freeport goods are goods, wares, merchandise, other tangible personal property and ores, other than oil, natural gas and other petroleum products, which have been acquired or brought into the state for assembling, storing, manufacturing, repair, maintenance, processing or fabricating purposes, or used to repair or maintain aircraft of a certified air carrier, and shipped out of the state within one hundred seventy-five (175) days. Freeport goods are exempt from taxation by the District.

Goods-in-Transit Exemptions: A "Goods-in-Transit Exemption" may apply to certain tangible personal property that is acquired in or imported into Texas for assembling, storing, manufacturing or fabrication purposes which is destined to be forwarded to another location in Texas not later than 175 days after acquisition or importation, so long as the location where said goods are detained is not directly or indirectly owned by the owner of the goods. The District has not taken action to allow taxation of goods-in-transit, and accordingly, the exemption is available within the District. However, the District may determine in the future to take action to tax exempt goods-in-transit personal property. A taxpayer may not claim both a Freeport Goods Exemption and a Goods-in-Transit Exemption on the same property.

Temporary Exemption for Qualified Property Damaged by a Disaster: The Property Tax Code provides for 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.

Tax Abatement

El Paso County may designate all or part of the area within the District as a reinvestment zone. Thereafter, El Paso County, Socorro Independent School District, the District, and, if the District is annexed and dissolved, the City of El Paso, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Generally, assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value 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. Substantially all of the undeveloped land in the District is valued based on agricultural use. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five (5) years for open space land and timberland.

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

District and Taxpayer Remedies

Under certain circumstances taxpayers and taxing units (such as the District) may appeal the orders of the Appraisal Review Board by filing a timely petition 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 the Appraisal District to compel compliance with the Property Tax Code. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property value, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Rollback of Operation and Maintenance Tax Rate

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

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

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

Developed Districts
Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, plus any unused increment rates, as calculated and described in Section 26.013 of

the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence 32 homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a 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 imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead in the district, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

The District
A determination as to a district’s status as a 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. With respect to the District's 2020 tax rate, the District has been determined to be a Developed District. 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.

Levy and Collection of Taxes

The District is responsible for the levy and, unless it elects to transfer such functions to another governmental entity, collection of its taxes. By September 1 of each year, or as soon thereafter as practicable, the rate of taxation is set by the Board of Directors based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent, plus one percent (1%) for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of twelve percent (12%) regardless of the number of months the tax has been delinquent and incurs an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. For those taxes billed at a later date and that become delinquent on or after June 1, they will also incur an additional penalty for collection costs of an amount established by the District and a delinquent tax attorney. The delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month it remains unpaid. The Property Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

The District’s tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all state and local taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of the State of Texas and each local taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of such other taxing units (see "ESTIMATED OVERLAPPING DEBT STATEMENT - Overlapping Tax Rates for 2020"). A tax lien on real property takes priority over the claim of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the cost of suit and sale, 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 (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership or conservatorship by the FDIC. See "INVESTMENT CONSIDERATIONS – The Effect of FIRREA on Tax Collections of the District."

GENERAL FUND OPERATIONS

General

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. Surplus revenues, if any, of the District's general fund are not pledged to the payment of the Bonds but are available for any lawful purpose including payment of debt service on the Bonds, at the discretion and upon action of the Board. It is not expected that significant net revenue, if any, will be available for payment of debt service on the Bonds.

Contract Tax

Under the Master District Contract, each Participant District has agreed to levy and collect the Contract Tax to make payments to the Master District for (i) the Participant District's pro rata share of any operating deficits incurred by the Master District and (ii) the debt service on any Master District Bonds, with the Participant District's pro rata share based on the Participant District's total taxable assessed valuation as compared to the total taxable assessed valuation in all eleven Participant Districts. However, the Master District Contract contemplates that the Master District would not issue Master District Bonds for purposes of reimbursing the Developer for the initial construction of the Regional Facilities. Thus, for the foreseeable future, the District contemplates levying a Contract Tax only for its pro rata share of the operating deficits of the Master District. The District levied a total tax of $0.7500 per $100 of Assessed Valuation for Tax Year 2020, as follows: $0.37 for debt service tax, $0.29 for contract tax and $0.09 for maintenance tax.

District Operation and Maintenance Expense

Because the Master District provides retail water and sanitary sewer service to all customers in the area within all eleven Participant Districts, including the District, the District does not expect to incur significant operating expenses; rather it expects to mainly incur administrative expenses. The Master District Contract provides that the Master District will pay each Participant District's ordinary administrative expenses, including the District's, if approved by the Master District as part of an annual budget. The Master District Contract provides an annual budget process where each Participant District submits its budget for approval by the Master District. So long as a Participant District's expenses are no more than ten percent higher than the average of the budgets for Participant Districts Nos. 2-11, the budget must be approved by the Master District. In addition, the District may levy its own maintenance tax to pay such expenses. However, because the Master District provides retail water and sanitary sewer service to all customers in the area within all eleven Participant Districts, including the District, the District does not expect to have any revenues from water and sanitary sewer operations to pay its operation and expenses.

No Water and Sanitary Sewer Revenues

Because the Master District provides retail water and sanitary sewer service to all customers in the area within all eleven Participant Districts, including the District, the District does not expect to have any revenues from water and sanitary sewer operations to pay its operation and maintenance expenses.

Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's General Fund. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Such summary is based upon information obtained from the District's audited financial statements and the District's bookkeeping records. Reference is made to such audited financial statements and records for further and more complete information.

	Fiscal Year Ended September 30,				
	2019	**2018**	**2017**	**2016**	**2015**
Revenues:					
Transfer From Master District	$ 113,108	$ 107,708	$ 104,558	$ 99,062	$ 98,315
Property Taxes	256,124	54,094	401,234	312,104	183,733
Contract Taxes	487,646	631,556	276,724	382,420	484,396
Interest	27,097	12,070	4,551	2,657	1,906
Total Revenues	$ 883,975	$ 805,428	$ 787,067	$ 796,243	$ 768,350
Expenditures:					
Tax Transfer to Master District	$ 487,646	$ 631,556	$ 276,724	$ 382,420	$ 484,396
Legal Fees	33,473	34,772	48,273	57,587	39,001
Audit Fees	6,500	6,500	6,500	6,500	11,300
Accounting Fees	24,150	22,150	20,430	20,817	19,378
Engineering Fees	8,018	5,505	5,254	4,504	35,151
Management Fees	8,494	8,026	7,940	7,868	7,616
Director Salaries and Payroll Taxes	9,204	7,751	8,720	8,397	8,881
Insurance	1,800	2,344	2,095	1,851	2,016
Tax Assessor/Collector	16,844	17,199	17,966	17,789	16,429
Printing and Office Supplies	790	651	1,445	1,257	1,280
Postage and Delivery	555	250	306	335	255
Fiscal Agent Fees	1,500	1,500	1,500	1,500	1,500
Legal Notices	1,403	720	-	540	720
Travel	1,877	1,857	1,657	2,125	2,049
Repairs and Maintenance	-	-	-	-	132,022
Capital Expenditures	-	-	-	263,675	-
Total Expenditures	$ 602,254	$ 740,781	$ 398,810	$ 777,165	$ 761,994
Transfer (to) Other Funds	(4,106)	-	-	2	(237,618)
Change in Net Position	$ 277,615	$ 64,647	$ 388,257	$ 19,080	$ (231,262)
Fund Balance/Net Position - Beginning	1,049,763	985,116	596,859	577,779	809,041
Fund Balance/Net Position - Ending	$1,327,378	$1,049,763	$ 985,116	$ 596,859	$ 577,779

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DEBT SERVICE REQUIREMENTS [1]

Fiscal Year Ending, 30-Sep	Outstanding Debt Service	Less: Refunded Bond Debt Service	The Bonds Principal	The Bonds Interest	The Bonds Total	Total Debt Service
2021	$ 575,944	$ 188,688	$ 150,000	$ 69,962	$ 219,962	$ 607,218
2022	578,944	189,938	180,000	95,050	275,050	664,056
2023	576,206	191,038	185,000	89,650	274,650	659,819
2024	582,969	191,988	190,000	84,100	274,100	665,081
2025	583,981	192,788	200,000	78,400	278,400	669,594
2026	584,444	193,438	205,000	72,400	277,400	668,406
2027	588,869	193,938	210,000	66,250	276,250	671,181
2028	586,575	194,288	215,000	59,950	274,950	667,238
2029	588,275	194,288	225,000	53,500	278,500	672,488
2030	584,294	194,131	225,000	46,750	271,750	661,912
2031	588,244	193,394	230,000	42,250	272,250	667,100
2032	591,575	197,488	245,000	37,650	282,650	676,738
2033	589,269	191,244	240,000	32,750	272,750	670,775
2034	576,513	-	65,000	26,750	91,750	668,263
2035	391,688	-	155,000	25,125	180,125	571,813
2036	-	-	160,000	21,250	181,250	181,250
2037	-	-	165,000	17,250	182,250	182,250
2038	-	-	170,000	13,125	183,125	183,125
2039	-	-	175,000	8,875	183,875	183,875
2040	-	-	180,000	4,500	184,500	184,500
Total	$ 8,567,788	$ 2,506,644	$ 3,770,000	$ 945,537	$ 4,715,537	$ 10,776,680

Average Annual Debt Service (2021-2040)...	$ 538,834
Maximum Annual Debt Service (2032)..	$ 676,738

[1] Totals may not foot due to rounding.

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LEGAL MATTERS

Legal Proceedings

Issuance of the Bonds is subject to the approving legal opinion of the Attorney General of Texas to the effect that the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax levied, without legal limit as to rate or amount, upon all taxable property within the District. Issuance of the Bonds is also subject to the legal opinion of McCall, Parkhurst & Horton L.L.P. ("Bond Counsel"), based upon examination of a transcript of the proceedings incident to authorization and issuance of the Bonds, to the effect that the Bonds are valid and binding obligations of the District payable from the sources and enforceable in accordance with the terms and conditions described therein, except to the extent that the enforceability thereof may be affected by governmental immunity, bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with general principles of equity. Bond Counsel's legal opinion will also address the matters described below under "TAX EXEMPTION". Such opinions will express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. In connection with the issuance of the Bonds, Bond Counsel has been engaged by, and only represents, the District.

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

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.

Bond Counsel has reviewed the information appearing in this Official Statement under "PLAN OF FINANCING" (except for the subcaptions "- Outstanding Bonds" and "- Refunded Bonds"), "THE BONDS," "THE DISTRICT - General," "MANAGEMENT – Bond Counsel" "TAX PROCEDURES," "LEGAL MATTERS – Legal Proceedings" (insofar as such section relates to the legal opinion of Bond Counsel), and "TAX EXEMPTION" (insofar as such section relates to the legal opinion of Bond Counsel)" and "CONTINUING DISCLOSURE OF INFORMATION" (except under the subheading "Compliance with Prior Undertakings") solely to determine if such information, insofar as it relates to matters of law, is true and correct, and whether such information fairly summarizes the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein.

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 financial condition of the District from that set forth or contemplated in the Preliminary Official Statement as amended or supplemented through the date of sale.

No-Litigation Certificate

The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending, or to its knowledge threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the levy, assessment and collection of ad valorem taxes to pay the interest or the principal of the Bonds; in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds; or affecting the validity of the Bonds or the title of the present officers of the District.

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TAX EXEMPTION

Opinion

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

In rendering its opinion, Bond Counsel to the District will rely upon (a) the District's federal tax certificate and (b) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Failure of the District to comply with these representations or covenants could cause the interest on the Bonds to become includable in gross income retroactively to the date of issuance of the Bonds.

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

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

A ruling was not sought from the Internal Revenue Service by the District with respect to the Bonds or the facilities financed or refinanced with the proceeds of the Bonds. Bond Counsel's opinion represents its legal judgment based upon its review of Existing Law and the representations of the District that it deems relevant to render such opinion and is not a guarantee of a result. No assurances can be given as to whether the Internal Revenue Service will commence an audit of the Bonds, or as to whether the Internal Revenue Service would agree with the opinion of Bond Counsel. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the District as the taxpayer and the Bondholders may have no right to participate in such procedure. No additional interest will be paid upon any determination of taxability.

Federal Income Tax Accounting Treatment of Original Issue Discount

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

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

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

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

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

State, Local and Foreign Taxes

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

Information Reporting and Backup Withholding

Subject to certain exceptions, information reports describing interest income, including original issue discount, with respect to the Bonds will be sent to each registered holder and to the IRS. Payments of interest and principal may be subject to backup withholding under section 3406 of the Code if a recipient of the payments fails to furnish to the payor such owner's social security number or other taxpayer identification number ("TIN"), furnishes an incorrect TIN, or otherwise fails to establish an exemption from the backup withholding tax. Any amounts so withheld would be allowed as a credit against the recipient's federal income tax. Special rules apply to partnerships, estates and trusts, and in certain circumstances, and in respect of Non-U.S. Holders, certifications as to foreign status and other matters may be required to be provided by partners and beneficiaries thereof.

Future and Proposed Legislation

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

Qualified Tax-Exempt Obligations for Financial Institutions

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

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District covenants to take such action that would assure, or to refrain from such action that would adver1sely affect, the treatment of the Bonds as "qualified tax-exempt obligations". **Potential purchasers should be aware that if the issue price to the public exceeds $10,000,000, there is a reasonable basis to conclude that the payment of a de minimis amount of premium in excess of $10,000,000 is disregarded; however the Internal Revenue Service could take a contrary view. If the Internal Revenue Service takes the position that the amount of such premium is not disregarded, then such obligations might fail to satisfy the $10,000,000 limitation and the Bonds would not be "qualified tax-exempt obligations."**

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SALE AND DISTRIBUTION OF THE BONDS

Underwriting

The Underwriter has agreed, subject to certain conditions, to purchase the Bonds from the District, at an underwriting discount of $34,534.27. The Underwriter will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriter and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds, and such public offering prices may be changed, from time to time, by the Underwriter.

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

The Underwriter and its affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. The Underwriter and its affiliates have, from time to time, performed, and may in the future perform, various investment banking services for the District for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriter and its affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of the District.

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 the Bonds have been offered for sale to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker, or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriter regarding the reoffering yields or prices of the Bonds. Information concerning reoffering yields or prices is the responsibility of the Underwriter.

The prices and other terms with respect to the offering and sale of the Bonds may be changed at any 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.

The District has no control over trading of the Bonds in the secondary market. Moreover, there is no guarantee that a secondary market will be made in the Bonds. In such a secondary market, the difference between the bid and asked price of utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market. Additionally, there are no assurances that if a secondary market for the Bonds were to develop, that any such secondary market would not be disrupted by events including, but not limited to, the current pandemic associated with the COVID-19 virus. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outbreak (COVID-19)."

Securities Laws

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

Rating

S&P Global Ratings, a division of S&P Global, Inc. (“S&P”) has assigned a municipal bond rating of “AA” (stable outlook) concurrently, Moody’s Investors Service (“Moody’s”) has assigned a rating of “A2” (stable outlook) to this issue of Bonds, with the understanding that upon delivery of the Bonds, a municipal bond insurance policy guaranteeing the timely payment of principal of and interest on the Bonds will be issued by AGM. The underlying credit rating for the Bonds and the District’s outstanding revenue debt are rated “Baa1” by Moody’s, without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the District makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either of such rating company, if in the judgment of such company circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Hilltop Securities, Inc., (“HilltopSecurities”) 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. In its capacity as Financial Advisor, HilltopSecurities has compiled and edited this Official Statement. In addition to compiling and editing, the Financial Advisor has obtained the information set forth herein under the caption indicated from the following sources:

> “THE DISTRICT” – the Developer; TRE & Associates, LLC (“Engineer”), and records of the District (“Records”); “THE DEVELOPER” - Developer; “THE SYSTEM – Engineer” “UNLIMITED TAX BONDS AUTHORIZED BUT UNISSUED” - Records; “FINANCIAL STATEMENT” - District records; “ESTIMATED OVERLAPPING DEBT STATEMENT - Municipal Advisory Council of Texas and Financial Advisor” “TAX DATA” - City of El Paso Tax Assessor/Collector; “MANAGEMENT” - District General Counsel; “DEBT SERVICE REQUIREMENTS” - Financial Advisor; “THE BONDS,” “LEGAL MATTERS,” and “TAX EXEMPTION” - McCall, Parkhurst & Horton, L.L.P.

The Financial Advisor has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as 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 and to the description of the System and in particular that information included in the sections entitled “THE DISTRICT” and “THE SYSTEM” has been provided by TRE & Associates, LLC, Consulting Engineers, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Appraisal District: The information contained in this Official Statement relating to the assessed valuations has been provided by the El Paso Central Appraisal District and has been included herein in reliance upon the authority of such entity as experts in assessing the values of property in El Paso County, including the District.

Tax Assessor/Collector: The information contained in this Official Statement relating to the historical breakdown of the Assessed Valuations, principal taxpayers, and certain other historical data concerning tax rates and tax collections has been provided by the

El Paso Central Appraisal District and the City of El Paso Tax Assessor/Collector and is included herein in reliance upon their respective authority as experts in assessing and collecting taxes.

Auditor: The District's financial statements for the fiscal year ending September 30, 2019 have been audited by West, Davis & Company, LLP. See "APPENDIX A" for a copy of the District's September 30, 2019, audited financial statements.

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

The offering of the Bonds qualifies for the Rule 15c2-12(d)(2) exemption from Rule 15c2-12(b)(5) of the United States Securities and Exchange Commission ("SEC") regarding the District's continuing disclosure obligations because the District has less than $10,000,000 in aggregate amount of outstanding bonds and no person is committed by contract or other arrangement with respect to payment of the Bonds. As required by the exemption, in the Bond Resolution, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB") or to any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide certain financial information and operating data annually to the MSRB. The financial information and operating data which will be provided with respect to the District will be the District's audited financial statements and supplemental schedules as found in "APPENDIX A - District Audited Financial Statements." The District will update and provide this information within six months after the end of each of its fiscal years. The District will provide the updated information to the MSRB or any successor to its functions as a repository through the EMMA system. Any information concerning the District so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report of the District is not complete within such period, then the District shall provide unaudited financial statements for the applicable entity and fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Notice of Certain Events

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax 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 within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of an 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties. The terms "financial obligation" and "material" when used in this paragraph shall have the meanings ascribed to them under federal securities laws.

The District will provide notice of the aforementioned events to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event). The District will also provide timely notice of any failure by the District to provide annual financial information in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

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

Limitations and Amendments

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

The District may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, but only if the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering made hereby in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may also amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the 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

The District entered into agreements to provide annual financial information consisting of its audits and supplemental schedules pursuant to Section (d)(2) of Rule 15c2-12. The District has complied in all material respects with such agreements.

MISCELLANEOUS

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

This Official Statement was approved by the Board of Directors of Paseo del Este Municipal Utility District No. 10, as of the date shown on the cover page.

/s/ ______________________________________
President, Board of Directors
Paseo del Este Municipal Utility District No. 10

ATTEST:

/s/ ______________________________________
Secretary, Board of Directors
Paseo del Este Municipal Utility District No. 10

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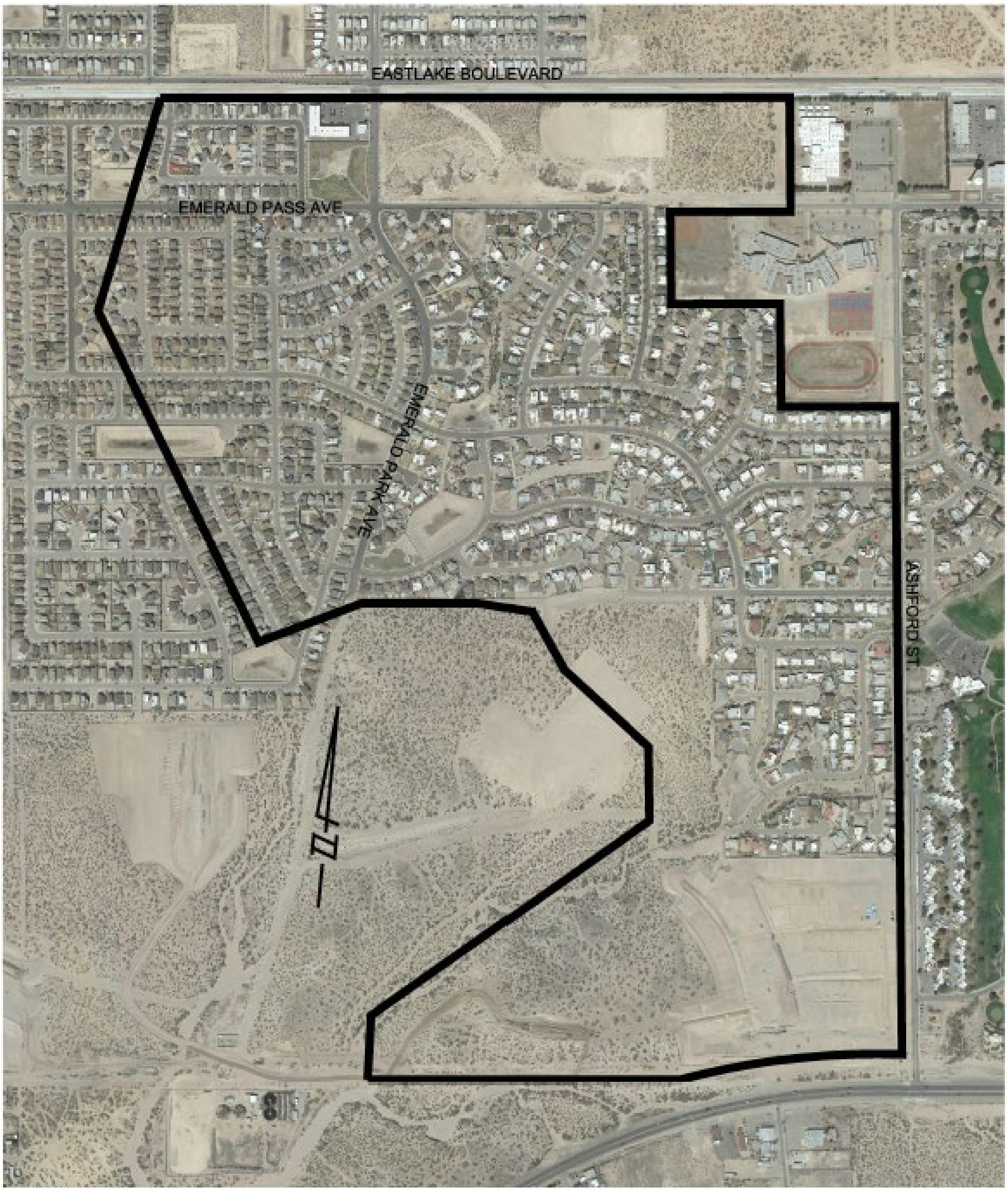
AERIAL PHOTOGRAPH
(Approximate boundaries)


EASTLAKE BOULEVARD
EMERALD PASS AVE
EMERALD PARK AVE
ASHFORD ST.

PHOTOGRAPHS

The following photographs were taken in the District on September 10, 2020, solely to illustrate the type of improvements which have been constructed in the District. The District cannot predict if any additional improvements will be constructed in the future.

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APPENDIX A

District Audited Financial Statements for the fiscal year ended September 30, 2019

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PASEO DEL ESTE
MUNICIPAL UTILITY DISTRICT NO. 10
OF EL PASO COUNTY

FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2019

WEST, DAVIS & COMPANY, LLP

Certified Public Accountants

Austin, Texas

ANNUAL FILING AFFIDAVIT

THE STATE OF TEXAS
COUNTY OF EL PASO

I, LUIS ORTEGA of the Paseo del Este Municipal Utility District No. 10 of El Paso County hereby swear, or affirm, that the district named above has reviewed and approved at a meeting of the Board of Directors of the District on the 7th day of January 2020, its annual audit report for the fiscal year ended September 30, 2019, and that copies of the annual report have been filed in the district office, located at c/o Lloyd Gosselink Rochelle & Townsend, PC, 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

The annual filing affidavit and the attached copy of the annual audit report are being submitted to the Texas Commission on Environmental Quality in satisfaction of the annual filing requirements of Texas Water Code Section 49.194.

Date: January 7, 2020

By: ______________________
(Signature of District Representative)

LUIS ORTEGA, PRES.
(Name & Title of above District Representative)

Sworn to and subscribed to before me this 7th day of January 2020.

(SEAL) NOTARY PUBLIC STATE OF TEXAS Rebeca Chavez My Commission Expires 12/28/2022 ID No. 125815796

____
(Signature of Notary)

My Commission Expires On: December 28, 2022.
Notary Public in and for the State of Texas.

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY
Annual Financial Report
For the Year Ended September 30, 2019

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditor's Report

Board of Directors
Paseo del Este Municipal Utility District No. 10 of El Paso County
El Paso, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Paseo del Este Municipal Utility District No. 10 of El Paso County (the District) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 of material misstatement.

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

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

Opinion

In our opinion the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of the District at September 30, 2019, and the 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 budgetary comparison information identified as Required Supplementary Information in the table of contents 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.

Texas Commission on Environmental Quality Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplemental schedules required by the Texas Commission on Environmental Quality are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental schedules required by the Texas Commission on Environmental Quality are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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 supplemental schedules required by the Texas Commission on Environmental Quality are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The other information listed in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

West, Davis & Company

Austin, Texas
December 31, 2019

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

Management Discussion and Analysis
For the Year Ended September 30, 2019

In accordance with Governmental Accounting Standards Board Statement 34 ("GASB 34"), the management of Paseo del Este Municipal Utility District No. 10 of El Paso County (the "District") offers the following discussion and analysis to provide an overview of the District's financial activities for the year ended September 30, 2019. Since this information is designed to focus on current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the District's financial statements that follow.

FINANCIAL HIGHLIGHTS

- **General Fund:** The unassigned fund balance increased from $1.05 million at the end of the previous fiscal year to $1.327 million at the end of the current fiscal year. Revenue increased from $805 thousand in the previous fiscal year to $884 thousand in the current fiscal year primarily due a small increase in assessed property values within the District.

- **Debt Service Fund:** The fund balance restricted for debt service increased from $471 thousand at the end of the previous fiscal year to $500 thousand at the end of the current fiscal year. Revenue decreased from $645 thousand in the previous fiscal year to $635 thousand in the current fiscal year due to a reduction in the debt service tax rate. The District made bond principal payments of $195 thousand and bond interest payments of $217 thousand during the fiscal year.

- **Capital Projects Fund:** The fund balance remained unchanged for the year.

- **Governmental Activities:** On a Government-wide basis for governmental activities, the District had revenues in excess of expenses of approximately $337 thousand. Net assets increased from $2.3 million to $2.6 million.

OVERVIEW OF THE DISTRICT

The District, a political subdivision of the State of Texas, was created by an Act of the Texas Legislature. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within the District. The District has entered into an agreement with Paseo del Este Municipal Utility District #1 (Paseo #1) under which Paseo #1 will serve as the "Master District" for the purpose of providing water acquisition, transportation and treatment, wastewater collection, transportation, treatment and disposal, and drainage facilities and services.

USING THIS ANNUAL REPORT

The District's reporting is comprised of five parts:

- Management's Discussion and Analysis (this section)
- Basic Financial Statements
  - Statement of Net Position and Reconciliation to Governmental Funds Balance Sheet
  - Statement of Activities and Reconciliation to Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds
- Notes to the Financial Statements
- Required Supplementary Information
- Texas Supplementary Information (required by the Texas Commission on Environmental Quality)

The Government-wide statements are reported using the flow of economic resources measurement focus and the full accrual basis of accounting. The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

For purposes of GASB 34, the District is considered a special purpose government. This allows the District to present the newly required fund and government-wide statements in a single schedule. The requirement for fund financial statements that are prepared on the modified accrual basis of accounting is met with the "Governmental Funds Total" column. An adjustment column includes those entries needed to convert to the full accrual basis government-wide statements. Government-wide statements are comprised of the Statement of Net Assets and the Statement of Activities.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Statement of Net Position and Governmental Funds Balance Sheet includes a column (titled "Governmental Funds Total") that represents a balance sheet prepared using the modified accrual basis of accounting. The adjustments column converts those balances to a balance sheet that more closely reflects a private-sector business. Over time, increases or decreases in the District's net assets will indicate financial health.

The Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances includes a column (titled "Governmental Funds Total") that derives the change in fund balances resulting from current year revenues, expenditures, and other financing sources or uses. These amounts are prepared using the modified accrual basis of accounting. The adjustments column converts those activities to full accrual, a basis that more closely represents the income statement of a private-sector business.

The Notes to the Financial Statements provide additional information that is essential to a full understanding of the information presented in the *Statement of Net Position and Governmental Funds Balance Sheet* and the *Statement of Activities and Governmental Funds Revenues, Expenditures, and Changes in Fund Balances.*

The Required Supplementary Information presents a comparison statement between the District's adopted budget and its actual results.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Summary Statement of Net Position

	Governmental Activities (in thousands)		
	September 2019	September 2018	Increase (Decrease)
Current and Other Assets	$ 1,857	$ 1,549	$ 308
Capital and Non-Current Assets	7,810	8,001	(191)
Total Assets	**9,667**	**9,550**	**117**
Current Liabilities	367	361	6
Long-Term Liabilities	6,684	6,910	(226)
Total Liabilities	**7,051**	**7,271**	**(220)**
Net Investment in Capital Assets	777	745	32
Nonspendable	-	-	-
Restricted	505	477	28
Unrestricted	1,334	1,057	277
Total Net Position	**$ 2,616**	**$ 2,279**	**$ 337**

The District's total assets were approximately $9.7 million as of September 30, 2019. Of this amount, approximately $1.8 million is accounted for by cash and short-term investments. The District had outstanding liabilities of approximately $7.0 million. The District's unrestricted net assets, which can be used to finance day to day operations, totaled $1.334 million.

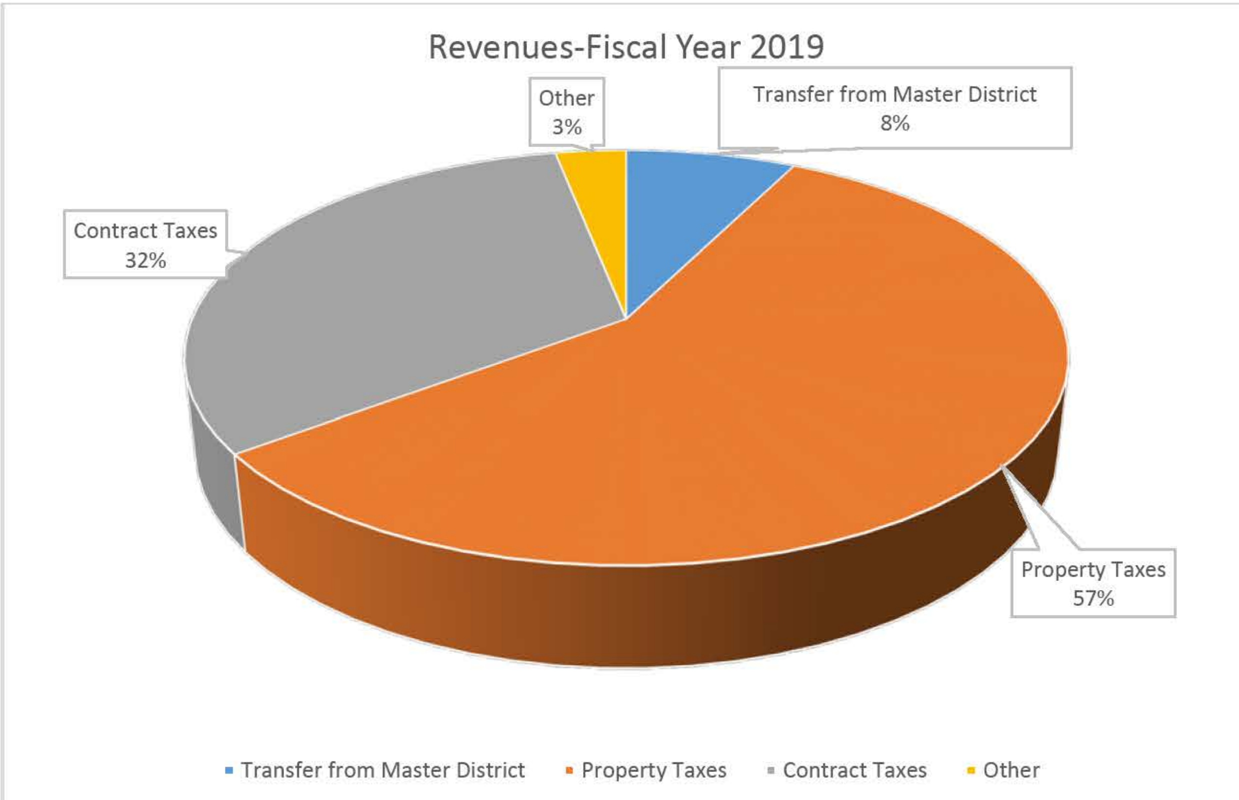
Summary Statement of Activities

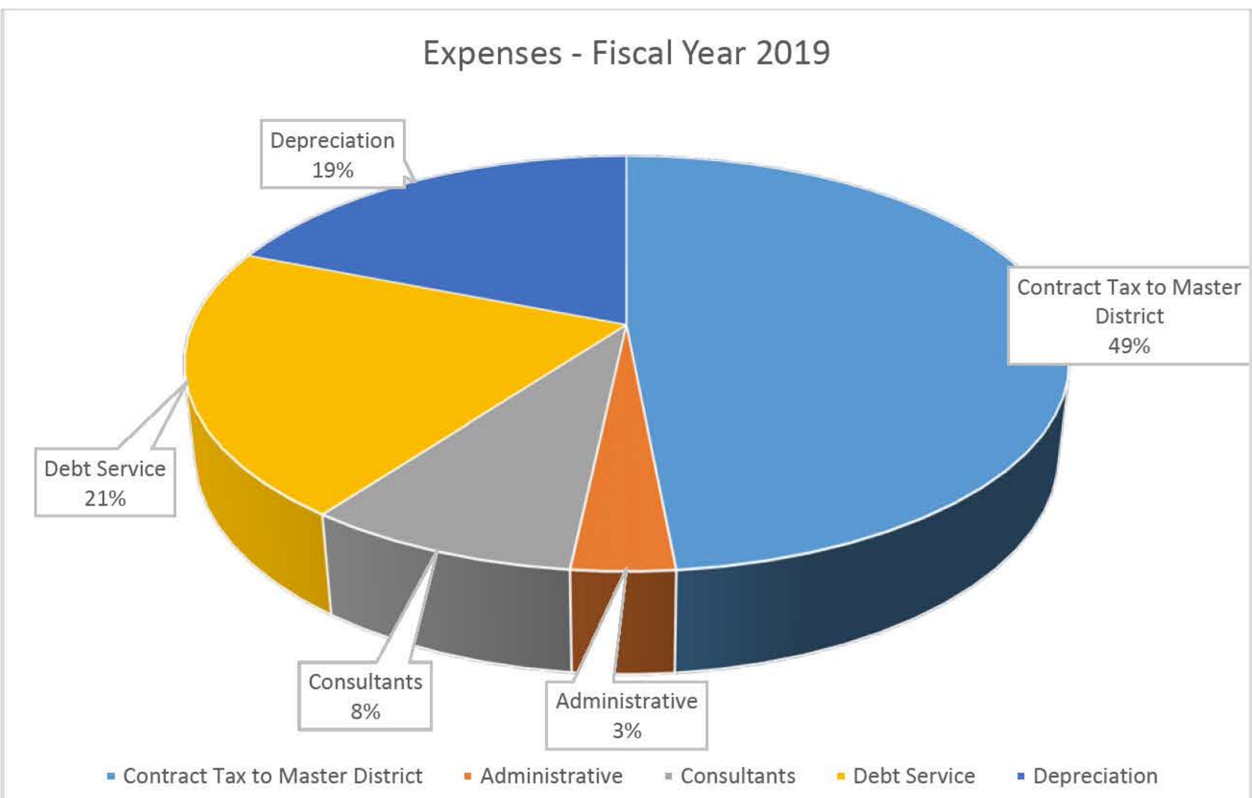
	Governmental Activities (in thousands)		
	2019	2018	Increase (Decrease)
Transfer from Master District	$ 113	$ 108	$ 5
Property Taxes	871	689	182
Contract Taxes	488	631	(143)
Other	47	24	23
Total Revenues	**1,519**	**1,452**	**67**
Contract Tax to Master District	488	631	(143)
Administrative	32	31	1
Consultants	85	79	6
Debt Service	210	302	(92)
Depreciation	191	191	-
Total Expenses	**1,006**	**1,234**	**(228)**
Other Financing Sources (Uses)	(176)	-	(176)
Change in Net Position	**337**	**218**	**119**
Beginning Net Position	**2,279**	**2,061**	**218**
Ending Net Position	**$ 2,616**	**$ 2,279**	**$ 337**

Revenues were approximately $1.5 million for the year ended September 30, 2019. Expenses were approximately $1.2 million including Other Financing Uses for the year ended September 30, 2019. Net position increased about $337 thousand primarily due to a small increase in property tax values. The following charts summarize the sources of revenue and areas of expenses.

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

Management Discussion and Analysis
For the Year Ended September 30, 2019





FINANCIAL ANALYSIS OF THE DISTRICT'S FUND LEVEL STATEMENTS

In comparison to the Government-wide statements, the Fund-level statements focus on the key funds of the District. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The District reports the following types of Governmental funds: General Fund, Debt Service Fund and Capital Projects Fund. The focus of the District's Governmental funds is to provide information on near-term inflows, outflows, and available resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available at the end of the fiscal year.

Summary Balance Sheet

	Governmental Funds (in thousands)		
	September 2019	September 2018	Increase (Decrease)
Cash and Investments	$ 1,809	$ 1,510	$ 299
Accounts Receivable	48	40	8
Prepaid Expenses	-	-	-
Total Assets	**1,857**	**1,550**	**307**
Accounts Payable	18	16	2
Unrealized Revenue	12	13	(1)
Total Liabilities	**30**	**29**	**1**
Nonspendable	-	-	-
Restricted for Debt Service	500	471	29
Restricted for Capital Projects	-	-	-
Unassigned	1,327	1,050	277
Total Fund Balances	**1,827**	**1,521**	**306**
Total Liabilities and Fund Balances	**$ 1,857**	**$ 1,550**	**$ 307**

The General Operating Fund, which pays for daily operating expenses, has a balance of $1.327 million at the end of the current fiscal year. This is an increase of $277 thousand over the prior fiscal year.

The Debt Service Fund increased by $29 thousand during the current fiscal year. This fund remitted bond principal of $195 thousand and bond interest of $217 thousand during the year.

The Capital Projects Fund remained unchanged for the year.

BUDGETARY HIGHLIGHTS

The Board of Directors adopted the fiscal year 2019 annual budget for the General Fund on September 4, 2018. The budget included revenues of $839 thousand and expenditures of $795 thousand. Actual revenue amounted to $884 thousand and expenditures of $606 thousand. More detailed information about the District's budgetary comparison is presented in the Required Supplementary Information section.

CAPITAL ASSETS

The District has invested $9.5 million in infrastructure. A summary of these assets is listed below:

Summary of Capital Assets

	Governmental Activities (in thousands)		
	September 2019	September 2018	Increase (Decrease)
Water, Wastewater and Drainage	$ 9,540	$ 9,540	$ -
Accumulated Depreciation	(1,730)	(1,539)	(191)
Total Capital Assets (Net)	**$ 7,810**	**$ 8,001**	**$ (191)**

LONG TERM DEBT

The District issued no new bonds during the year. Bonded indebtedness of the District at year end was $7.0 million. More detailed information about the District's long-term debt is presented in the Notes to the Basic Financial Statements.

ECONOMIC FACTORS

The taxable assessed value of property within the District as of January 1, 2019, has been fixed by the El Paso County Appraisal District at $181 million. The tax rates adopted by the District on September 3, 2019, for the coming fiscal year are $0.13 for maintenance and operations, $0.29 for contract tax and $0.33 for debt service. The District expects this to produce $1.3 million in total property tax revenue for next year. The adopted budget for fiscal year 2019 projects a small increase in the operating fund balance.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District in care of Lloyd Gosselink Rochelle & Townsend, PC, 816 Congress Avenue, Suite 1900, Austin, Texas 78701.

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BASIC FINANCIAL STATEMENTS

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

STATEMENT OF NET POSITION
AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	GOVERNMENTAL FUNDS					STATEMENT
		DEBT	CAPITAL		ADJUST-	OF NET
	GENERAL	SERVICE	PROJECTS	TOTAL	MENTS	POSITION
ASSETS						
Cash	$ 18,162	$ -	$ 1	$ 18,163	$ -	$ 18,163
Investments	1,292,347	498,715	-	1,791,062	-	1,791,062
Taxes Receivable	6,851	5,722	-	12,573	-	12,573
Accrued Interest Receivable	12,557	994	-	13,551	-	13,551
Due From Other Funds	103	-	-	103	(103)	-
Due from Affiliated District	21,765	-	-	21,765	-	21,765
Water/WW/Drainage System (Net)	-	-	-	-	7,810,713	7,810,713
Total Assets	**$ 1,351,785**	**$ 505,431**	**$ 1**	**$ 1,857,217**	**$ 7,810,610**	**$ 9,667,827**
LIABILITIES						
Accounts Payable	$ 17,556	$ -	$ -	$ 17,556	$ 29,463	$ 47,019
Due To Other Funds	-	103	-	103	(103)	-
Bonds Payable in less than one year	-		-	-	320,000	320,000
Bonds Payable in more than one year	-	-	-	-	6,684,423	6,684,423
Total Liabilities	**17,556**	**103**	**-**	**17,659**	**7,033,783**	**7,051,442**
DEFERRED INFLOWS OF RESOURCES						
Property Taxes	6,851	5,722	-	12,573	(12,573)	-
Total Deferred Inflows	**6,851**	**5,722**	**-**	**12,573**	**(12,573)**	**-**
FUND EQUITY						
Nonspendable	-	-	-	-	-	-
Restricted for Debt Service	-	499,606	-	499,606	(499,606)	-
Restricted for Capital Projects	-	-	1	1	(1)	-
Unassigned	1,327,378	-	-	1,327,378	(1,327,378)	-
Total Fund Equity	1,327,378	499,606	1	1,826,985	(1,826,985)	-
Total Liabilities, Fund Equity & Deferred Inflows of Resources	**$ 1,351,785**	**$ 505,431**	**$ 1**	**$ 1,857,217**		
NET POSITION						
Nonspendable					-	-
Net Investment in Capital Assets					776,827	776,827
Restricted for Debt Service					505,328	505,328
Restricted for Capital Projects					1	1
Unrestricted					1,334,229	1,334,229
Total Net Position					**$ 2,616,385**	**$ 2,616,385**

The notes to financial statements are an integral part of this statement.

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

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

	GOVERNMENTAL FUNDS					STATEMENT
		DEBT	CAPITAL		ADJUST-	OF
REVENUES	GENERAL	SERVICE	PROJECTS	TOTAL	MENTS	ACTIVITIES
Transfer From Master District	$ 113,108	$ -	$ -	$ 113,108	$ -	$ 113,108
Property Taxes	256,124	615,495	-	871,619	(544)	871,075
Contract Taxes	487,646	-	-	487,646		487,646
Interest	27,097	19,898	-	46,995		46,995
TOTAL REVENUES	**883,975**	**635,393**	-	**1,519,368**	**(544)**	**1,518,824**
EXPENDITURES						
Current:						
Contract Tax To Master District	487,646	-	-	487,646	-	487,646
Legal Fees	33,473	-	-	33,473	-	33,473
Audit Fees	6,500	-	-	6,500	-	6,500
Accounting Fees	24,150	-	-	24,150	-	24,150
Engineering Fees	8,018	-	-	8,018	-	8,018
Management Fees	8,494	-	-	8,494	-	8,494
Fiscal Agent Fees	1,500	2,850	-	4,350	-	4,350
Director Salaries and Payroll Taxes	9,204	-	-	9,204	-	9,204
Insurance	1,800	-	-	1,800	-	1,800
Tax Assessor/Collector	16,844	-	-	16,844	-	16,844
Printing and Office Supplies	790	-	-	790	-	790
Postage and Delivery	555	-	-	555	-	555
Legal Notices	1,403	-	-	1,403	-	1,403
Travel	1,877	-	-	1,877	-	1,877
Interest	-	216,884	-	216,884	(7,241)	209,643
Principal	-	195,000	-	195,000	(195,000)	-
Depreciation	-	-	-	-	190,803	190,803
Capital Expenditures	-	-	-	-	-	-
TOTAL EXPENDITURES	**602,254**	**414,734**	-	**1,016,988**	**(11,438)**	**1,005,550**
OTHER FINANCING SOURCES (USES)						
Bond Proceeds	-	3,145,000	-	3,145,000	(3,145,000)	-
Bond Premium	-	44,423	-	44,423	(44,423)	-
Bond Issuance Costs	-	(119,047)	-	(119,047)	-	(119,047)
Transfer to Refunding Agent	-	(3,266,828)	-	(3,266,828)	3,210,000	(56,828)
Transfers to Other Funds	(4,106)	4,106	-	-	-	-
	(4,106)	(192,346)	-	(196,452)	20,577	(175,875)
Excess (Deficit) of Revenues and Other Financing Sources over Expenditures	277,615	28,313	-	305,928	(305,928)	-
Change in Net Position	-	-	-	-	337,399	337,399
Fund Balance/Net Position - Beginning	1,049,763	471,293	1	1,521,057	757,929	2,278,986
Fund Balance/Net Position - Ending	**$ 1,327,378**	**$ 499,606**	**$ 1**	**$ 1,826,985**	**$ 789,400**	**$ 2,616,385**

The notes to financial statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

The basic financial statements of Paseo del Este Municipal Utility District No. 10 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

Paseo del Este Municipal Utility District No. 10 of El Paso County (the District), formerly El Paso County Municipal Utility District No. 1, a political subdivision of the State of Texas, was created by an Act of the Texas Legislature. The District was created and organized for the purpose of constructing water, sewer, and drainage facilities and providing water and sewer services to customers within its boundaries and in the surrounding area. The District has entered into an agreement with Paseo del Este Municipal Utility District No. 1 (Paseo No. 1) under which Paseo No. 1 will serve as the "Master District" for the purpose of providing water acquisition, transportation and treatment, wastewater collection, transportation, treatment and disposal, and drainage facilities and services. Under the terms of this agreement Paseo No. 1 has agreed to provide retail water and wastewater service to customers in the District and reimburse all of the District's operating expenses in exchange for a commitment from the District to levy an ad valorem tax (contract tax) on property within the District to fund the District's share of certain costs of Paseo No. 1 not provided for by retail revenues.

These financial statements report the financial activity of Paseo del Este Municipal Utility District No. 10. The reporting entity of the District encompasses those activities and functions over which the District's elected officials exercise significant oversight or control. The District is governed by a five member Board of Directors (the Board). The funds and account groups presented in this report are within the oversight responsibility of the Board, in accordance with Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting. There are no component units of the District, nor is the District a component unit of any other entity.

A. Basis of Presentation, Basis of Accounting

In accordance with GASB Statement No. 34, the District has elected to combine their Government-wide and Governmental Fund Financial Statements into one set of financial statements with a reconciliation of the individual line items in a separate column on the financial statements.

Government-wide Financial Statements:

The **Statement of Net Position** and the **Statement of Activities** include the financial activities of the overall government. Governmental activities are generally financed through property taxes.

1. Summary of Significant Accounting Policies (continued)

The **Statement of Activities** presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Fund Financial Statements:

The governmental fund financial statement columns are labeled **Governmental Funds Balance Sheet** and **Governmental Funds Revenue, Expenditures and Changes in Fund Balance**. In the fund financial statements, the accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

Debt Service Fund: The Debt Service Fund is used to account for the accumulation of financial resources for, and the payment of, general long term debt principal and interest.

Capital Projects Fund: The Capital Projects Fund is used to account for the acquisition or construction of major capital facilities. Principal sources of revenue are municipal long-term debt proceeds and interest income.

B. Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources management focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year end to be available in the current period. Revenues from local sources consist primarily of property taxes. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long term debt,

1. Summary of Significant Accounting Policies (continued)

which is recognized as an expenditure to the extent that it has matured. General capital asset acquisitions are reported as expenditures in major governmental funds. Proceeds of general long term debt are reported as other financing sources.

C. Fund Balances

The District has adopted GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions which establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Those fund balance classifications are described below.

Nonspendable – Amounts that cannot be spent because they are either not in a spendable form or are legally or contractually required to be maintained intact.

Restricted – Amounts that can be spent only for specific purposes because of constraints imposed by external providers, or imposed by constitutional provisions or enabling legislation.

Committed – Amounts that can only be used for specific purposes pursuant to approval by formal action by the Board.

Assigned – For the General Fund, amounts that are appropriated by the Board or Board designee, if any, that are to be used for specific purposes. For all other governmental funds, any remaining positive amounts not previously classified as nonspendable, restricted or committed.

Unassigned – Amounts that are available for any purpose; these amounts can be reported only in the District's General Fund.

Fund balance of the District may be committed for a specific purpose by formal action of the Board, the District's highest level of decision-making authority. Commitments may be established, modified, or rescinded only through a resolution approved by the Board. The Board has not delegated the authority to assign fund balance.

D. Budget

The Board adopted an annual budget for the General Fund on the basis consistent with generally accepted accounting principles. The District's Board of Directors utilizes the budget as a management tool for planning and cost control purposes. All annual appropriations lapse at fiscal year end.

1. Summary of Significant Accounting Policies (continued)

E. Pensions

The District has not established a pension plan.

F. Cash and Cash Equivalents

These include cash on deposit as well as investments with maturities of three months or less at the time of purchase.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid assets in both the government-wide and fund financial statements. Prepaid assets are charged to expenditures when consumed.

H. Capital Assets

Capital assets, which include Administrative Facilities and Equipment, Common and Recreation Areas, Water Production and Distribution System, Wastewater Collection System, Water Quality Ponds and Organizational Costs are reported in the Government-wide column in the Statement of Net Assets. Public domain ("infrastructure") capital assets including water, wastewater and drainage systems, are capitalized as acquired. Items purchased or acquired are reported at historical cost or estimated historical cost. Contributed fixed assets are recorded as capital assets at estimated fair market value at the time received.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Asset	Years
Water/Wastewater/Drainage System	50

I. Interfund Transactions

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

1. Summary of Significant Accounting Policies (continued)

J. Long-Term Debt

Unlimited tax bonds, which have been issued to acquire capital assets, are to be repaid from tax revenues of the District. In the Government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed as incurred.

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

K. Deferred Outflows and Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides guidance for reporting the financial statement elements of deferred outflows of resources, which represent the consumption of the District's net position that is applicable to a future reporting period, and deferred inflows of resources, which represent the District's acquisition of net position applicable to a future reporting period. GASB Statement No. 63 became effective for fiscal years beginning after December 15, 2011 and has been implemented in the financial statements.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 is effective for fiscal years beginning after December 15, 2012 and has been implemented in these financial statements.

L. Recently Issued Accounting Pronouncements

In March 2018, the GASB issued GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of GASB Statement No. 88 is to improve the consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. This statement is effective for reporting periods beginning after June 15, 2018. GASB Statement No. 88 has been implemented in these financial statements.

2. Cash and Investments

The investment policies of the District are governed by State statute and an adopted District Investment Policy that includes depository contract provisions and custodial contract provisions. Major provisions of the District's Investment Policy include: depositories must be FDIC-insured Texas banking institutions; depositories must fully insure or collateralize all demand and time deposits; securities collateralizing time deposits are held by independent third-party trustees.

Cash – At year end, deposits were held by the District's depository bank in accounts that were secured at the balance sheet date by Federal Deposit Insurance Corporation (FDIC) coverage or by pledged collateral held by the District's agent bank in the District's name.

Investments - The District is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must be written; primarily emphasize safety of principal and liquidity; address investment diversification, yield, and maturity and the quality and capability of investment management; and include a list of the types of authorized investments in which the investing entity's funds may be invested; and the maximum allowable stated maturity of any individual investment owned by the entity.

The Public Funds Investment Act (”Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as part of the audit of the general purpose financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the District adhered to the requirement of the Act. Additionally, investment practices of the District were in accordance with local policies.

The Act determines the types of investments which are allowable for the District. These include, with certain restriction, (1) obligations of the US Treasury, certain US Agencies, and the State of Texas, (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, and (10) commercial paper.

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Not all assets meeting the definition of an investment are required to be reported at fair value. Including among excepted investments are certain investments held by 2a7-like external investments pools. As detailed below the District has invested funds in specific 2a7-like external investment pools that are valued at amortized cost and not subject to the fair value hierarchy levels.

2. Cash and Investments (continued)

The District's investments at year end are shown below.

Investment	Fair Value Level	Rating	Maturity	Fair Value
TexPool	N/A	AAAm	1 day average	$ 901,062
CDs	2	AAA	30 days average	$ 890,000

Analysis of Specific Cash and Investment Risks – GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and, if so, the reporting of certain related disclosures.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At year end, the District's investments, other than those which are obligations of or guaranteed by the US Government, are rated as to credit quality as detailed above.

Custodial Credit Risk – Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterpart or the counterparty's trust department or agent but not in the District's name. At year end, the District was not exposed to custodial credit risk.

Concentration of Credit Risk – This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

Interest Rate Risk – This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

Foreign Currency Risk – This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy – The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value.

2. Cash and Investments (continued)

All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term “short-term” refers to investments which have a remaining term of one year or less at time of purchase. The term “nonparticipating” means that the investment’s value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

Public Funds Investment Pools – Public funds investment pools in Texas (“Pools”) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the “Act”), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the Pool and other person who do not have a business relationship with the Pool and are qualified to advise the Pool; 2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least on nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio with one half of one percent of the value of its shares.

The District’s investments in Pools are reported at an amount determined by the fair value per share of the Pool’s underling portfolio, unless the Pool is 2a7-like, in which case they are reported at share value. A 2a7-like Pool is one which is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940.

TexPool – The District invests in the Texas Local Government Investment Pool (TexPool), which is a local government investment pool that was established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and operates under the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. The State Comptroller of Public Accounts oversees TexPool. Federated Investors, Inc. is the administrator and investment manager of TexPool under a contract with the State Comptroller. In accordance with the Public Funds Investment Act, the State Comptroller has appointed the TexPool Investment Advisory Board to advise with respect to TexPool. The board is composed equally of participants in TexPool Portfolios and other persons who do not have a business relationship with TexPool Portfolios and are qualified to advise in respect to TexPool Portfolios. The Advisory Board members review the investment policy and management fee structure. TexPool is rated AAAm by Standard & Poor’s and operates in a manner consistent with the SEC’s Rule 2a7 of the Investment Company Act of 1940. All investments are stated at amortized cost, which usually approximates the market value of the securities. The stated objective of TexPool is to maintain a stable average $1.00 per unit net asset value; however, the $1.00 net asset value is not guaranteed or insured. The financial statements can be obtained from the Texas Trust Safekeeping Trust Company website at www.ttstc.org.

3. Property Taxes

Property taxes are considered available when collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. The District levies its taxes on October 1 in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to both penalty and interest charges plus 20 % delinquent collection fees for attorney costs.

At an election held within the District on November 4, 2003, voters authorized the District to levy an annual ad valorem tax on all taxable property within the District to make certain payments required pursuant to contracts with Paseo No. 1. At an election held on February 3, 2003, voters authorized the levy of a maintenance tax not to exceed $1.00 per $100.00 valuation. Property taxes were levied by the District for the 2018-19 fiscal year at the rate of $0.14 per hundred assessed value for maintenance and operations, $0.34 for debt service and $0.27 for the contract tax. The District agreed to remit the contract tax to the Master District under its cost sharing and utility capacity agreement. Uncollected property taxes amounted to $12,573 at the end of the year.

4. Capital Assets

During the year, the District acquired no new Water, Wastewater and Drainage facilities serving the District's residents. All of the previously acquired facilities are being depreciated over their estimated useful life of 50 years. Depreciation in the amount of $190,803 has been charged to system operations for the year. Accumulated depreciation to date amounts to $1,729,432 leaving a net book value of $7,810,713 at year end.

A summary of changes in capital assets follows:

Capital Assets:	Balance 10/1/2018	Additions	Deletions	Balance 9/30/2019
Water WW & Drainage	$ 9,540,145	-	-	$ 9,540,145
Total	9,540,145	-	-	9,540,145
Accumulated Depreciation:				
Water WW & Drainage	(1,538,629)	(190,803)	-	(1,729,432)
Total	(1,538,629)	(190,803)	-	(1,729,432)
Total Capital Assets (Net)	**$ 8,001,516**	**(190,803)**	-	**$ 7,810,713**

5. Bonds

At an election held within the District on February 3, 2003, voters authorized a total of $14,000,000 combination unlimited tax and revenue bonds for the purpose of purchasing, constructing, acquiring, owning, improving, extending, maintaining, repairing, or operating a waterworks system, a sanitary sewer system, and a drainage and storm water system for the District. The District's bonds are collateralized by the levy of an annual ad valorem tax against all taxable property within the District. The District has no direct borrowings or direct placement debt.

The District has issued unlimited tax bonds in previous years to finance the acquisition of the water, wastewater and drainage infrastructure from developers. In June 2019 the District issued $3,145,000 in unlimited tax refunding bonds and used the proceeds to defease $3,210,000 of the Series 2010 bonds.

The District's bonds are described as follows:

Issue	Original Issue Amount	Installments (In Thousands)	Final Maturity	Interest Rates	Outstanding
Series 2008	$2,945,000	$60 to 225	2033	4.25 – 5.875%	$ -0-
Series 2010	$3,920,000	$70 to 315	2034	3.00 – 5.000%	$ -0-
Series 2012R	$2,750,000	$40 to 715	2033	1.00 – 3.375%	$2,140,000
Series 2013	$2,125,000	$75 to 625	2035	2.50 – 4.450%	$1,675,000
Series 2019R	$3,145,000	$125 to 290	2034	2.125 – 4.000%	$3,145,000

The changed in bonds is as follows:

Bonds:	Balance 9/30/2018	Additions	Deletions	Balance 9/30/2019
Unlimited Tax Bonds, Series 2010	$ 3,210,000	-	(3,210,000)	$ -
Unlimited Tax Bonds, Series 2012R	2,260,000	-	(120,000)	2,140,000
Unlimited Tax Bonds, Series 2013	1,750,000	-	(75,000)	1,675,000
Unlimited Tax Bonds, Series 2019R	-	3,145,000	-	3,145,000
Bond Premium, Series 2019R	-	44,423	-	44,423
Total Bond Indebtedness	**$ 7,220,000**	**$ 3,189,423**	**$ (3,405,000)**	**$ 7,004,423**

5. Bonds (continued)

Redemption

Series 2012R Bonds maturing on or after August 15, 2021, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2020, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2023, 2027, 2029, and 2033 are subject to mandatory sinking fund redemption.

Series 2013 Bonds maturing on or after August 15, 2023, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2022, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Additionally, term bonds maturing on August 15 in the years 2025, 2029, 2033 and 2035 are subject to mandatory sinking fund redemption.

Series 2019R Bonds maturing on or after August 15, 2029, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on August 15, 2028, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption.

Debt Service Requirements

Debt service requirements on long-term debt as of the end of the year are as follows:

Ending September 30,	Principal	Interest	Totals
2020	$ 320,000	$ 252,418	$ 572,418
2021	350,000	225,945	575,945
2022	365,000	213,945	578,945
2023	375,000	201,207	576,207
2024	395,000	187,970	582,970
2025-2029	2,205,000	727,149	2,932,149
2030-2034	2,575,000	354,896	2,929,896
2035-2039	375,000	16,688	391,688
2040-2044	-	-	-
Totals	**$ 6,960,000**	**$ 2,180,218**	**$ 9,140,218**

5. Bonds (continued)

Advance Refunding of Debt

GASB Statement No. 7, *Advance Refundings Resulting in Defeasance of Debt*, provides that refunded Debt and assets placed in escrow for the payment of related debt service be excluded from the financial statements. As of September 30, 2019, outstanding balances of bond issues that have been refunded and defeased in-substance by placing existing assets and the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments are as follows:

Bond Issue	Amount
Series 2008	$2,750,000

During 2019 the District issued $3,145,000 in Unlimited Tax Refunding Bonds to refund the District's Unlimited Tax Bonds, Series 2010 outstanding debt. The proceeds of the refunding, net of debt issuance costs of $119,047, amounted to $3,070,376. This amount plus $196,452 for a total of $3,266,828 was deposited with an escrow agent to purchase direct obligations of the United States. As a result of the refunding, the District decreased its aggregate debt service payment to maturity by $484,684 and realized an economic gain (difference between the present value of debt service payments on the old debt and new debt minus the District's contribution) of $376,167.

6. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During the year, the District obtained liability coverage.

7. Contingencies

The District has an obligation to reimburse developers of property in the District costs expended on behalf of the District for the construction of water, sewer and drainage systems designed to serve the District. Since the construction of these facilities is not yet complete, the ultimate amount of the future reimbursements cannot be determined at this time.

8. Estimates

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

9. Subsequent Events

The District has evaluated subsequent events as of December 31, 2019, the date the financial statements were available to be issued.

10. Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for governmental activities in the statement of net position are different because:

Governmental Funds Total Fund Balances	**$ 1,826,985**
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	7,810,713
Long-term liabilities (bonds payable) are not due and payable in the current period and, therefore, are not reported in the funds	(7,004,423)
Interest is accrued on outstanding debt in the government-wide statements, whereas in the governmental funds, an interest expenditure is reported when made and not accrued in the funds	(29,463)
Deferred tax revenue is not available to pay for current period expenditures and, therefore, is deferred in the funds	12,573
Total Net Position	**$ 2,616,385**

10. Reconciliation of Government-wide and Fund Financial Statements (continued)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental Funds Excess of Revenues over Expenditures	**$ 305,928**
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds	
Change in Deferred Tax Revenue	(544)
Governmental funds report capital outlays as expenditures however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense	
Capital Outlay	-
Depreciation Expense	(190,803)
Governmental funds report principal payments as expenditures however, in the Statement of Activities, these payments are not reported as operating expenses	
Bond Principal	195,000
Governmental funds do not report the change in accrued interest as an expenditure, however, in the Statement of Activities, this change in the amount accrued is reported as an expense	
Accrued Interest	7,241
Bond Proceeds are reported as other financing sources in the governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities	
Bond Proceeds	20,577
Change in Net Position	**$ 337,399**

REQUIRED SUPPLEMENTARY INFORMATION

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND BUDGET AND ACTUAL FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ORIGINAL BUDGET	ACTUAL	FAVORABLE (UNFAVORABLE)
REVENUES			
Transfer From Master District	$ 112,000	$ 113,108	$ 1,108
Property Taxes	246,349	256,124	9,775
Contract Taxes	474,637	487,646	13,009
Interest	6,030	27,097	21,067
TOTAL REVENUES	**839,016**	**883,975**	**44,959**
EXPENDITURES			
Current:			
Contract Tax To Master District	474,637	487,646	(13,009)
Legal Fees	32,300	33,473	(1,173)
Audit Fees	6,500	6,500	-
Accounting Fees	23,000	24,150	(1,150)
Engineering Fees	10,500	8,018	2,482
Management Fees	12,000	8,494	3,506
Fiscal Agent Fees	1,500	1,500	-
Director Salaries and Payroll Taxes	9,720	9,204	516
Insurance	2,500	1,800	700
Tax Assessor/Collector	18,000	16,844	1,156
Printing and Office Supplies	1,260	790	470
Postage and Delivery	270	555	(285)
Legal Notices	800	1,403	(603)
Travel	2,250	1,877	373
Capital Expenditures	200,000	-	200,000
TOTAL EXPENDITURES	**795,237**	**602,254**	**192,983**
OTHER FINANCING SOURCES (USES)			
Transfers from Other Funds	-	(4,106)	(4,106)
Excess (Deficit) of Revenues over Expenditures	43,779	277,615	233,836
Fund Balance - Beginning of Year	1,049,763	1,049,763	-
Fund Balance - End of Year	$ 1,093,542	$ 1,327,378	$ 233,836

The notes to financial statements are an integral part of this statement.

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TEXAS COMMISSION ON ENVIRONMENTAL QUALITY

SUPPLEMENTARY INFORMATION

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

INDEX OF SUPPLEMENTAL SCHEDULES REQUIRED
BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

[√] Schedule of Services and Rates

[√] Schedule of General Fund Expenditures

[√] Temporary Investments

[√] Analysis of Taxes Levied and Receivable

[√] General Long Term Debt Service Requirements by Years

[√] Analysis of Changes in General Long Term Debt

[√] Comparative Schedule of Revenues and Expenditures - General Fund

[√] Board Members, Key Personnel, and Consultants

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

SERVICES AND RATES
SEPTEMBER 30, 2019

1. **Services Provided by the District (contractually through Master District):**
   Retail Water | Drainage | Solid Waste
   Retail Wastewater | Parks

2. **Retail Rates Based on 5/8" Meter**

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per first 1000 Gallons Over Minimum	Rate per add'l 1000 Gallons Over Minimum
Water:	n/a	n/a	n/a	n/a	n/a
Wastewater:	n/a	n/a	n/a	n/a	n/a
Surcharge:	n/a	n/a	n/a	n/a	n/a

Total water and wastewater charges per 10,000 gallons usage: n/a

3. **Retail Service Provided:** Number of retail water and/or wastewater connections.

	Active Connections	Active EFSC	Inactive Connections (EFSC)
Single Family & Total			
Water	n/a	n/a	n/a
Wastewater	n/a	n/a	n/a

4. **Total Water Consumption (in thousands) During the Year:**

   Gallons pumped into system: n/a
   Gallons billed to customers: n/a

5. **Standby Fees:** The District does not assess standby fees.

6. **Anticipated sources of funds to be used for debt service payments**: Ad Valorem taxes

7. **Location of District**:
   The District is located entirely within El Paso County.
   The District is not located within any city.
   The District is located within the City of El Paso ETJ
   The general membership of the Board is not appointed by an office outside the District.

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

SCHEDULE OF GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Current:	
Professional Fees	
Audit	$ 6,500
Engineering	8,018
Legal	33,473
	47,991
Contracted Services	
Accounting	24,150
Management	8,494
Fiscal Agent	1,500
Tax Appraisal/Collection	16,844
	50,988
Utilities	
Solid Waste Disposal	-
	-
Administrative	
Director Salaries and Payroll Taxes	9,204
Insurance	1,800
Printing and Office Supplies	790
Legal Notices	1,403
Postage and Delivery	555
Travel	1,877
	15,629
Maintenance	
Landscape Maintenance	-
Repairs and Maintenance	-
Pond Maintenance	-
	-
Master District Expenses	
Contract Tax Transfer To Master District	487,646
	487,646
Capital Expenditures	-
TOTAL EXPENDITURES	**$ 602,254**

Number of persons employed by the District: -0-

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

TEMPORARY INVESTMENTS
SEPTEMBER 30, 2019

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Certificate of Deposit-Independent Bank	xxx1951	2.7000%	2/29/2020	$ 100,000	$ 1,576
Certificate of Deposit-Pioneer Bank	xxx1951	2.7100%	2/11/2020	150,000	2,573
Certificate of Deposit-Regions Bank	xxx1927	2.6700%	12/17/2019	100,000	2,099
Certificate of Deposit-Texas Capital Bank	xxx0140	2.4200%	11/11/2019	100,000	2,141
Certificate of Deposit-Third Coast Bank	xxx8669	2.6000%	1/10/2020	100,000	1,873
Certificate of Deposit-Veritex Community Ba	xxx4014	2.4000%	10/16/2019	100,000	2,295
State Investment Pool	7910600004	2.1900%	N/A	642,347	-
Total				1,292,347	12,557
DEBT SERVICE FUND					
Certificate of Deposit-Texas Capital Bank	xxx0381	2.4000%	1/27/2020	240,000	994
State Investment Pool	7910600001	2.1900%	N/A	258,526	-
State Investment Pool	7910600003	2.1900%	N/A	189	-
Total				498,715	994
CAPITAL PROJECTS FUND					
State Investment Pool	7910600006	1.9900%	N/A	-	-
Total				-	-
TOTALS - ALL FUNDS				$1,791,062	$ 13,551

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

ANALYSIS OF TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	GENERAL FUND			
	MAINTENANCE TAXES	CONTRACT TAXES	DEBT SERVICE TAXES	TOTALS
Taxes Receivable, Beginning of Period	$ 3,405	$ 4,189	$ 5,523	$ 13,117
2018 Original Levy	250,322	482,764	607,924	1,341,010
Adjustments	2,020	3,896	4,907	10,823
Add: Penalty & Interest	2,363	1,662	2,863	6,888
Total to be accounted for	258,110	492,511	621,217	1,371,838
Tax collections:				
Current year	250,856	483,794	609,223	1,343,873
Prior years	5,268	3,852	6,272	15,392
Total Collections	256,124	487,646	615,495	1,359,265
Taxes Receivable, End of Period	$ 1,986	$ 4,865	$ 5,722	$ 12,573

	2018	2017	2016	2015	2014
Property Valuations:					
Land & Improvements	178,801,322	175,655,797	173,493,733	177,391,000	170,911,200
Tax Rates Per $100 Valuation:					
Debt Service tax rates	$ 0.3400	$ 0.3600	$ 0.3600	$ 0.3600	$ 0.3600
Contract tax rates	$ 0.2700	$ 0.3600	$ 0.1592	$ 0.2143	$ 0.2825
Maintenance tax rates	$ 0.1400	$ 0.0300	$ 0.2308	$ 0.1757	$ 0.1075
Totals	$ 0.7500	$ 0.7500	$ 0.7500	$ 0.7500	$ 0.7500
Original Tax Levy	$ 1,341,010	$ 1,317,418	$ 1,301,203	$ 1,330,433	$ 1,281,834

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ANNUAL REQUIREMENTS FOR 2012R SERIES		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2020	120,000	67,288	187,288
2021	125,000	63,688	188,688
2022	130,000	59,938	189,938
2023	135,000	56,038	191,038
2024	140,000	51,988	191,988
2025	145,000	47,788	192,788
2026	150,000	43,438	193,438
2027	155,000	38,938	193,938
2028	160,000	34,288	194,288
2029	165,000	29,288	194,288
2030	170,000	24,131	194,131
2031	175,000	18,394	193,394
2032	185,000	12,488	197,488
2033	185,000	6,244	191,244
2034	-	-	-
2035	-	-	-
	$ 2,140,000	$ 553,937	$ 2,693,937

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10

OF EL PASO COUNTY

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS

FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ANNUAL REQUIREMENTS FOR 2013 SERIES		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2020	75,000	67,675	142,675
2021	75,000	65,613	140,613
2022	75,000	63,363	138,363
2023	75,000	60,925	135,925
2024	75,000	58,338	133,338
2025	75,000	55,750	130,750
2026	75,000	53,163	128,163
2027	75,000	50,088	125,088
2028	75,000	47,013	122,013
2029	75,000	43,938	118,938
2030	75,000	40,863	115,863
2031	75,000	37,600	112,600
2032	75,000	34,338	109,338
2033	75,000	31,075	106,075
2034	250,000	27,813	277,813
2035	375,000	16,688	391,688
	$ 1,675,000	$ 754,243	$ 2,429,243

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ANNUAL REQUIREMENTS FOR 2019R SERIES		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2020	125,000	117,455	242,455
2021	150,000	96,644	246,644
2022	160,000	90,644	250,644
2023	165,000	84,244	249,244
2024	180,000	77,644	257,644
2025	190,000	70,444	260,444
2026	200,000	62,844	262,844
2027	215,000	54,844	269,844
2028	220,000	50,275	270,275
2029	230,000	45,050	275,050
2030	235,000	39,300	274,300
2031	250,000	32,250	282,250
2032	260,000	24,750	284,750
2033	275,000	16,950	291,950
2034	290,000	8,700	298,700
2035	-	-	-
	$ 3,145,000	$ 872,038	$ 4,017,038

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

GENERAL LONG TERM DEBT SERVICE REQUIREMENTS-BY YEARS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	ANNUAL REQUIREMENTS FOR ALL SERIES		
DUE DURING FISCAL YEARS ENDING	TOTAL PRINCIPAL DUE	TOTAL INTEREST DUE	TOTAL PRINCIPAL AND INTEREST DUE
2020	320,000	252,418	572,418
2021	350,000	225,945	575,945
2022	365,000	213,945	578,945
2023	375,000	201,207	576,207
2024	395,000	187,970	582,970
2025	410,000	173,982	583,982
2026	425,000	159,445	584,445
2027	445,000	143,870	588,870
2028	455,000	131,576	586,576
2029	470,000	118,276	588,276
2030	480,000	104,294	584,294
2031	500,000	88,244	588,244
2032	520,000	71,576	591,576
2033	535,000	54,269	589,269
2034	540,000	36,513	576,513
2035	375,000	16,688	391,688
	$ 6,960,000	$ 2,180,218	$ 9,140,218

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

ANALYSIS OF CHANGES IN GENERAL LONG TERM DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	SERIES 2010	SERIES 2012R	SERIES 2013	SERIES 2019R	TOTALS
Interest Rate	3.00 - 5.00%	1.00 -3.375%	2.50 - 4.45%	2.25 - 4.00%	
Dates Interest Payable	2/15 : 8/15	2/15 : 8/15	2/15 : 8/15	2/15 : 8/15	
Maturity Dates	8/15/11 to 8/15/34	8/15/13 to 8/15/33	8/15/14 to 8/15/35	8/15/20 to 8/15/34	
Bonds Outstanding-Beginning	$ 3,210,000	$ 2,260,000	$ 1,750,000	$ -	$ 7,220,000
Bonds Sold During the Year	-	-	-	3,145,000	3,145,000
Bonds Defeased During the Year	(3,210,000)	-	-	-	(3,210,000)
Retirements During the Year	-	(120,000)	(75,000)	-	(195,000)
Bonds Outstanding-Ending	$ -	$ 2,140,000	$ 1,675,000	$ 3,145,000	$ 6,960,000
Interest Paid During the Year	$ 77,646	$ 69,688	$ 69,550	$ -	$ 216,884
Change In Accrued Interest	(19,412)	(300)	(234)	12,705	(7,241)
Interest on Financial Statements	$ 58,234	$ 69,388	$ 69,316	$ 12,705	$ 209,643
Paying Agent:	Wells Fargo	Wells Fargo	Wells Fargo	BOKF, NA	

Bond Authority:	Tax Bonds	Refunding Bonds	Other Bonds
Amount Authorized By Voters	$ 14,000,000	$ -	$ -
Amount Issued	$ 8,990,000	$ 5,960,000	$ -
Remaining To Be Issued	$ 5,010,000	$ -	$ -

Debt Service Fund Cash and Temporary Investments balances as of September 30, 2019	$ 498,715
Average annual debt service payment (principal & interest) for remaining term of all debt	$ 571,264

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	AMOUNTS				
	9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
REVENUES					
Transfer From Master District	$ 113,108	$ 107,708	$ 104,558	$ 99,062	$ 98,315
Property Tax	256,124	54,094	401,234	312,104	183,733
Contract Tax	487,646	631,556	276,724	382,420	484,396
Interest	27,097	12,070	4,551	2,657	1,906
TOTAL REVENUES	**883,975**	**805,428**	**787,067**	**796,243**	**768,350**
EXPENDITURES					
Current:					
Contract Tax To Master District	487,646	631,556	276,724	382,420	484,396
Legal Fees	33,473	34,772	48,273	57,587	39,001
Audit Fees	6,500	6,500	6,500	6,500	11,300
Accounting Fees	24,150	22,150	20,430	20,817	19,378
Engineering Fees	8,018	5,505	5,254	4,504	35,151
Management Fees	8,494	8,026	7,940	7,868	7,616
Fiscal Agent	1,500	1,500	1,500	1,500	1,500
Director Salaries & Payroll Tax	9,204	7,751	8,720	8,397	8,881
Insurance	1,800	2,344	2,095	1,851	2,016
Tax Assessor/Collector	16,844	17,199	17,966	17,789	16,429
Repairs and Maintenance	-	-	-	-	132,022
Printing & Office Supplies	790	651	1,445	1,257	1,280
Postage & Delivery	555	250	306	335	255
Legal Notices	1,403	720	-	540	720
Travel	1,877	1,857	1,657	2,125	2,049
Capital Expenditures	-	-	-	263,675	-
TOTAL EXPENDITURES	**602,254**	**740,781**	**398,810**	**777,165**	**761,994**
Excess (Deficit) of Revenues over Expenditures	$ 281,721	$ 64,647	$ 388,257	$ 19,078	$ 6,356
TOTAL ACTIVE					
WATER CONNECTIONS	-	-	-	-	-
WW CONNECTIONS	-	-	-	-	-

PERCENT OF REVENUES

9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015
13%	13%	13%	12%	13%
29%	7%	51%	39%	24%
55%	78%	35%	48%	63%
3%	1%	1%	0%	0%
100%	**100%**	**100%**	**100%**	**100%**
55%	78%	35%	48%	63%
4%	4%	6%	7%	5%
1%	1%	1%	1%	1%
3%	3%	3%	3%	3%
1%	1%	1%	1%	5%
1%	1%	1%	1%	1%
0%	0%	0%	0%	0%
1%	1%	1%	1%	1%
0%	0%	0%	0%	0%
2%	2%	2%	2%	2%
0%	0%	0%	0%	17%
0%	0%	0%	0%	0%
0%	0%	0%	0%	0%
0%	0%	0%	0%	0%
0%	0%	0%	0%	0%
0%	0%	0%	33%	0%
68%	**92%**	**51%**	**98%**	**99%**
32%	8%	49%	2%	1%
-	-	-	-	-
-	-	-	-	-

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES - DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	AMOUNTS				
	9/30/2019	**9/30/2018**	**9/30/2017**	**9/30/2016**	**9/30/2015**
REVENUES					
Property Tax	$ 615,495	$ 633,044	$ 625,699	$ 641,435	$ 617,418
Interest	19,898	12,260	4,382	2,706	1,515
TOTAL REVENUES	**635,393**	**645,304**	**630,081**	**644,141**	**618,933**
EXPENDITURES					
Current:					
Tax Assessor/Collector	-	-	-	30	-
Fiscal Agent Fees	2,850	1,065	1,800	1,800	1,800
Principal	195,000	300,000	295,000	280,000	215,000
Interest	216,884	303,105	311,270	318,813	388,837
TOTAL EXPENDITURES	**414,734**	**604,170**	**608,070**	**600,643**	**605,637**
OTHER SOURCES					
Bond Proceeds (Net)	(192,346)	-	-	-	-
Excess (Deficit) of Revenues over Expenditures	$ 28,313	$ 41,134	$ 22,011	$ 43,498	$ 13,296

PERCENT OF REVENUES				
9/30/2019	**9/30/2018**	**9/30/2017**	**9/30/2016**	**9/30/2015**
97%	98%	99%	100%	100%
3%	2%	1%	0%	0%
100%	**100%**	**100%**	**100%**	**100%**
0%	0%	0%	0%	0%
0%	0%	0%	0%	0%
31%	46%	47%	43%	35%
34%	47%	49%	49%	63%
65%	**94%**	**97%**	**93%**	**98%**
-30%	0%	0%	0%	0%
4%	6%	3%	7%	2%

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

BOARD MEMBERS, KEY PERSONNEL, AND CONSULTANTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

DISTRICT MAILING ADDRESS: c/o Lloyd Gosselink Rochelle & Townsend 816 Congress Ave #1900 Austin TX 78701

DISTRICT BUSINESS TELEPHONE NUMBER: (512) 322-5800

LIMITS ON FEES OF OFFICETHAT A DIRECTOR MAY RECEIVE DURING A FISCAL YEAR: $7,200

NAMES	TERM OF OFFICE	SALARY FYE 9/30/19	REIMBURSEMENTS FYE 9/30/19	TITLE AT YEAR END
DIRECTORS				
Luis Ortega	Elected 5/17-5/21	$ 1,650	$ -	President
Greg Spence	Elected 5/19-5/23	1,500	-	Vice-President
B. D. Reynolds, Jr	Elected 5/19-5/23	1,800	-	Secretary
Martin N. Lettunich	Elected 5/19-5/23	1,800	-	Asst Sec
Antonio Gallardo	Elected 5/17-5/21	1,800	-	Asst Sec
		$ 8,550	$ -	
CONSULTANTS				
Lloyd Gosselink Rochelle & Townsend		$ 33,473	$ -	Attorney
West, Davis & Company		$ 6,500	$ -	Auditor
Municipal Accounts & Consulting		$ 24,150	$ -	Accountant
TRE & Associates		$ 8,018	$ -	Engineer
Inframark		$ 8,494	$ -	Operator

OTHER INFORMATION

PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT No. 10
OF EL PASO COUNTY

PRINCIPAL TAXPAYERS
SEPTEMBER 30, 2019

Taxpayer		Taxable Assessed Value	% of 2019 Certified Taxable Assessed Value
River Oaks Properties, Ltd		$ 1,394,349	0.77%
Individual	*	736,316	0.41%
Hunt Emeralds, LLC	*	728,544	0.40%
Hunt Communities Development Company II, LLC		592,969	0.33%
Individual		555,030	0.31%
Individual		507,111	0.28%
Individual		498,344	0.27%
Individual		463,650	0.26%
Individual		453,531	0.25%
Individual		425,928	0.23%
Total		**$ 6,355,772**	**3.50%**

* Project Developer and related entities.

ASSESSED VALUE BY CLASSIFICATION
SEPTEMBER 30, 2019

Type of Property	2019 Taxable Assessed Value
Land & Improvements	$ 189,575,837
Personal Property	742,420
Total Assessed Valuation	190,318,257
Exemptions	8,916,867
Total Taxable Appraised Valuation	**$ 181,401,390**

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APPENDIX B

Form of Bond Counsel's Opinion

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[*An opinion in substantially the following form will be delivered by McCall, Parkhurst & Horton L.L.P., Bond Counsel, upon the delivery of the Bonds, assuming no material changes in facts or law.*]

PASEO DEL ESTE MUNICIPAL UTLITY DISTRICT NO. 10
UNLIMITED TAX REFUNDING BONDS, SERIES 2020
IN THE AGGREGATE PRINCIPAL AMOUNT OF $3,770,000

AS BOND COUNSEL FOR PASEO DEL ESTE MUNICIPAL UTILITY DISTRICT NO. 10 (the "District") of the bonds described above (the "Bonds"), we have examined into the legality and validity of the Bonds, which bear interest from the dates specified in the text of the Bonds, until maturity or redemption, at the rates and payable on the dates specified in the text of the Bonds all in accordance with the resolution of the Board of Directors of the District adopted on October 27, 2020 authorizing the issuance of the Bonds and the pricing certificate of the pricing officer as authorized in the resolution (collectively, the "Resolution").

WE HAVE EXAMINED the Constitution and laws of the State of Texas, certified copies of the proceedings of the District, and other documents authorizing and relating to the issuance of the Bonds, including one of the executed Bonds (Bond Numbered T-1) and specimens of Bonds to be authenticated and delivered in exchange for the Bonds.

BASED ON SAID EXAMINATION, IT IS OUR OPINION that said Bonds have been duly authorized, issued and delivered in accordance with law; and that said Bonds, except as the enforceability thereof may be limited by laws relating to governmental immunity, bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws now or hereafter enacted related to creditors' rights generally or by general principle of equity which permit the exercise of judicial discretion, constitute valid and legally binding obligations of the District, payable from ad valorem taxes without legal limit as to rate or amount to be levied and collected by the District upon taxable property within the District, which taxes the District has covenanted to levy in an amount sufficient (together with revenues and receipts from other sources which are legally available for such purposes) to pay the interest on and the principal of the Bonds. Such covenant to levy taxes is subject to the right of a city, under existing Texas law, to annex all of the territory within the District; to take over all properties and assets of the District; to assume all debts, liabilities, and obligations of the District, including the Bonds; and to abolish the District.

THE DISTRICT reserves the right to issue additional bonds which will be payable from taxes; bonds, notes, and other obligations payable from revenues; and bonds payable from contracts with other persons, including private corporations, municipalities, and political subdivisions.

IT IS FURTHER OUR OPINION that, except as discussed below, that the interest on the Bonds is excludable from the gross income of the owners thereof for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of this opinion. We are further of the opinion that the Bonds are not "specified private activity bonds" and that, accordingly, interest on the Bonds will not be included as an individual alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). In expressing the aforementioned opinions, we have relied on the Sufficiency Certificate of the District's Financial Advisor, and assume compliance by the District with certain representations and covenants, regarding the use and investment of the proceeds of the Bonds. We call your attention to the fact that if such representations are determined to be inaccurate or upon a failure by the District to comply with such covenants, interest on the Bonds may become includable in gross income retroactively to the date of issuance of the Bonds.

EXCEPT AS STATED ABOVE, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning or disposing of the Bonds, including the amount, accrual or receipt of interest on, the Bonds. In particular, but not by way of limitation, we express no opinion with respect to the federal, state or local tax consequences arising from the enactment of any pending or future legislation. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem 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. We observe that the District has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Bonds as includable in gross income for federal income tax purposes.

WE EXPRESS NO OPINION as to any insurance policies issued with respect to the payments due for the principal of and interest on the Bonds, nor as to any such insurance policies issued in the future.

OUR SOLE ENGAGEMENT in connection with the issuance of the Bonds is as Bond Counsel for the District, and, in that capacity, we have been engaged by the District for the sole purpose of rendering an opinion with respect to the legality and validity of the Bonds under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Bonds for federal income tax purposes, and for no other reason or purpose. The foregoing opinions represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the District, or the disclosure thereof in connection with the sale of the Bonds, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Bonds and have relied solely on certificates executed by officials of the District as to the current outstanding indebtedness of and the assessed valuation of taxable property within the District. Our role in connection with the District's Official Statement prepared for use in connection with the sale of the Bonds has been limited as described therein.

THE FOREGOING OPINIONS represent our legal judgment based upon a review of existing legal authorities that we deem relevant to render such opinions and are not a guarantee of a result.

Respectfully,

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APPENDIX C

Specimen Municipal Bond Insurance Policy

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

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Financial Advisory Services
Provided By

HilltopSecurities
A Hilltop Holdings Company