OFFICIAL STATEMENT DATED DECEMBER 17, 2020

IN THE OPINION OF BOND COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER EXISTING LAW AND INTEREST ON THE BONDS IS NOT INCLUDABLE IN THE ALTERNATIVE MINIMUM TAXABLE INCOME OF INDIVIDUALS OR CORPORATIONS, EXCEPT FOR CERTAIN ALTERNATIVE MINIMUM TAX CONSEQUENCES FOR CORPORATIONS. SEE "TAX MATTERS" FOR A DISCUSSION OF BOND COUNSEL'S OPINION.

The District designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions" herein.

NEW ISSUE—BOOK-ENTRY ONLY **RATINGS: Underlying "A3" Moody's**
CUSIP No. 260655 **Insured "AA" (stable outlook) S&P / "A2" Moody's**
See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein

$7,900,000

DOWDELL PUBLIC UTILITY DISTRICT

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

UNLIMITED TAX BONDS
SERIES 2021

Dated: January 1, 2021 **Due: September 1 (as shown below)**

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

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

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield to Maturity (a)	Principal Amount	Maturity	Interest Rate	Yield to Maturity (a)
$200,000	2023	1.000%	0.30%	$250,000	2033 (b)	1.375%	1.40%
$200,000	2024	1.000%	0.40%	$250,000	2034 (b)	1.375%	1.50%
$200,000	2025	1.000%	0.50%	$250,000	2035 (b)	1.500%	1.60%
$200,000	2026 (b)	1.000%	0.60%	$275,000	2036 (b)	1.625%	1.70%
$200,000	2027 (b)	1.000%	0.70%	$275,000	2037 (b)	1.750%	1.80%
$225,000	2028 (b)	1.000%	0.85%	$275,000	2038(b)	1.750%	1.85%
$225,000	2029 (b)	1.000%	1.00%	$300,000	2039 (b)	1.750%	1.90%
$225,000	2030 (b)	1.000%	1.10%	***	***	***	***
$225,000	2031 (b)	1.125%	1.20%	$400,000	2050 (b)	2.000%	2.10%
$250,000	2032 (b)	1.250%	1.30%				

$1,250,000 2.00% Term Bond Due September 1, 2043 to Yield 2.00% (a) (b) (c)
$700,000 2.00% Term Bond Due September 1, 2045 to Yield 2.03% (a) (b) (c)
$750,000 2.00% Term Bond Due September 1, 2047 to Yield 2.05% (a) (b) (c)
$775,000 2.00% Term Bond Due September 1, 2049 to Yield 2.08% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriter (hereinafter defined) and may be subsequently changed.

(b) The Bonds maturing on or after September 1, 2026, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on September 1, 2025, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds within any one maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS—Optional Redemption."

(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

The proceeds of the Bonds will be used by Dowdell Public Utility District (the "District") to: finance costs associated with the reimbursement to certain developers for funds previously advanced on behalf of the District including developer interest costs; and pay issuance and administrative expenses associated with the sale of the Bonds. See "USE OF BOND PROCEEDS." The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham L.L.P., Houston, Texas, Bond Counsel. Certain matters will be passed on for the District by Norton Rose Fulbright US LLP, as Disclosure Counsel, Houston, Texas. Delivery of the Bonds is expected through the facilities of DTC on or about January 14, 2021.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

Any information and expressions of opinion herein contained are subject to change, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof.

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

UNDERWRITING

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.718813% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 1.942987%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

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

SALE AND DISTRIBUTION OF THE BONDS

Prices and Marketability:

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the Underwriter on or before the date of delivery of the Bonds stating the prices at which a substantial amount of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of 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 RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws:

No registration statement relating to the offer and sale of the Bonds has been filed with the Securities 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.

MUNICIPAL BOND RATING

In connection with the sale of the Bonds the District has made application to Moody's Investor Services, Inc. ("Moody's") which has assigned the underlying rating of "A3" on the Bonds based upon the District's underlying credit without bond insurance. The underlying rating to be released by Moody's of the District will be maintained by Moody's in addition to the rating by virtue of the bond insurance, if applicable. See "BOND INSURANCE." An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's, and the District makes no representation as to the appropriateness of such rating.

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

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

Moody's is expected to assign its municipal bond rating of "A2" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The District can make no assurance that Moody's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by Moody's if in the judgment of Moody's circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, 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 October 29, 2020, 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 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 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 September 30, 2020:

- The policyholders' surplus of AGM was approximately $2,671 million.
- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $1,042 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 $2,111 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).

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2020 (filed by AGL with the SEC on November 6, 2020).

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

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

Miscellaneous Matters

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: Dowdell Public Utility District Unlimited Tax Bonds, Series 2021 (herein the "Bonds" or the "Series 2021 Bonds"), issued pursuant to an order (the "Bond Order") of the Board of Directors of Dowdell Public Utility District (the "District"). The Bonds are dated January 1, 2021, and mature September 1 in the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on September 1, 2021, and each March 1 and September 1 thereafter until maturity or prior redemption.

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

Redemption Provisions: Bonds maturing on or after September 1, 2026, are subject to early redemption, in whole or from time to time in part, on September 1, 2025, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See “THE BONDS – Optional Redemption.” The Bonds maturing on September 1, 2043, 2045, 2047, and 2049, are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on September 1 in the years 2040, 2044, 2046, and 2048 respectively. See “THE BONDS – Mandatory Redemption.”

Authority for Issuance: The voters within the District have authorized the issuance of a total of $172,945,000 of bonds payable from taxes, of which $83,826,525.07 remain authorized but unissued after the sale of the Bonds. The voters of the District may in the future authorize the issuance of additional bonds. See "THE BONDS – Authority for Issuance."

Sources of Payment: The Bonds are payable from a continuing direct annual ad valorem tax upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. See "TAX PROCEDURES." With respect to payment from taxes, the Bonds are further payable equally and ratably with bonds to be issued in the future by the District. See "THE BONDS - Sources of and Security for Payment." The Bonds are obligations of the District, and are not obligations of the City of Houston (the “City”), the State of Texas, Harris County, Texas, or any other political subdivision or agency.

Municipal Bond Rating: In connection with the sale of the Bonds the District has made application to Moody’s which assigned the underlying rating of “A3” on the Bonds based upon the District’s underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from Moody’s. The rating reflects only the view of Moody’s, and the District makes no representation as to the appropriateness of such rating. See “MUNICIPAL BOND RATING.”

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

Moody’s is expected to assign its municipal bond rating of “A2” (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The District can make no assurance that Moody’s rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by Moody’s if in the judgment of Moody’s circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See “BOND INSURANCE” and “APPENDIX B – Specimen Municipal Bond Insurance Policy.”

Use of Proceeds: Proceeds from the sale of the Bonds will be used to: (1) finance costs associated with the reimbursement to certain developers for funds previously advanced on behalf of the District including developer interest costs; and (2) pay issuance and administrative expenses associated with the sale of the Bonds. See "USE OF BOND PROCEEDS."

Qualified Tax Exempt Obligations: The District designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and the District represents that the total amount of tax-exempt bonds (including the Bonds) issued by it during calendar year 2021 is not reasonably expected to exceed the limit established pursuant to Section 265(b) noted above. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

Payment Record: The District has never defaulted in the payment of principal of or interest on its bonds.

Paying Agent/Registrar: Zions Bancorporation, National Association, Houston, Texas.

Legal Opinions: Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel.

Risk Factors: The Bonds are subject to certain risk factors as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds particularly the section captioned "RISK FACTORS."

THE DISTRICT

Description: Dowdell Public Utility District was created by the Texas Legislature (Art. 8280-581) on June 4, 1971, and operates as a municipal utility district pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code and other general statues of Texas applicable to municipal utility districts. The District is subject to the continuing supervision of the Commission, and is located entirely within the exclusive extraterritorial jurisdiction of the City.

The District is located in northern Harris County approximately 25 miles northwest of the central business district of Houston, Texas, via Interstate Highway 45. The District is generally bounded on the northwest by Willow Creek, the northeast by Kuykendahl Road, the southwest by FM 2920 and the southeast by Spring Stuebner Road. The District is located entirely within the extraterritorial jurisdiction of the City. The District is located within the Klein Independent School District. Since the creation of the District in 1971, the District has added 24 annexations between 1973 and October 2020, resulting in its existing size of approximately 1,381 acres. See "THE DISTRICT."

Status of Land Development: A summary of the approximate land use in the District, as of October 1, 2020, appears in the following table:

Type of Land Use	Approximate Acres
Fully Developed Acres (a)	1,189
Additional Developable Acres (b)	120
Other Undevelopable Acres (c)	72
Total Approximate Acres	**1,381**

(a) Approximately 683 acres includes 2,030 completed homes (2,013 are occupied), 0 homes under construction, 24 vacant developed lots. Also includes certain improved commercial tracts of land and developed land owned by Klein ISD.

(b) Includes acreage that will be used for detention pond and drainage rights-of-ways as additional land is developed.

(c) Includes drainage easements and District plant sites.

Single-Family Developers in the District: D.R. Horton has developed 162 lots and completed the build-out of the single family residential subdivision known as Willow Lake Village on approximately 72 acres; and marketed homes in the $280,000 - $375,000 price range.

D.R. Horton has also constructed homes in the 150 lot subdivision known as Vintage Creek, Section 1; homes in this subdivision have been marketed in the $180,000 - $200,000 price range.

K McGaughey FM 2920, LLC has developed 55 lots in the single family residential subdivisions known as Wildwood Glen, Section 1. MHI began homebuilding in Wildwood Glen, Section 1 during the 3rd quarter of 2014 and completed the build-out of the subdivision during 1st quarter of 2016. MHI marketed homes in the $200,000 to $300,000 price range in the subdivision.

LPUSA, Inc. has developed the lots located in the 2 subdivisions known as Willows Edge (43 lots) and the Preserve at Miramar Lake, Section 1 (96 lots); lots in these sections have been sold to Candlewood Homes, Lennar Homes, and Meritage Homes. Homes are currently being marketed in the $200,000 - $300,000 price range in these subdivisions. As of September 1, 2020, there was approximately 4 lots remaining to be built upon in the Willows Edge subdivision.

Commercial Development: Commercial development within the District consists of approximately 25 acres developed as a strip center, 5 convenience stores/gas stations, a hotel, and 3 multi-family complexes (322 units).

Home Depot USA, Inc. ("Home Depot") has completed the development of a 134,500 square foot retail store located on approximately 16 acres. Home Depot includes two pad sites that will be available for additional commercial development. Home Depot opened in the first quarter of 2019.

Five Forks Village L.L.C. ("Five Forks") recently sold approximately 15 acres to Watermark Residential ("Watermark") who intends to develop a 336 unit multi-family project. Watermark began construction in December 2018, and expects that the first units will be available for occupancy in the late third quarter of 2020; project construction is expected to be completed during the first quarter of 2021.

Additionally, Klein Independent School District ("Klein ISD") has constructed an elementary school within the District as well as a multi-purpose building. A second elementary school within Willow Lake Village has recently been completed. A middle school, high school and a stadium are also proposed by Klein ISD. See "THE DISTRICT."

Defined Area: A portion of the land within the District is located within Dowdell Public Utility District Defined Area No. 1 ("Defined Area"). Most of the Defined Area (approximately 65 acres) is being developed by Grand Parkway Marketplace 1750, LLC. Grand Parkway Marketplace 1750, LLC is a special purpose entity created by and controlled by Kimco Realty Corp. ("KIMCO"), which has completed the construction of a 480,510 sq. ft. (approximate size) retail center located at the intersection of Kuykendahl and Spring Stuebner Road. KIMCO is a publically traded corporation whose stock has been listed on the New York Stock Exchange since 1991 and specializes in shopping center acquisitions, development and management for more than 50 years.

Commercial establishments within the Defined Area include 52 establishments and 452,227 square feet of retail space as of September 1, 2020.

The District has issued $4,550,000 bonds for facilities located within the Defined Area (the "Defined Area Bonds") such Defined Area bonds are secured solely by a District tax levied against the property located within the Defined Area. The additional tax rate within the Defined Area is $0.38 per $100 of assessed valuation in 2020. The additional tax levied on land located within the Defined Area is on a parity with the District tax levied for payment of the Bonds.

Hurricane Harvey: During Hurricane Harvey, the District's system remained operational and there was no interruption of water and sewer services. Approximately 15 homes in the District experienced flooding during Hurricane Harvey. See "RISK FACTORS."

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

Since the disaster declarations were made, the Pandemic has negatively affected travel, commerce, and financial markets locally and globally, and is widely expected to continue negatively affecting economic growth and financial markets worldwide and within Texas. Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes. While the potential impact of COVID-19 on the District cannot be quantified at this time, the continued outbreak of COVID-19 could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available, but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not necessarily indicative of the economic impact of the Pandemic on the District's financial condition.

SELECTED FINANCIAL INFORMATION
(Unaudited)

10/1/2020 Estimated Taxable Value	$698,958,158	(a)
2020 Certified Taxable Value	$670,508,557	(b)
Direct Debt (See "DISTRICT DEBT")		
Outstanding Bonds	$64,795,000	(c)
The Bonds	$7,900,000	
Total Direct Debt	**$72,695,000**	
Estimated Overlapping Debt	$39,457,011	(d)
Direct and Estimated Overlapping Debt	**$112,152,011**	
Percentage of Direct Debt to:		
10/1/2020 Estimated Taxable Value	10.40%	
2020 Certified Taxable Value	10.84%	
Percentage of Direct and Estimated Overlapping Debt to:		
10/1/2020 Estimated Taxable Value	16.05%	
2020 Certified Taxable Value	16.73%	
2020 Tax Rate Per $100 of Assessed Value		
Debt Service	$0.70	
Maintenance Tax	$0.10	
Total 2020 Tax Rate	**$0.80**	(e)
General Fund approximate cash balance as of 10/1/2020	$3,897,098	(f)
Debt Service Fund approximate cash balance as of 10/1/2020	$6,541,557	(g)

(a) Reflects data supplied by the Harris County Appraisal District ("HCAD"). The Estimated Taxable Value as of 10/1/2020 was prepared by HCAD and provided to the District. Such value is not binding on HCAD, and any new value (subsequent to January 1, 2020) will not be included on the District's tax roll until the 2021 tax roll is prepared and certified by HCAD during the second half of 2021. See "TAX DATA" and "TAX PROCEDURES".

(b) The figure above represents the taxable value that has been fully certified on the District's 2020 tax roll; ($639,174,153) and 84.4% of the value of the property ($37,117,272) in the District that is in the process of being certified by HCAD. See "TAX PROCEDURES."

(c) Excludes bonds issued by the District for the Defined Area; the Defined Area bonds are secured by a tax levied against property located solely within the Defined Area. The District tax securing the Bonds is on a parity within the District tax securing the Defined Area bonds.

(d) Includes the Defined Area bonds which, within the Defined Area, are direct obligations of the District and payable on a parity with the Bonds from ad valorem taxes levied in the Defined Area.

(e) Excludes the tax rate of $0.38 that was levied on the property located within the Defined Area within the District.

(f) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."

(g) Unaudited figure per the District's records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Adequacy for Debt Service."

DEBT SERVICE SCHEDULE

The following sets forth the debt service requirements for the District's outstanding bonds and the Series 2021 Bonds.

Year	Outstanding Debt Service Requirements	Plus: Debt Service on the Bonds Principal	Interest	Total Debt Service Requirements
2021	$4,013,929		$86,583	$4,100,512
2022	$4,077,556		$129,875	$4,207,431
2023	$4,078,546	$200,000	$129,875	$4,408,421
2024	$4,077,141	$200,000	$127,875	$4,405,016
2025	$4,119,616	$200,000	$125,875	$4,445,491
2026	$4,129,404	$200,000	$123,875	$4,453,279
2027	$4,027,319	$200,000	$121,875	$4,349,194
2028	$3,896,594	$225,000	$119,875	$4,241,469
2029	$3,684,144	$225,000	$117,625	$4,026,769
2030	$3,901,583	$225,000	$115,375	$4,241,958
2031	$3,662,416	$225,000	$113,125	$4,000,541
2032	$3,708,298	$250,000	$110,593	$4,068,891
2033	$3,779,196	$250,000	$107,468	$4,136,664
2034	$3,834,573	$250,000	$104,031	$4,188,604
2035	$3,774,223	$250,000	$100,593	$4,124,816
2036	$3,774,154	$275,000	$96,843	$4,145,997
2037	$3,844,904	$275,000	$92,375	$4,212,279
2038	$3,858,098	$275,000	$87,562	$4,220,660
2039	$3,867,610	$300,000	$82,750	$4,250,360
2040	$3,375,598	$300,000	$77,500	$3,753,098
2041	$3,391,486	$300,000	$71,500	$3,762,986
2042	$3,408,405	$325,000	$65,500	$3,798,905
2043	$3,389,080	$325,000	$59,000	$3,773,080
2044	$3,370,593	$350,000	$52,500	$3,773,093
2045	$3,368,736	$350,000	$45,500	$3,764,236
2046	$823,000	$375,000	$38,500	$1,236,500
2047		$375,000	$31,000	$406,000
2048		$375,000	$23,500	$398,500
2049		$400,000	$16,000	$416,000
2050		$400,000	$8,000	$408,000
	$95,236,202	**$7,900,000**	**$2,582,548**	**$105,718,750**

Maximum Annual Debt Service Requirements (2026) $4,453,279

$0.68 Tax Rate on the 10/1/2020 Estimated Taxable Valuation of $698,958,158
@ 95% collections produces $4,515,270

$0.70 Tax Rate on the 2020 Taxable Valuation of $670,508,577
@ 95% collections produces $4,458,882

OFFICIAL STATEMENT
relating to

$7,900,000

Dowdell Public Utility District
(A political subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX BONDS
SERIES 2021

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of Dowdell Public Utility District Unlimited Tax Bonds, Series 2021 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, particularly, Chapters 49 and 54 of the Texas Water Code, as amended and an order (the "Bond Order") adopted by the Board of Directors of Dowdell Public Utility District (the "District"), a conservation and reclamation district and political subdivision of the State of Texas located within Harris County, Texas.

This Official Statement includes descriptions of the Bonds, Use of Proceeds, the Bond Order, and certain information about the District and its financial condition and status of development. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained by requesting such in writing to the Bond Counsel.

RISK FACTORS

General:

The security for payment of the Bonds depends on the District's ability to collect taxes levied against property within the District in an amount sufficient to pay debt service on the Bonds when due. The District makes no representation that over the term of the Bonds taxable property within the District will maintain values sufficient to justify continued payment of taxes by property owners or that there will be a market for the property if the District forecloses on property to enforce its tax lien. Further, the collection of delinquent taxes owed the District and the enforcement by a bondholder of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "– Tax Collections" and "– Registered Owners' Remedies" herein and "THE BONDS – Sources of and Security for Payment."

Infectious Disease Outlook (COVID-19):

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

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

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

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

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

Tax Collections:

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

Dependence on Future Development and Potential Impact on District Tax Rates:

The District's 2020 tax rate was $0.80 per $100 of assessed valuation. The District also levied an additional $0.38 per $100 valuation tax rate on property located within the Defined Area in 2020; such $0.38 tax rate is not levied against any of the residential property in the District or any other property located in the District outside of the Defined Area. At the present time, tax rates in excess of $1.50 per $100 of assessed valuation are not common among the majority of utility districts in the Harris County area, although many newly activated districts are presently projecting tax rates in the range of $1.35 to $1.50 per $100. Any increase in the District's tax rate substantially above the $1.50 level could further adversely impact future building development in the District and the District's ability to collect such tax.

The maintenance of the District's tax base is directly related to the housing industry in general and the demand for residential lots in the District in particular. The housing industry has historically been a cyclical industry, affected by short-term and long-term interest rates, demand for developed property, availability of mortgage and development funds, labor conditions, the rate of foreclosure and general economic conditions. In the mid-1980's, the downturn in the Houston economy and concurrent increases in unemployment substantially reduced the demand for new housing. In many instances, homeowners turned homes back to mortgage companies because of a negative equity position and, consequently, many repossessed homes were resold at substantially reduced prices. The continuation of relatively low oil and natural gas prices for a prolonged period of time could have the same effect on the Houston area economy. The demand for and construction of single-family homes in the District, which is 25 miles north of downtown Houston, also could be affected by competition from nearby residential developments. In addition to competition for new home sales from other developments, there are numerous previously owned homes in more established neighborhoods and/or in more favorable locations closer to downtown Houston that have been or are on the market at prices comparable to prices of new and previously owned homes within the District. Such previously owned homes represent additional competition for new homes proposed to be sold within the District.

The development industry in the Houston area is competitive, and the District can give no assurance that any additional building and development of land within the District will be successfully implemented. Both the local demand for, and the relative performance of developers in the sale of residential lots and the performance of prospective home builders in the construction of single-family homes are affected by most of the factors discussed herein and will directly affect the growth and maintenance of taxable values in the District and the ability of the District to raise tax revenues sufficient to pay its debt service requirements.

Assuming no further residential construction within the District other than that which has already been built, the value of such land and improvements currently located within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds will be $4,453,279 (2026). If no growth in value were to occur beyond the 10/1/2020 Estimated Taxable Value of $698,958,158 as provided by HCAD, a $0.68 debt service tax rate would be required. If no growth in value were to occur beyond the 2020 Certified Taxable Value of $670,508,557 as provided by HCAD, a $0.70 debt service tax rate would be required. As noted elsewhere, the property located within the Defined Area would also be subject to an additional tax rate of $0.38 per $100 of assessed value if there was no growth in value in the District. See "TAX DATA - Tax Adequacy for Debt Service."

Current Developers and Landowners under No Obligation to the District:

There is no commitment by or legal requirement of the current developers, or any other landowner in the District, to proceed at any particular rate or according to any specified plan with the development of land in the District, or for any homebuilder to proceed at any particular pace with the construction of homes in the District. Moreover, there is no restriction on any developers' or landowners' right to sell its land. Therefore, the District can make no representation about the probability of future development, if any, or the rate of future home construction activity in the District. Failure to construct taxable improvements on developed lots would restrict the rate of growth of taxable values in the District and could result in higher tax rates. See "THE DISTRICT" and "THE DEVELOPERS."

The current developers are not responsible or liable for, and have not made any commitment for payment of, debt service on the Bonds. The current developers' sole responsibility is to pay the ad valorem taxes levied by the District on its property. Further, the financial condition of the current developers is subject to change at any time. Likewise, the current developers may sell or otherwise dispose of their property within the District at any time.

Registered Owners' Remedies:

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

Bankruptcy Limitation to Registered Owners' Rights:

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Specifically, the District may voluntarily file a petition for protection from creditors under the federal bankruptcy laws. During the pendency of the bankruptcy proceedings, the remedy of mandamus would not be available to the Registered Owners unless authorized by a federal bankruptcy judge.

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

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

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

Economic Factors:

The continuation of relatively low oil and natural gas prices, for a prolonged period of time, could have an adverse effect in the development industry in the Houston area, including the District.

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

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

Future Debt:

The District has reserved in the Bond Order the right to issue the remaining $83,826,525.07 for the purpose of providing waterworks, sanitary sewer, and drainage facilities to land within the District or refunding such bonds. The District does not currently anticipate issuing any additional bonds for the Defined Area in the future. All of the remaining bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board, subject to the approval of the Attorney General of the State of Texas and the Texas Commission on Environmental Quality ("TCEQ") for the unlimited tax bonds.

The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds. See "THE BONDS – Issuance of Additional Debt."

Financing Parks and Recreational Facilities:

The District may levy an operation and maintenance tax to support parks and recreational facilities at a rate not to exceed $0.10 cents per $100 of assessed valuation of taxable property in the District, if such tax is approved at an election. In addition, the District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of parks and recreational facilities if: (i) the District duly adopts a park plan; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed the lesser of one percent (1%) or the value of the taxable property in the District at the time of issuance of the bonds or the estimated cost of the park plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; and (v) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. The issuance of such bonds is subject to rules and regulations to be adopted by the TCEQ.

The District has not called an election for such purposes but could consider doing so in the future.

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

Defined Area within the District:

The District is authorized to define areas or designate certain property of the District to pay for improvements, facilities or services that primarily benefit that area pursuant to the provisions of Texas House Bill 4206, effective June 18, 2015, and Subchapter J of Chapter 54 of the Texas Water Code, as amended. On August 20, 2015, the Board of Directors of the District approved the designation of a defined area encompassing approximately 73.691 acres (the "Defined Area"), and such creation was confirmed by the voters of said area at an election within the Defined Area boundaries on November 3, 2015. In addition to the confirmation, the voters authorized $23,000,000 principal amount of bonds to finance road improvements within the Defined Area. Any bonds issued for the Defined Area shall be payable solely from a tax levied on property located within the boundaries of the Defined Area but within the Defined Area the District tax levied for payments of the Defined Area bonds is or a parity with the District tax levy for payment of the Bonds. A portion of the bonds authorized for the Defined Area ($4,550,000) were issued in 2017. It is not expected that the District will issue any additional bonds for the Defined Area in the future. The District has levied an additional debt service tax of $0.38 per $100 of assessed value against property located within the Defined Area in 2020.

The vast majority of the Defined Area has been developed by Grand Parkway Marketplace 1750, LLC, a subsidiary controlled by Kimco Realty Corp., which has constructed 480,510 sq. ft. (approximate size) retail center located at the intersection of Kuykendahl and Spring Stuebner Road. KIMCO is a publicly traded corporation whose stock has been listed on the New York Stock Exchange since 1991 and specializes in shopping center acquisitions, development and management for more than 50 years. None of the land in the Defined Area will be developed for single family housing purposes.

While the Defined Area Bonds are obligations of the District's property located within the Defined Area, those bonds are on a parity with the Bonds, and a failure to collect sufficient taxes, from the property located in the Defined Area, could cause an increase in taxes District-wide to pay the debt service on the bonds issued for the Defined Area.

Surface Water Conversion:

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the 1999 Plan, the District was required to submit to the Subsidence District, a groundwater reduction plan and must have begun construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. In addition, if the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a ground water reduction plan to comply with the Subsidence District's 1999 Plan. The Authority submitted its Groundwater Reduction Plan to the Subsidence District and it received final certification on June 11, 2003. The Authority entered into a contract with the City to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee of $3.85 per 1,000 gallons of water produced from its wells. If the District were to purchase surface water from the Authority it would pay a fee of $4.30 per 1,000 gallons of surface water purchased from the Authority. The issuance of additional bonds by the District, in an undetermined amount, may be necessary in the future to develop further surface water infrastructure or to participate in the Authority's regional surface water conversion effort.

Environmental Regulations:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On December 11, 2018, the EPA and USACE released a proposed replacement definition of "waters of the United States." The proposed definition outlines six categories of waters that would be considered "waters of the United States," including traditional navigable waters, tributaries to those waters, certain ditches, certain lakes and ponds, impoundments of jurisdictional waters, and wetlands adjacent to jurisdictional waters. The proposed rule also details what are not "waters of the United States," such as features that only contain water during or in response to rainfall (e.g., ephemeral features); groundwater; many ditches, including most roadside or farm ditches; prior converted cropland; stormwater control features; and waste treatment systems. The agencies took comments on the proposal for 60 days after publication in the Federal Register, which occurred on February 14, 2019, but the proposed rule has not been finalized.

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

Continuing Compliance with Certain Covenants:

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

Marketability:

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 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 such bonds are generally bought, sold or traded in the secondary market.

Bond Insurance Investment Considerations:

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

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

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

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

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

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

Hurricane Harvey:

The Houston area (including Harris County) sustained widespread rain and flooding damage as a result of Hurricane Harvey’s landfall along the Texas gulf coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to the observations of the District’s Operator and the District’s Engineer, the District’s System did not sustain any significant damage and there was no interruption of water and sewer service. According to observations of the District’s Operator and the District Board Members, approximately 15 homes in the District experienced some flooding during Hurricane Harvey.

On or about August 23, 2017, in anticipation of Harvey’s landfall, Governor Greg Abbott issued a proclamation declaring a state of disaster in numerous counties located along the Texas gulf coast, including Harris County. The Texas Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster.

Inclement Weather:

The District is located approximately 75 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, with a corresponding decrease in tax revenues or necessity to increase the District’s tax rate. Further, there can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (or that property owners will even carry flood insurance), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damaged improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

Specific Flood Type Risks:

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

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

Reappraisal of Property after Disaster:

Until January 1, 2020, when requested by a local taxing unit, such as the District, the Appraisal District is required to complete a reappraisal as soon as practicable of all property damaged in an area that the Governor declares a disaster area. For reappraised property, the taxes are pro-rated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1. Beginning on the date of the disaster and for the remainder of the year, the taxing unit applies its tax rate to the reappraised market value of the property. The District has not requested a reappraisal of property.

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

Tax Payment Installments after Disaster:

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

Harris County and City of Houston Floodplain Regulations:

As a direct result of Hurricane Harvey, Harris County and the City of Houston adopted new rules and amended existing regulations relating to minimizing the potential impact of new development on drainage and mitigating flooding risks. The new and amended Harry County regulations took effect on January 1, 2018, and the new and amended City of Houston regulations took effect on September 1, 2018.

The Harris County floodplain regulations govern construction projects in unincorporated Harris County and include regulations governing the elevation of structures in the 100-year and 500-year floodplains. Additionally, the Harris County regulations govern the minimum finished floor elevations as well as specific foundation construction requirements and windstorm construction requirements for properties located both above and below the 100-year flood elevation.

The City of Houston floodplain regulations govern construction projects in the corporate jurisdiction of the City of Houston and include regulations governing the elevation of structures in the 100-year and 500-year floodplains and the elevation of residential additions greater than one-third the footprint of the existing structure and non-residential additions. Additionally, the City of Houston regulations require an improved structure whose new market value exceeds 50% of the market value of the structure prior to the start of improvements meet the new and amended City of Houston regulations.

The new and amended Harris County and City of Houston regulations may have a negative impact on new development in and around the District as well as on the rehabilitation of existing homes impacted by flooding or other natural disasters.

USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used to: finance costs associated with the reimbursement to certain developers for funds previously advanced on behalf of the District including developer interest costs; and pay issuance and administrative expenses associated with the sale of the Bonds.

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

CONSTRUCTION COSTS	**District's Share**	(a)
Developer Contribution Items		
25-Acre Commercial Tract – W, WW, D	$2,360,603	
5.8-Acre Commercial Tract – W, WW, D	$739,833	
8.4-Acre Commercial Tract – WW, D	$2,177,391	
Cypress Academy – Lift Station, Force Main, and Wastewater	$811,059	
Engineering	$656,219	
TOTAL DEVELOPER CONTRIBUTION ITEMS	**$6,745,105**	
NON-CONSTRUCTION COSTS		
Legal Fees	$248,000	
Fiscal Agent Fees	$118,500	
Developer Interest	$432,047	
Bond Discount	$180,213	
Bond Issuance Expenses	$21,698	
Bond Application Report	$70,000	
Attorney General Fee	$7,900	
TCEQ Bond Issuance Fee	$19,750	
Contingency	$56,787	(b)
TOTAL CONSTRUCTION COSTS	**$1,154,895**	
TOTAL BOND ISSUE REQUIREMENT	**$7,900,000**	

(a) TCEQ rules require, with certain exceptions that developers contribute to the District's construction program, a minimum of 30% of the construction costs of certain system facilities. The District was granted a waiver of such TCEQ rules because of the underlying investment grade rating on the District's bonds.

(b) Additionally, the TCEQ Order requires the District to designate any surplus bond proceeds resulting from the sale of the Bonds at a lower interest rate than the rate initially projected in the District's Bond Application to the TCEQ as a contingency line item in the Official Statement. Such funds may be used by the District only upon approval by the TCEQ.

THE DISTRICT

General:

Dowdell Public Utility District was created by the Texas Legislature (Art. 8280-581) on June 4, 1971, and operates as a municipal utility district pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code and other general statues of Texas applicable to municipal utility districts. The District is subject to the continuing supervision of the Commission, and is located entirely within the exclusive extraterritorial jurisdiction of the City.

The District is located in northern Harris County approximately 25 miles northwest of the central business district of Houston, Texas, via Interstate Highway 45. The District is generally bounded on the northwest by Willow Creek, the northeast by Kuykendahl Road, the southwest by FM 2920 and the southeast by Spring Stuebner Road. The District is located entirely within the extraterritorial jurisdiction of the City. The District is located within the Klein Independent School District. Since the creation of the District in 1971, the District has added 24 annexations between 1973 and October 2020 resulting in its existing size of approximately 1,381 acres.

Summary of Land Use:

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

Type of Land Use	Approximate Acres
Fully Developed Acres (a)	1,189
Additional Developable Acres (b)	120
Other Undevelopable Acres (c)	72
Total Approximate Acres	**1,381**

(a) Approximately 683 acres includes 2,030 completed homes, 0 homes under construction, 24 vacant developed lots, certain improved commercial tracts of land and developed land owned by Klein ISD.

(b) Includes certain acreage that will be used for detention pond and drainage rights-of-ways as additional land is developed.

(c) Includes drainage easements and District plant sites.

Status of Residential Development:

The following is an approximate tabulation of the single-family residential development in the District as of October 1, 2020.

Section	Approximate Acreage	# of Lots	Completed Homes	Homes Under Construction	Vacant Developed Lots
Willow Forest, Sections 1 & 2	137	563	563	0	0
Willow Dell, Sections 1 - 3	54	241	241	0	0
Miramar Lake, Sections 1 - 3	79	259	258	0	1
Creekside Place, Sections 1 & 2	50	190	190	0	0
Willow Trace, Section 1	85	273	272	0	1
Willow Trace, Section 2	43	0	0	0	0
Wildwood Glen, Section 1	26	55	55	0	0
Wildwood Glen, Section 2 (a)	28	0	0	0	0
Willow Lake Village	72	162	162	0	0
Preserve at Miramar Lake, Section 1	24	96	96	0	0
Vintage Creek	51	150	150	0	0
Willows Edge	14	43	43	0	0
Oakview Farms Sections 1 & 2	20	22	0	0	22
Total	**683**	**2,054**	**2,030** (b)	**0**	**24**

(a) Represents undeveloped land with no immediate plans for development; such land will most likely be developed for commercial purposes in the future.

(b) As of September 1, 2020, there were approximately 2,013 occupied single-family homes in the District.

Commercial Development in the District:

Commercial development within the District consists of approximately 25 acres developed as a strip center, 6 convenience/gas stations, a hotel, and 3 multi-family complexes (322 units). Home Depot has recently completed the development of a 134,500 square foot retail store located on approximately 16 acres. Home Depot includes two pad sites that will be available for additional commercial development. Northcrest has recently begun the development of a 200,000 square foot warehouse located on a 53 acre tract; it is currently anticipated that the building will be completed in the third quarter of 2021

Klein ISD has constructed 2 elementary schools within the District, as well as a multi-purpose building (totaling approximately 122 acres). A middle school, high school and a stadium are also proposed to be constructed in the District by Klein ISD.

A portion of the land within the District is located within the Defined Area. Most of the Defined Area (approximately 65 acres) is being developed by Grand Parkway Marketplace 1750, LLC. Grand Parkway Marketplace 1750, LLC is a special purpose entity created by and controlled by Kimco Realty Corp. ("KIMCO"), which has completed the construction of a 480,510 sq. ft. (approximate size) retail center located at the intersection of Kuykendahl and Spring Stuebner Road. KIMCO is a publically traded corporation whose stock has been listed on the New York Stock Exchange since 1991 and specializes in shopping center acquisitions, development and management for more than 50 years.

Commercial establishments within the Defined Area consist of 52 establishments which represent 452,277 square feet of commercial property as of October 1, 2020. Included are 2 stores of 2,970 and 1,505 square feet, which are currently under construction with one opening mid-4th quarter 2020, and the other opening early 2021. The list of the establishments that have moved into the center are shown below:

Establishment	Approx. Sq. Ft.	Establishment	Approx. Sq. Ft.
Target (a)	126,844	America's Best Contacts & Eye	3,500
Burlington	43,500	Nails of America #2	3,500
Ross Dress for Less	25,000	Aki Steak & Sushi	3,400
T.J. Maxx	21,500	Orangetheory Fitness	3,360
Michaels	21,362	Shannon Jewelers	3,000
PetSmart	20,626	James Avery Jewelry	2,970
DSW Shoe Warehouse	18,000	Vitamin Shoppe	2,800
Party City	12,500	MOD Pizza	2,800
Ulta	10,000	Regions Bank	2,700
Uncle Julio's Mexican	8,300	Salata	2,536
Five Below	8,000	T-Mobile	2,500
Olive Garden	7,750	Torrid	2,447
Carter's	7,000	Five Guys Burgers & Fries	2,400
Famous Footwear	7,000	Potbelly Sandwich Shop	2,400
Willie's Grill Ice House	5,520	Results Physiotherapy	2,250
Buffalo Wild Wings	5,456	Chipolte Mexican Grill	2,200
Maurices	5,185	T Jin's China Diner	2,000
Jason's Deli	5,000	Amazing Lash Studio	1,800
Men's Warehouse	4,881	Marble Slab Creamery	1,600
Toasted Yolk Cafe	4,650	Jamba Juice	1,540
La Madeleine French Bakery	4,500	Waxing the City	1,505
Navy Federal Credit Union	4,218	Roosters Mens Grooming Center	1,460
My Kid's Dentist & Orthodontic	4,200	Bath & Body Works	1,256
Bath & Body Works	4,178	Cookie Cutters Haircuts	1,117
AT&T Mobility	4,000	Gadget MD	1,066
Mattress Firm	4,000	Expedia Travel	1,000

(a) Target owns its building which includes 126,844 sq. ft. of retail space, the rest of the establishments have entered into lease agreements with Grand Parkway Marketplace 1750, LLC.

Additionally, approximately 16 acres in the Defined Area is owned by Five Forks Village, LLC and G.P. Kuykendahl, LLC's and MT&MS Texas Properties, LLC all of which are entities controlled by Mr. Mark Terpestra. Mr. Terpestra has previously sold approximately 18 acres for multi-family use and commercial uses and expects to sell the balance of his property for various commercial uses. None of the land in the Defined Area will be developed for single family housing purposes.

Potential Future Development:

The District contains approximately 118 developable acres that remain to be developed. Reimbursement by the District of certain of the development costs of such acreage may be financed by the sale of future bond issues by the District. The District makes no representation as to when, if ever, such acreage will be developed. See "THE BONDS – Issuance of Additional Debt."

Strategic Partnership Agreement:

The City and the District entered into a Strategic Partnership Agreement ("SPA") effective as of May 14, 2013. The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City for the limited purposes of imposition of the City's Sales and Use Tax. The District continues to provide water supply and wastewater treatment services in the annexed area, and no City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City. Additional properties may become subject to the SPA by amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50% of all Sales and Use Tax revenues generated from the properties subject to the SPA. The term of the SPA is 30 years. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes. The payments from the City under the SPA are not pledged to the payment of the Bonds and are available for any lawful purpose.

Management of the District:

The District is governed by a board of directors (the "Board") which has control over and management supervision of all affairs of the District. All of the directors reside within the District. Director elections are held only in even-numbered years and the directors serve staggered four-year terms. The current members and officers of the Board, along with their titles are listed below:

Name	Title	Term Expires May
Jerry L. Nelson	President	2024
Allison Copony	Vice President	2022
James J. Bertus	Secretary	2022
Christopher Kotran	Assistant Secretary	2022
Danny Staab	Director	2024

The District does not employ a general manager and does not have any employees. The District has contracted for utility system operations, bookkeeping, tax assessing and collecting, engineering, legal services, and annual auditing of its financial statements as follows:

Tax Assessor/Collector - The District's Tax Assessor/Collector is Equi-Tax, Inc. who is engaged under annual contract and represents 100 other utility districts.

Bookkeeper - The District's bookkeeper is Myrtle Cruz, Inc. which acts as bookkeeper for approximately 340 other utility districts.

Auditor - The District's annual financial statements as of and for the year ended September 30, 2019, have been audited by McCall Gibson Swedlund Barfoot PLLC ("MGSB"), Certified Public Accountants. See "APPENDIX A" for a copy of the District's September 30, 2019, audited financial statements.

Utility System Operator - The District's operator is Marlon Ivy & Associates. Such firm acts as operator for approximately 22 other utility districts.

Engineer - The consulting engineer for the District is Vogler & Spencer Engineering, Inc. which serves as the District's Engineer.

Financial Advisor - The District engaged The GMS Group, L.L.C. as financial advisor for a fee to be computed on each separate issuance of bonds, contingent upon such bonds being delivered.

Legal Counsel - Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas serves as general counsel and bond counsel in connection with the issuance of bonds by the District. The legal fees to be paid for bond counsel services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered.

Investments of the District:

The District has adopted an Investment Policy as required by the Public Funds Investment Act, Chapter 2256, Texas Government Code. The District's goal is to preserve principal and maintain liquidity while securing a competitive yield on its portfolio. Funds of the District are invested in short-term obligations of the U.S. Treasury and federal agencies, certificates of deposit insured by the Federal Deposit Insurance Corporation ("FDIC") or secured by collateral evidenced by perfected safekeeping receipts held by a third party bank, and public funds investment pools rated in the highest rating category by a nationally recognized rating service. The District does not currently own or intend to purchase long-term securities or derivative products.

THE DEVELOPERS

Role of the Developer:

In general, activities of a developer in a municipal utility district such as the District include acquiring land for development; defining a marketing program; planning and scheduling development; securing adequate funds for development; arranging for design and construction of utilities, streets, amenities, and other improvements; participating in the procurement of necessary governmental permits and approvals, including creation of political subdivisions such as the District; and selling developed and undeveloped land to other developers, investors, and others. Ordinarily, the developer pays 100% of the costs of paving and amenity design and construction while the utility district finances certain costs of water supply and distribution, wastewater collection and treatment, and drainage facilities. The TCEQ rules generally require the developer to pay 30% of the cost of certain underground water distribution, wastewater collection, and drainage facilities. However developers in the district have qualified for 100% reimbursement in the past and the District anticipates that developers will try to qualify for 100% reimbursement in the future.

In addition, the developer is ordinarily the major taxpayer within a 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 taxes sufficient to pay debt service and retire bonds.

Developers in the District:

D.R. Horton has developed 162 lots and completed the build-out of the single family residential subdivision known as Willow Lake Village on approximately 72 acres. D.R. Horton marketed homes in the subdivision in the $280,000 - $375,000 price range.

D.R. Horton has constructed homes in the 150 developed lot subdivision known as Vintage Creek, Section 1; homes were constructed and marketed in this subdivision in the $180,000 - $200,000 price range.

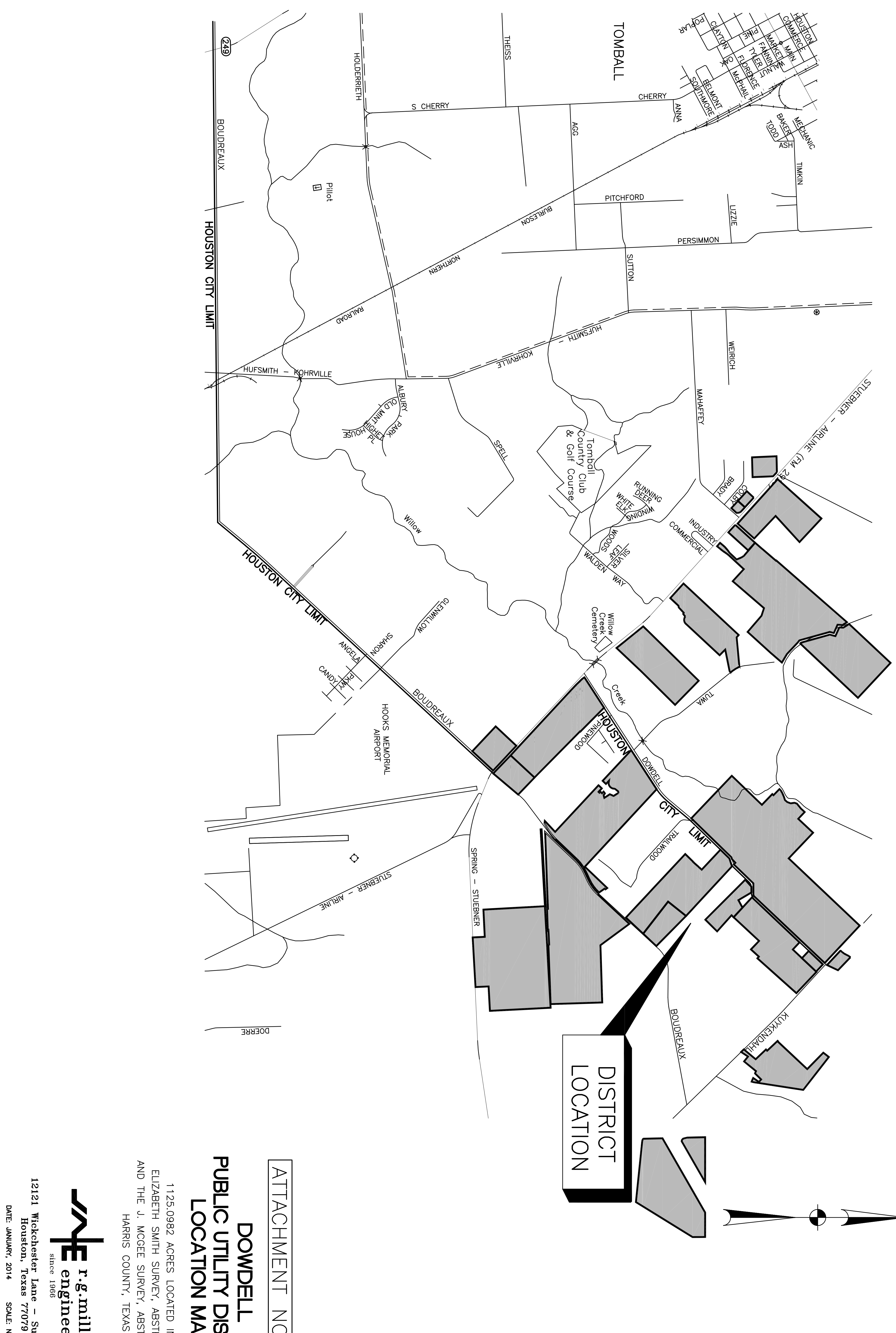
K McGaughey FM 2920, LLC has developed 55 lots in the single family residential subdivisions known as Wildwood Glen, Section 1. MHI began homebuilding in Wildwood Glen, Section 1 during the 3rd quarter of 2014 and completed the build-out of the subdivision during first quarter of 2016. MHI marketed homes in the $200,000 to $300,000 price range in the subdivision.

LPUSA, Inc. has developed the lots located in the 2 subdivisions known as Willows Edge (43 lots) and the Preserve at Miramar Lake, Section 1 (96 lots); lots in these sections have been sold to Candlewood Homes, Lennar Homes, and Meritage Homes. Homes are currently being marketed in the $200,000 - $300,000 price range in these subdivisions. As of September 1, 2019, there was 4 lots remaining to be built upon in these 2 subdivisions.

Home Depot has recently completed the development of a 134,500 square foot retail store located on approximately 16 acres. Home Depot includes two pad sites that will be available for additional commercial development. Home Depot opened in the first quarter of 2019.

Five Forks Village L.L.C. (“Five Forks”) recently sold approximately 15 acres to Watermark Residential (“Watermark”) who intends to develop a 336 unit multi-family project. Watermark began construction in December 2018, and expects that the first units will be available for occupancy in the late third quarter of 2020. Construction of the project is expected to be complete during the first quarter of 2021.

Location Map:



THE SYSTEM

Regulation:

The District's water, wastewater, and storm drainage facilities have been designed in accordance with accepted engineering practices and the requirements of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities, including, among others, the TCEQ, the City, Harris County, Harris County Flood Control District and the Harris-Galveston Coastal Subsidence District. The designs of all such facilities have been approved by all required governmental agencies. Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the Environmental Protection Agency, the TCEQ, the City, Harris County, and the Harris-Galveston Coastal Subsidence District. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Description of the System:

The water, wastewater and storm drainage facilities of the District and the accompanying rights of use therein are described below based upon information obtained from the District's records.

- Water Facilities -

The District is presently served by three water plants and related facilities. The water supply is from three wells with a combined capacity of 3,500 gallons per minute ("gpm"). The District's water plants, water wells, and related water supply facilities currently have the capacity to serve approximately 3,750 equivalent single family connections ("ESFCs").

Water Plant No. 4, is currently under construction. Upon completion of Water Plant No. 4, Water Plant No. 1 will be decommissioned. After completion of Water Plant No. 4 and the decommissioning of Water Plant No. 1, the water supply from the three wells will have a combined capacity of 3,600 gpm. The District's water plants, wells and related water supply facilities will have the capacity to serve approximately 5,000 ESFCs.

- Wastewater Treatment System -

The District owns a permanent wastewater treatment plant with a capacity of 950,000 gallons per day ("gpd"). According to the District's Engineer, the District's capacity of 950,000 gpd of wastewater capacity is sufficient to serve approximately 3,800 ESFCs.

The District acquired property for an additional wastewater treatment plant and has received the TPDES permit for the second wastewater treatment facility. This facility is under construction and will have a capacity of 450,000 gpd that is sufficient to serve approximately 1,800 ESFCs.

100-Year Flood Plain:

Willow Forest, Section 1, subdivision contains 79 lots located within the current 100 year flood plain (all of these 79 lots have been purchased by Harris County Flood Control District; no structures will ever be constructed on these lots). Additionally, there are 38 lots within the current 100 year flood plain that are improved with existing homes constructed on those 38 lots.

Surface Water Conversion:

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the 1999 Plan, the District was required to submit to the Subsidence District, a groundwater reduction plan and must have begun construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. In addition, if the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a ground water reduction plan to comply with the Subsidence District's 1999 Plan. The Authority submitted its Groundwater Reduction Plan to the Subsidence District and it received final certification on June 11, 2003. The Authority entered into a contract with the City to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee of $4.25 per 1,000 gallons of water produced from its wells. If the District were to purchase surface water from the Authority it would pay a fee of $4.70 per 1,000 gallons of surface water. The issuance of additional bonds by the District, in an undetermined amount, may be necessary in the future to develop further surface water infrastructure or to participate in the Authority's regional surface water conversion effort.

<u>Water and Waste Collection and Disposal Rates:</u>

The Board establishes rates and fees for water and waste collection and disposal services, which are subject to change from time to time. Waste collection and disposal service provided to single family residential customers includes wastewater treatment service and solid waste collection service. Commercial customers receive only water and wastewater treatment service according to the rate order. The following monthly residential rates became effective on April 20, 2017.

	Minimum Charge	Minimum Usage	Rate per 1,000 Gallons over Minimum Usage	Levels
WATER:	$33.14	6,000	$1.50	6,001 to 20,000
			$1.60	20,001 to 40,000
			$1.70	40,001 and up
WASTEWATER:	$10.00	6,000	$0.75	6,001 to 20,000
			$0.85	20,001 to 40,000
			$0.95	40,001 and up
North Harris County Regional Water Authority Fee			$4.25	0,001 and up

General Fund Operating History:

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

	Fiscal Year Ended September 30 (a)					
GENERAL FUND	**2019**	**2018**	**2017**	**2016**	**2015**	
REVENUES						
Property Taxes	$530,298	$472,648	$409,740	$334,993	-	
Water Service	$1,059,888	$1,065,400	$1,026,993	$1,053,998	$959,867	
Wastewater Service	$346,650	$348,985	$325,654	$277,212	$221,153	
Water Authority Fees	$763,224	$741,233	$616,827	$534,163	$372,003	
Penalty and Interest	$29,499	$31,946	$28,454	$36,756	$35,635	
Tap Connection and Inspection Fees	$469,585	$119,458	$424,228	$599,300	$293,629	
Condemnation Settlement	-	-	-	-	$3,054,246	(b)
Investment & Miscellaneous Revenues	$176,010	$104,874	$57,456	$28,115	$69,544	
TOTAL REVENUES	**$3,375,154**	**$2,884,544**	**$2,889,352**	**$2,864,537**	**$5,006,077**	
EXPENDITURES						
Professional Fees	$323,808	$391,148	$429,564	$482,937	$381,640	
Contracted Services	$500,557	$445,226	$378,788	$348,068	$340,168	
Utilities	$203,351	$198,353	$198,996	$219,606	$201,437	
Water Authority Assessments	$789,630	$729,696	$602,664	$536,566	$375,874	
Repairs and Maintenance	$697,992	$885,774	$661,345	$594,080	$530,686	
Other	$510,997	$349,628	$400,187	$453,274	$353,098	
Capital outlay	$214,002	$810,019	$412,624	-	$670,413	
TOTAL EXPENDITURES (c)	**$3,240,337**	**$3,809,844**	**$3,084,168**	**$2,634,531**	**$2,853,316**	
EXCESS REVENUES/EXPENDITURES	**$134,817**	**($925,300)**	**($194,816)**	**$230,006**	**$2,152,761**	
OTHER FINANCING SOURCES (USES)						
Transfers in (Out)	-	-	$528,077	-	-	
Contributed by Other Government Unit	-	$719,095	-	-	-	
NET CHANGE IN FUND BALANCE	**$134,817**	**($206,205)**	**$333,261**	**$230,006**	**$2,152,761**	
BEGINNING FUND BALANCE	**$3,617,134**	**$3,823,339**	**$3,490,078**	**$3,260,072**	**$1,107,311**	
ENDING FUND BALANCE	**$3,751,951**	**$3,617,134**	**$3,823,339**	**$3,490,078**	**$3,260,072**	

(a) Data is taken from District's audited financial statements. See "APPENDIX A."

(b) Represents condemnation proceeds received by the District from the Texas Department of Transportation for land that was in the Grand Parkway right-of-way.

(c) As of October 1, 2020, the District had an unaudited cash balance and investment balance in the General Fund of approximately $3,897,098. For the fiscal year ended

(d) For the fiscal year ending September 30, 2020, the District experienced unaudited General Fund revenues of approximately $3,571,082 and General Fund expenditures of approximately $3,307,344. For the fiscal year ending September 30, 2021 the District is budgeting General Fund revenues of $3,280,000 and General Fund operating expenditures of $3,132,296. Additionally, the District is budgeting approximately $100,000 of capital expenditures that may be funded with the District's General Fund during the fiscal year ending September 30, 2021.

DISTRICT DEBT
(Unaudited)

10/1/2020 Estimated Taxable Value	$698,958,158	(a)
2020 Certified Taxable Value	$670,508,557	(b)
Direct Debt		
Outstanding Bonds	$64,795,000	(c)
The Bonds	$7,900,000	
Total Direct Debt	**$72,695,000**	
Estimated Overlapping Debt	$39,457,011	(d)
Direct and Estimated Overlapping Debt	**$112,152,011**	
Percentage of Direct Debt to:		
10/1/2020 Estimated Taxable Value	10.40%	
2020 Certified Taxable Value	10.84%	
Percentage of Direct and Estimated Overlapping Debt to:		
10/1/2020 Estimated Taxable Value	16.05%	
2020 Certified Taxable Value	16.73%	
2020 Tax Rate Per $100 of Assessed Value		
Debt Service	$0.70	
Maintenance Tax	$0.10	
Total 2020 Tax Rate	**$0.80**	(e)
General Fund approximate cash balance as of 10/1/2020	$3,897,098	(f)
Debt Service Fund approximate cash balance as of 10/1/2020	$6,541,557	(g)

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of 10/1/2020 was prepared by HCAD and provided to the District. Such value is not binding on HCAD, and any new value (subsequent to January 1, 2020) will not be included on the District's tax roll until the 2021 tax roll is prepared and certified by HCAD during the second half of 2021. See "TAX DATA" and "TAX PROCEDURES".

(b) The figure above represents the taxable value that has been fully certified on the District's 2020 tax roll ($639,174,153) and 84.4% of the value of the property ($37,117,272) in the District that is currently in the process of being certified by HCAD. See "TAX PROCEDURES."

(c) Excludes bonds issued by the District for the Defined Area; the Defined Area bonds are secured by a tax levied against property located solely within the Defined Area. The District tax securing the Bonds is on a parity within the District tax securing the Defined Area bonds.

(d) Includes the Defined Area bonds which, within the Defined Area, are direct obligations of the District and payable on a parity with the Bonds from ad valorem taxes levied in the Defined Area.

(e) Excludes the tax rate of $0.38 that was levied on the property located within the Defined Area within the District.

(f) Unaudited figure per the District's records. See "THE SYSTEM – General Fund Operating History."

(g) Unaudited figure per the District's records. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Adequacy for Debt Service."

Estimated Overlapping Debt:

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

		Overlapping Debt	
Taxing Jurisdiction	Outstanding Debt	Percent	Amount
Klein Independent School District	$1,100,195,000	2.76%	$30,378,849
Harris County	$1,364,692,125	0.13%	$1,777,745
Harris County Flood Control District	$334,270,000	0.13%	$444,808
Port of Houston Authority	$492,439,397	0.13%	$660,005
Harris County Hospital District	$86,050,000	0.13%	$115,504
Harris County Department of Education	$6,320,000	0.13%	$8,231
Lone Star College System	$542,290,000	0.30%	$1,621,871
Dowdell PUD Defined Area No. 1 (a)	$4,450,000	100.00%	$4,450,000
Total Estimated Overlapping Debt			**$39,457,011**
The District's Direct Debt (b)			$72,695,000
Total Direct and Estimated Overlapping Debt			**$112,152,011**

(a) See "RISK FACTORS – Defined Area within the District."

(b) Includes the Bonds.

TAX DATA

Tax Collections:

The following table sets forth the historical tax collection experience of the District for the tax years 2015 through 2020. Such table has been prepared based upon information from District records. Reference is made to such records and statements for further and complete information.

Tax Year	Taxable Valuation		Tax Rate		Adjusted Levy	Current Collection	Current & Prior Years	End 9/30
2020	$670,508,557	(a)	$0.80	(b)	$5,364,068	(c)	(c)	2021
2019	$630,488,063		$0.80	(b)	$5,043,905	99%	100%	2020
2018	$532,564,281		$0.84	(b)	$4,473,540	99%	100%	2019
2017	$473,281,231		$0.84		$3,975,562	99%	100%	2018
2016	$366,246,595		$0.85		$3,113,096	100%	100%	2017
2015	$287,483,071		$0.90		$2,587,348	100%	100%	2016

a) The figure above represents the taxable value that has been fully certified on the District's 2020 tax roll; ($639,174,153) and 84.4% of the value of the property ($37,117,272) in the District that is in the process of being certified by HCAD. See "TAX PROCEDURES."

b) Excludes the $0.38 tax rate levied by the District against property located within the boundaries of the Defined Area which is in addition to the tax rate levied by the District.

c) The 2020 taxes are in the process of being levied; such taxes are due on or before until January 31, 2021.

Tax Distribution:

The following table sets forth the tax rate distribution of the District for the years 2016 through 2020.

	2020 (a)	2019 (a)	2018 (a)	2017	2016
Debt Service	$0.70	$0.70	$0.74	$0.74	$0.74
Maintenance/Operation	$0.10	$0.10	$0.10	$0.10	$0.11
Total	**$0.80**	**$0.80**	**$0.84**	**$0.84**	**$0.85**

(a) Excludes the Defined Area's $0.38 tax rate levied in 2018 - 2020; within the Defined Area. See "RISK FACTORS – Defined Area within the District."

Maintenance Tax:

The District has the statutory authority to levy and collect an annual ad valorem tax for operation and maintenance of the District's improvements. Such maintenance tax was authorized by the District's voters during May 2015. The District is authorized to levy a $1.00 maintenance tax. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any tax bonds which may be issued in the future. The District has levied such a maintenance tax in 2015 – 2020 and expects to levy a maintenance tax in the future.

Principal Taxpayers:

The following table, which sets forth the District's principal taxpayers, was provided by the District's Tax Assessor/Collector based upon the 2020 certified tax roll (which reflects ownership at January 1, 2020 of the Harris County Appraisal District.

Principal Taxpayers (a)	Type of Property	Assessed Value	% of Total
GP Market Place 1750 LLC	Commercial	$87,168,323	13.00%
Willow Creek I Ltd	Commercial	$27,412,100	4.09%
Home Depot	Commercial	$16,823,184	2.51%
Watermark at Spring TX LLC	Commercial	$16,123,972	2.40%
Target Corporation	Commercial	$11,470,812	1.71%
Mahaffey Partners LLC	Commercial	$7,438,434	1.11%
Milestone Willow Forest Self Storage LTD	Commercial	$6,652,164	0.99%
Fri Tomball Investments LLC	Personal Property	$3,904,321	0.58%
Sims Cooper Ltd	Commercial	$3,753,953	0.56%
All American Development Co., LLC	Commercial	$3,249,356	0.48%
TOTAL		**$183,996,619**	**27.44%**

(a) Reflects information obtained by the District's Tax Assessor/Collector from the HCAD's records. The District makes no representation as to the accuracy of such information.

(b) Represents the total value of several individual homeowners in the District most of whom work in the field of criminal justice in the judicial branch of the government.

Analysis of Tax Base:

Based on information provided to the District by HCAD and its Tax Assessor/Collector, the following represents the composition of property comprising the tax roll valuations for 2016 through 2020.

	Type of Property						
Year	Land	Improvements	Personal Property	Gross Value	Less Exemptions		Taxable Valuation
10/1/2020							$698,958,158 (a)
1/1/2020							$670,508,557 (b)
2019	$181,287,496	$500,900,087	$28,266,133	$710,453,716	$79,965,653		$630,488,063
2018	$169,823,077	$407,860,454	$23,443,273	$601,126,804	$68,562,523	(c)	$532,564,281
2017	$164,296,990	$367,890,108	$11,083,572	$543,270,670	$69,989,439	(c)	$473,281,231
2016	$130,974,856	$292,533,316	$16,199,038	$439,707,210	$73,460,615	(c)	$366,246,595

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of 10/1/2020 was prepared by HCAD and provided to the District. Such value is not binding on HCAD, and new value (subsequent to January 1, 2020) will not be included on the District's tax roll until the 2021 tax roll is prepared and certified by HCAD during the second half of 2021. See "TAX PROCEDURES."

(b) The figure above represents the taxable value that has been fully certified on the District's 2020 tax roll ($639,174,153) and 84.4% of the value of the property ($37,117,272) in the District that is currently in the process of being certified by HCAD. See "TAX PROCEDURES."

(c) Substantially all of the exemptions are comprised of the value of properties that are owned by Klein ISD and the District. Such exemptions totaled approximately $61 million on the 2020 tax roll according to data provided by HCAD.

Tax Adequacy for Debt Service:

The calculations shown below assume, solely for the purpose of illustration, no net revenues, no increase over the 10/1/2020 Estimated Taxable Valuation and the 2020 Certified Taxable Value as provided by HCAD and use a tax rate adequate to service the District's total debt service requirements following issuance of the Bonds. The available balances in the debt service fund are not reflected in these computations. The figures below do not include any calculations relative to the taxes necessary to satisfy debt service requirements in the District's Defined Area. The District levy a $0.38 debt service tax rate in the Defined Area in 2020 and anticipates levying similar debt service tax rates in the Defined Area in the future.

Maximum Annual Debt Service Requirements (2026) $4,453,279

$0.68 Tax Rate on the 10/1/2020 Estimated Taxable Valuation of $698,958,158
@ 95% collections produces $4,515,270

$0.70 Tax Rate on the 2020 Taxable Valuation of $670,508,557
@ 95% collections produces $4,458,882

Estimated Overlapping Taxes:

The following table sets forth all 2020 taxes levied by overlapping taxing jurisdictions on property within the District. No recognition is given to local assessments for civic association dues, fire department contributions, or any other levy by entities other than political subdivisions.

Taxing Entities	2020 Tax Rate Per $100 Assessed Valuation
Klein Independent School District	$1.337300
Harris County (a)	$0.604193
Lone Star College System	$0.107800
Harris County Emergency Service District No. 16	$0.050000
Harris County Emergency Service District No. 11	$0.033334
Total Overlapping Taxes	**$2.132627**
The District	$0.800000
Total Direct & Overlapping Taxes (b)	**$2.932627**

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

(b) Does not include the Defined Area No. 1. The Defined Area set a 2020 tax rate of $0.38 per $100 of assessed value. The overlapping tax rates for such portion of the District are $3.312627 as opposed to the $2.932627 shown in the table above. The Defined Area consists of commercial properties and no homeowners reside within the Defined Area. See “RISK FACTORS – Defined Area within the District.”

TAX PROCEDURES

Tax Code and County-Wide Appraisal District:

Under Texas law, including the Texas Tax Code (the "Tax Code"), there is established in each county in the state a single appraisal district with responsibility for recording and appraising property for all taxing units within the county and a single appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. By May 15 of each year or as soon thereafter as is practicable, the appraisal district is required to prepare appraisal records of property to be appraised as of January 1 of each year. The Tax Code generally requires appraisals at 100% of market value. A residence homestead is to be appraised solely on the basis of its value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. Property tax appraisals in the District are subject to review by the Harris County Appraisal Review Board (the "Appraisal Review Board"). Taxpayers and, under certain circumstances, 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. Such review or appeals may delay the certification of taxable values and hence delay the levy and collection of taxes by the District. In the event of such an appeal, the value of the property in question will be determined by the court, or by a jury if requested by any party. Absent any such appeal, the appraisal roll prepared by the Harris County Appraisal District ("HCAD") and approved by the Appraisal Review Board must be used by each taxing jurisdiction within Harris County to establish its tax rolls and tax rate. The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Although the District is responsible for establishing tax rates and levying and collecting its taxes each year, under the system of county-wide tax appraisal implemented by the Tax Code, the District cannot establish appraisal standards or determine the frequency of revaluation or reappraisal. The Tax Code requires HCAD to implement a plan for periodic reappraisal of property to update appraised values, and the plan must provide for reappraisal of all real property in the appraisal district at least once every three years. The District is eligible, along with all other conservation and reclamation districts within Harris County, to participate in the nomination of and vote for a member of the Board of Directors of HCAD.

Property Subject to Taxation by the District:

Except for certain exemptions provided by Texas law, all real and tangible personal property in the District is subject to taxation by the District. However, the District makes no effort to collect taxes on personal property, other than on personal property rendered for taxation, business inventories, and the property of privately-owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions, if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas, and mineral interests owned by an institution of higher education; certain property owned and used for qualified purposes by certain charitable religious, education and other organizations, designated historical sites; solar and wind-powered energy devices; and most individually-owned automobiles.

The District, either by action of its Board or through a process of petition and referendum initiated by its residents, may grant exemptions for residential homesteads of persons 65 years of age or older and of certain disabled persons, to the extent deemed advisable by the Board. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of $3,000 of taxable valuation. The District has granted an exemption for persons 65 years of age and older or for disabled persons of $20,000 of taxable valuation for the tax year 2020.

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

Agricultural, Open Space, or Timber Land Use:

The Tax Code permits land designated for agricultural or timber land use to be appraised at its value based upon the land's capacity to produce agricultural products or, with respect to timber land, the value based upon accepted income capitalization methods. The Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of an agricultural, timber land or residential real property appraisal must apply for such appraisal, and the Appraisal District is required to act on each claimant's application individually. If a claimant receives an agricultural or timber land appraisal on land and later changes the land use or sells the land to an unqualified owner, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the five (5) years preceding the year in which the change of use occurs that the land was appraised as agricultural or timber land and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of seven percent (7%) calculated from the dates on which the differences would have become due. Provisions of the Tax Code are complex and are not fully summarized here.

Residential Homestead Exemption:

Pursuant to the Texas Constitution, the governing body of each political subdivision in the State may exempt up to 20% of the market value of residential homesteads from ad valorem taxes. However, 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 obligation of the contract by which the debt was created. The District has never granted a 20% residential homestead exemption.

Notice and Hearing Procedures:

The Tax Code establishes procedures for providing notice and the opportunity for a hearing for taxpayers if the District proposes to increase taxes, and provides for taxpayer referenda which could result in the repeal of certain tax increases. The Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals which are higher than renditions, and appraisals of property not previously on an appraisal roll.

Levy and Collection of Taxes:

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: (a) the valuation of property within the District as of the preceding January 1, and (b) the amount required to be raised for debt service, maintenance purposes and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid. If the tax is not paid by July 1 of the year in which it becomes delinquent, the tax incurs a total penalty of 12% regardless of the number of months the tax has been delinquent. In addition, if the District engages an attorney for collection of delinquent taxes, the Board may impose an additional penalty not to exceed 20% on all taxes unpaid on July 1 for collection costs. The delinquent tax also accrues interest at a rate of 1% for each month or portion of a month it remains unpaid. The Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

Rollback of Maintenance Tax Rate:

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

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, and the provisions described herein are effective beginning with the 2020 tax year. See "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 districts differently based on the current operation and maintenance tax rate or on the percentage of build-out that the District has completed. Districts that have adopted an operation and maintenance tax rate for the current year that is 2.5 cents or less per $100 of taxable value are classified as "Special Taxing Units." Districts that have financed, completed, and issued bonds to pay for all improvements and facilities necessary to serve at least 95% of the projected build-out of the district are classified as "Developed Districts." Districts that do not meet either of the classifications previously discussed can be classified herein as "Developing Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

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

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

Developing Districts. Districts that do not meet the classification of a Special Taxing Unit or a Developed District can be classified as Developing Districts. The qualified voters of these districts, upon the Developing District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If an election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate. For the 2020 tax year the District was determined to be a developing district.

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

Collection of Delinquent Taxes:

Taxes levied by the District are a personal obligation of the owner of the taxed property as of January 1 of the year in which the taxes are imposed. On January 1 of each year, a tax lien attaches to property to secure 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 and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of all other such taxing units. A tax lien on real property has priority over the claim of most creditors and other holders of liens on the property encumbered by the tax, whether or not the debt or lien existed before the attachment of the tax lien. Further, as a general rule, the District's tax lien and a federal tax lien are on par with ultimate priority being determined by applicable federal law. Under certain circumstances, personal property 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. The ability of the District to collect delinquent taxes by judicial foreclosure may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions affecting the market value of the property at the time of any tax foreclosure sale, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

Further, the District's ability to foreclose its tax lien or collect penalties and interest may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 United States Code Section 1825, as amended.

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION

Annexation by the City of Houston:

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

Generally, the City of Houston cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (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 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

Strategic Partnership Agreement – Limited Purpose Annexation by City of Houston:

The District entered into a Strategic Partnership Agreement ("SPA") with the City of Houston (the "City") effective as of May 14, 2013, whereby the tracts of land containing commercial development were annexed into the City for the limited purpose of applying certain of the City's Planning, Zoning, Health and Safety Ordinances to the commercial businesses. The City imposes a Sales and Use Tax within the annexed tracts on the receipts from the sales and use at retail of taxable items at the rate of one percent or such other rate as may be imposed by the City from time to time. Under the SPA, one-half or 50% of the sales tax revenue generated by the commercial business will be paid to the District, and the District can use the sales tax for any purpose for which the District is lawfully authorized.

Neither the District nor any owners of taxable property in the District is liable for any present or future debts of the City and current and future ad valorem taxes levied by the City will not be levied on taxable property in the District.

The Bonds are not obligations of the City and the SPA does not obligate the City, either directly or indirectly to pay the principal of or interest on the Bonds.

The SPA provides that the City will not annex the District for a period of 30 years from the effective date of the SPA.

Consolidation:

The District has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets (such as cash and the utility system) and liabilities (such as the Bonds) with the assets and liabilities of districts with which it is consolidating. Although no consolidation is presently contemplated by the District, no representation is made concerning the likelihood of consolidation in the future.

THE BONDS

General:

The Bonds are dated January 1, 2021. The Bonds will mature on September 1 in the years and in the amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year or 12 30 day months and will be payable on September 1, 2021, and each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

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

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

Paying Agent/Registrar:

Pursuant to the Bond Order, the initial paying agent and initial registrar with respect to the Bonds is Zions Bancorporation, National Association, Houston, Texas. The District will maintain at least one Registrar, where the Bonds may be surrendered for transfer and/or for exchange or replacement for other Bonds, and for the purpose of maintaining the Bond Register on behalf of the District. The Registrar is required at all times to be a duly qualified banking corporation or association organized and doing business under the laws of the United States of America, or of any state thereof, and subject to supervision or examination by federal or state banking authorities.

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

Authority for Issuance:

The Bonds constitute the eleventh issue of unlimited tax bonds authorized by the District's voters in various elections held in the District. Subsequent to the sale of the Bonds, $83,826,525.07 unlimited tax bonds will remain authorized but unissued. The Bonds are issued by the District as unlimited tax bonds pursuant to the terms and provisions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, the laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, as amended.

Optional Redemption:

The Bonds maturing on or after September 1, 2026, are subject to redemption at the option of the District, prior to maturity, in whole or in part on September 1, 2025, or on any date thereafter, at a price of the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the particular Bonds to be redeemed shall be selected by the Registrar by lot or other random selection method.

Mandatory Redemption:

The Bonds maturing September 1 in the years 2043, 2045, 2047, and 2049 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown on the table(s) below.

$1,250,000 Term Bonds, due September 1, 2043

Mandatory Redemption Date	Principal Amount
September 1, 2040	$300,000
September 1, 2041	$300,000
September 1, 2042	$325,000
September 1, 2043 (maturity)	$325,000

$700,000 Term Bonds, due September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2044	$350,000
September 1, 2045 (maturity)	$350,000

$750,000 Term Bonds, due September 1, 2047

Mandatory Redemption Date	Principal Amount
September 1, 2046	$375,000
September 1, 2047 (maturity)	$375,000

$775,000 Term Bonds, due September 1, 2049

Mandatory Redemption Date	Principal Amount
September 1, 2048	$375,000
September 1, 2049 (maturity)	$400,000

Notice of Redemption; Partial Redemption:

While the Bonds are in book-entry-only form, pursuant to the Bond Order, the Term Bonds will be scheduled for annual mandatory sinking fund redemption by DTC in accordance with its procedures. If the book-entry-only system is discontinued, the Paying Agent/Registrar shall select by lot the Term Bonds, if any, to be redeemed and issue a notice of redemption in the manner provided below. The principal amount of the Term Bonds of a maturity required to be redeemed pursuant to the operation of such mandatory redemption requirements shall be reduced, at the option of and as determined by the District, by the principal amount of any Term Bonds of such maturity which, prior to the date of the mailing of notice of such mandatory redemption, (1) shall have been acquired by the District and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the District, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

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

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

Sources of and Security for Payment:

The Bonds are payable from the proceeds of a continuing, direct annual ad valorem tax levied, without legal limitation as to rate or amount, against taxable property located within the District. In the Bond Order the District covenants to levy a tax sufficient in rate and amount to pay principal of and interest on the Bonds when due, full allowance being made for delinquencies and costs of collection, and the District undertakes to collect such tax. The net proceeds from taxes levied for debt service purposes will be deposited in the District's Debt Service Fund and will be used to pay principal of and interest on the Bonds and on any additional bonds payable from taxes which the District may hereafter issue.

Defeasance:

The District's pledge of taxes and all other covenants in the Bond Order, except the covenant to pay principal of and interest on the Bonds to maturity or redemption, will terminate when payment of such principal and interest has been provided for by depositing with the Paying Agent/Registrar money or direct obligations of the United States of America maturing on such dates and in such amounts as will be sufficient, without further investment, to make such payment of principal of and interest on the Bonds.

Funds:

The Bond Order confirms the previous establishment of the District's Debt Service Fund created and established pursuant to the orders authorizing the issuance of the Outstanding Bonds. The Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds and any of the District's Outstanding Bonds or any duly authorized additional bonds. Amounts on deposit in the Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar and to pay the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional bonds.

Issuance of Additional Debt:

If authorized by the Board, and with the approval of the TCEQ, the District may issue additional bonds necessary to construct, acquire, or maintain facilities to provide the services for which the District was created. See “THE DISTRICT.” The District's voters have previously authorized the issuance of an aggregate of $4,400,000 principal amount of unlimited tax and revenue bonds, bonds for water, sanitary sewer and drainage improvements, of which the District has issued $2,945,000 and rescinded the remaining authorization of $1,455,000. The voters have also previously authorized the issuance of $170,000,000 unlimited tax bonds and the refunding of bonds, of which $83,826,525.07 will be remaining after the issuance of the Bonds. In addition, the District may authorize additional amounts in future elections. See “RISK FACTORS – Future Debt.” The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District.

Registration, Transfer, and Exchange:

In the event the Book-Entry-Only System is discontinued, the Bonds are transferable only at the designated principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of the Bonds accompanied by a duly executed assignment. The Bonds will be exchangeable for an equal principal amount of Bonds of the same type, maturity, and interest rate, in any authorized denomination. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Neither the District nor the Paying Agent/Registrar is required to: (i) issue, transfer or exchange any Bond during the period beginning at the opening of business 15 calendar days before the date of the first mailing of any notice of redemption of Bonds and ending at the close of business on the date of such mailing or (ii) thereafter to transfer or exchange any Bonds selected for redemption when such redemption is scheduled within 30 calendar days.

Replacement of Mutilated, Lost, or Stolen Bonds:

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

> "(a) All bonds, notes, and other obligations issued by a district shall be legal and authorized investments for all banks, trust companies, building and loan associations, savings and loan associations, insurance companies of all kinds and types, fiduciaries, and trustees, and for all interest and sinking funds and other public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic.
>
> (b) A district's bonds, notes, and other obligations are eligible and lawful security for all deposits of public funds of the state, and all agencies, subdivisions, and instrumentalities of the state, including all counties, cities, towns, villages, school districts, and all other kinds and types of districts, public agencies, and bodies politic, to the extent of the market value of the bonds, notes, and other obligations when accompanied by any unmatured interest coupons attached to them."

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

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

LEGAL MATTERS

Legal Opinion:

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel ("Bond Counsel"), the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limit as to rate or amount, upon all taxable property located within the District. The District will also furnish the approving legal opinion of Bond Counsel to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statues, regulations, published rulings and court decisions existing on the date of such opinion, as is described under "TAX MATTERS" below.

Legal Review:

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captions "TAX PROCEDURES," "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION," "THE BONDS," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the District for the purposes of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds. Certain legal matters will be passed upon for the District by Norton Rose Fulbright US LLP, Houston, Texas acting as Disclosure Counsel.

No-Litigation Certificate:

The District will furnish to the Underwriter a certificate, dated as of the date of delivery of the Bonds, executed by both the President and Secretary of the Board, to the effect that no litigation of any nature has been filed or is then pending or, to the knowledge of the signatories, threatened, either in state or federal courts, contesting or attacking the Bonds; restraining or enjoining the issuance, execution or delivery of the Bonds; affecting the provisions made for the payment of or security for the Bonds; in any manner questioning the authority or proceedings for the issuance, execution, or delivery of the Bonds; or affecting the validity of the Bonds.

No Material Adverse Change:

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

TAX MATTERS

Tax Exemption:

On the date of initial delivery of the Bonds, Bond Counsel to the District, will render its opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof (“Existing Law”) (i) interest on the Bonds for federal income tax purposes will be excludable from the “gross income” of the holders thereof and (ii) the Bonds will not be treated as “specified private activity bonds” the interest of which would be included as an alternative minimum-tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the “Code”). Except as stated above, 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.

In rendering its opinion, Bond Counsel to the District will rely upon (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith.

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 to the District is conditioned on compliance by the District with such requirements, and Bond Counsel to the District 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. Existing Law is subject to change by the Congress and to subsequent judicial and administrative interpretation by the courts and the Department of the Treasury. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of the purchase, ownership or disposition of the Bonds.

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

Collateral Federal Income Tax Consequences:

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

The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, such as financial institutions, property and casualty insurance companies, life insurance companies, individual recipients of Social Security or Railroad Retirement benefits, individuals allowed an earned income credit, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax 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.

Interest on the Bonds will be includable as an adjustment for "adjusted current earnings" to calculate the alternative minimum tax imposed on corporations by Section 55 of the Code.

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.

Qualified Tax-Exempt Obligations for Financial Institutions:

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

The District designated the Bonds as "qualified tax-exempt obligations" and represents that the aggregate amount of tax-exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2021 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax-exempt obligations" (including the Bonds) during calendar year 2021.

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

Tax Accounting Treatment of Original Issue Premium Bonds:

Some of the Bonds may be offered at initial offering prices which exceed the stated redemption prices payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, brokers and similar persons or entities acting in the capacity of wholesales or underwriters) at such initial offering price, each of the Bonds of such maturity (the “Premium Bonds”) will be considered for federal income tax purposes to have “bond premium” equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond which is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser’s original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering prices for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

Tax Accounting Treatment of Original Issue Discount Bonds:

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

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

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

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

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

OFFICIAL STATEMENT

Sources of Information:

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

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

Consultants:

Financial Advisor: The Official Statement was compiled and edited under the supervision of The GMS Group, L.L.C., (the "Financial Advisor"). The fees paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered, and such fees are contingent on the sale and delivery of the Bonds. In approving this Official Statement, the District has relied upon the following consultants:

Engineer: The information contained in this Official Statement relating to engineering matters generally, to the description of the System, and, in particular, that information included in the sections entitled “RISK FACTORS -- Future Debt,” “USE OF BOND PROCEEDS,” “THE DISTRICT,” and “THE SYSTEM” has been provided by the District's Engineer, Vogler and Spencer Engineering.

Tax Assessor Collector: The information contained in this Official Statement relating to the assessed valuation of property and, in particular, such information contained in the section captioned "TAX DATA," has been provided by the Harris County Appraisal District and by Equi-Tax, Inc., Tax Assessor/Collector, in reliance upon their authority as experts in the field of tax appraisal and tax assessing and collecting, respectively.

Auditors: The District's annual financial statements as of and for the year ended September 30, 2019, have been audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's September 30, 2019, audited financial statements.

Updating of Official Statement:

For the period beginning on the date of the award of the sale of the Bonds to the Underwriter and ending on the ninety-first (91st) day after the "end of the underwriting period" {as defined in SEC Rule 15c(2)-12(e)(2)}, if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances when the Official Statement is delivered to a prospective purchaser, not misleading, the District will promptly notify the Underwriter of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements thereto, so that the statements in the Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when such Official Statement is delivered to a prospective purchaser, be misleading.

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events.

Annual Reports:

The District will provide certain updated financial information and operating data annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "SELECTED FINANCIAL INFORMATION," "TAX DATA," and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending after 2020. The District will provide the updated information to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

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

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

Event Notices:

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (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 the financial obligation of the obligated person, any of which reflect financial difficulties. Financial Obligation in the immediately preceding paragraphs (15) and (16) means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provisions for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Limitations and Amendments:

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

The District may amend its continuing disclosure agreement to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or operations of the District, if but only if, the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein in compliance with SEC Rule 15c2-12, taking into account any amendments and interpretations of the Rule to the date of such amendment, as well as changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the beneficial owners of the Bonds. The District may also amend or repeal the agreement if the SEC amends or repeals the applicable provisions of such rule or a court of final jurisdiction determines that such provisions are invalid but, in either case, only to the extent that its right to do so would not prevent the Underwriter from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance With Prior Undertakings:

For the past 5 years, the District has complied in all material respects with its continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

Continuing Availability of Financial Information:

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

The District's financial records and audited financial statements are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Smith, Murdaugh, Little & Bonham LLP, 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

CERTIFICATION OF OFFICIAL STATEMENT

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

This Official Statement was approved by the Board of Directors of Dowdell Public Utility District as of the date shown on the cover page.

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

DOWDELL PUBLIC UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

DOWDELL PUBLIC UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dowdell Public Utility District
Harris County, Texas

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Dowdell Public Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

December 19, 2019

DOWDELL PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by $3,079,067 as of September 30, 2019. A portion of the District's net position reflects its net investment in capital assets (land, water facilities, wastewater facilities, and a privacy wall, less any debt used to acquire those assets that is still outstanding). A comparative analysis of government-wide changes in net position is presented below.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2019	2018	Change Positive (Negative)
Current and Other Assets	$ 20,778,786	$ 16,499,798	$ 4,278,988
Capital Assets (Net of Accumulated Depreciation)	48,410,196	47,199,736	1,210,460
Total Assets	$ 69,188,982	$ 63,699,534	$ 5,489,448
Deferred Outflows of Resources	$ 110,014	$ 123,932	$ (13,918)
Due to Developer	$ 11,228,690	$ 9,010,809	$ (2,217,881)
Bonds Payable	60,021,531	56,232,433	(3,789,098)
Other Liabilities	1,127,842	1,742,920	615,078
Total Liabilities	$ 72,378,063	$ 66,986,162	$ (5,391,901)
Net Position:			
Net Investment in Capital Assets	$ (12,295,133)	$ (11,314,051)	$ (981,082)
Restricted	5,457,606	4,528,097	929,509
Unrestricted	3,758,460	3,623,258	135,202
Total Net Position	$ (3,079,067)	$ (3,162,696)	$ 83,629

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

	Summary of Changes in the Statement of Activities		
	2019	2018	Change Positive (Negative)
Revenues:			
Property Taxes	$ 4,786,124	$ 4,232,488	$ 553,636
Charges for Services	2,699,558	2,335,387	364,171
Other Revenues	534,358	1,059,117	(524,759)
Total Revenues	$ 8,020,040	$ 7,626,992	$ 393,048
Expenses for Services	7,936,411	7,862,010	(74,401)
Change in Net Position	$ 83,629	$ (235,018)	$ 318,647
Net Position, Beginning of Year	(3,162,696)	(2,927,678)	(235,018)
Net Position, End of Year	$ (3,079,067)	$ (3,162,696)	$ 83,629

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2019, were $19,708,000, an increase of $4,916,023 from the prior year.

The General Fund fund balance increased by $134,817, primarily due to property tax and service revenues exceeding capital and operating expenditures.

The Debt Service Fund fund balance increased by $951,851, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by $3,829,355, primarily due to issuance of Series 2018 Unlimited Tax Bonds which was offset by current year capital outlay.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were $1,654 more than budgeted revenues. Actual expenditures were $21,023 less than budgeted expenditures, primarily due to lower than anticipated repairs and capital outlay offset by higher than anticipated professional fees and water authority costs.

CAPITAL ASSETS

Capital assets as of September 30, 2019, total $48,410,196 (net of accumulated depreciation) and include land, water facilities, wastewater facilities and a privacy wall. Significant capital asset activity during the current fiscal year included infrastructure funded with proceeds from the issuance of bonds (see Note 13), land acquisition, utilities construction, water plant no. 3 generator, sump pit and headworks modifications, and a privacy wall.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2019	2018	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 4,917,423	$ 4,386,165	$ 531,258
Construction in Progress	837,036	1,811,636	(974,600)
Capital Assets, Net of Accumulated Depreciation:			
Water System	13,829,872	13,566,774	263,098
Wastewater System	28,136,346	27,435,161	701,185
Privacy Wall	689,519		689,519
Total Net Capital Assets	$ 48,410,196	$ 47,199,736	$ 1,210,460

DOWDELL PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

LONG-TERM DEBT ACTIVITY

As of September 30, 2019, the District had total bond debt payable of $60,650,00. The changes in the debt position of the District during the fiscal year ended September 30, 2019, are summarized as follows:

Bond Debt Payable, October 1, 2018	$	56,880,000
Add: Bonds Sold - Series 2018		5,100,000
Less: Bond Principal Paid		1,330,000
Bond Debt Payable, September 30, 2019	$	60,650,000

The District's bonds carry underlying ratings of "BBB" as assigned by Standard and Poor's or "A3" by Moody's with the exception of the Series 2016 Bonds which do not carry an underlying rating. The District's bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation, Build America Mutual Assurance Company or Municipal Assurance Corporation with the exception of the Series 2016 Bonds and Series 2017 Bonds which do not carry insured ratings. The ratings reflect changes, if any, through September 30, 2019.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Dowdell Public Utility District, c/o Smith, Murdaugh, Little & Bonham, L.L.P, 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

DOWDELL PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 717,267	$ 1,140,556
Investments	3,715,626	4,403,057
Receivables:		
Property Taxes	6,509	74,917
Penalty and Interest on Delinquent Taxes		
Service Accounts	184,639	
Accrued Interest		7,126
Due from Other Funds	7,492	804
Prepaid Costs	37,281	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 4,668,814	$ 5,626,460
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,668,814	$ 5,626,460

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 30,863	$ 1,888,686	$	$ 1,888,686
10,426,290	18,544,973		18,544,973
	81,426		81,426
		34,655	34,655
	184,639		184,639
	7,126		7,126
	8,296	(8,296)	
	37,281		37,281
		4,917,423	4,917,423
		837,036	837,036
		42,655,737	42,655,737
$ 10,457,153	$ 20,752,427	$ 48,436,555	$ 69,188,982
$ -0-	$ -0-	$ 110,014	$ 110,014
$ 10,457,153	$ 20,752,427	$ 48,546,569	$ 69,298,996

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

DOWDELL PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2019

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 249,029	$ 30,372
Accrued Interest Payable		
Due to Developers		
Annexation Deposits	400,256	
Due to Other Funds	804	
Security Deposits	260,265	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 910,354	$ 30,372
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 6,509	$ 74,917
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 37,281	$
Restricted for Authorized Construction		
Restricted for Debt Service		5,070,195
Restricted for Defined Area Debt Service		450,976
Assigned to 2020 Budgeted Deficit	115,228	
Unassigned	3,599,442	
TOTAL FUND BALANCES	$ 3,751,951	$ 5,521,171
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,668,814	$ 5,626,460
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 14,783	$ 294,184	$	$ 294,184
		173,137	173,137
		11,228,690	11,228,690
	400,256		400,256
7,492	8,296	(8,296)	
	260,265		260,265
		1,475,000	1,475,000
		58,546,531	58,546,531
$ 22,275	$ 963,001	$ 71,415,062	$ 72,378,063
$ -0-	$ 81,426	$ (81,426)	$ -0-
$	$ 37,281	$ (37,281)	$
10,434,878	10,434,878	(10,434,878)	
	5,070,195	(5,070,195)	
	450,976	(450,976)	
	115,228	(115,228)	
	3,599,442	(3,599,442)	
$ 10,434,878	$ 19,708,000	$ (19,708,000)	$ - 0 -
$ 10,457,153	$ 20,752,427		
		$ (12,295,133)	$ (12,295,133)
		5,457,606	5,457,606
		3,758,460	3,758,460
		$ (3,079,067)	$ (3,079,067)

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

DOWDELL PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total Fund Balances - Governmental Funds		$ 19,708,000
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		110,014
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		48,410,196
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2018 and prior tax levies became part of recognized revenue in the governmental activities of the District.		116,081
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (11,228,690)	
Accrued Interest Payable	(173,137)	
Bonds Payable	(60,021,531)	(71,423,358)
Total Net Position - Governmental Activities		$ (3,079,067)

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

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

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 530,298	$ 4,256,494
Water Service	1,059,888	
Wastewater Service	346,650	
Water Authority Fees	763,224	
Penalty and Interest	29,499	38,205
Tap Connection and Inspection Fees	469,585	
Investment and Miscellaneous Revenues	176,010	134,484
TOTAL REVENUES	$ 3,375,154	$ 4,429,183
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 323,808	$ 10,954
Contracted Services	500,557	70,502
Utilities	203,351	
Water Authority Assessments	789,630	
Repairs and Maintenance	697,992	
Depreciation		
Other	510,997	10,022
Capital Outlay	214,002	
Conveyance of Assets		
Debt Service:		
Bond Issuance Costs		
Bond Principal		1,330,000
Bond Interest		2,055,854
TOTAL EXPENDITURES/EXPENSES	$ 3,240,337	$ 3,477,332
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ 134,817	$ 951,851
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Long-Term Debt	$ -0-	$ -0-
NET CHANGE IN FUND BALANCES	$ 134,817	$ 951,851
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2018	3,617,134	4,569,320
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2019	$ 3,751,951	$ 5,521,171

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 4,786,792	$ (668)	$ 4,786,124
	1,059,888		1,059,888
	346,650		346,650
	763,224		763,224
	67,704	(7,493)	60,211
	469,585		469,585
223,864	534,358		534,358
$ 223,864	$ 8,028,201	$ (8,161)	$ 8,020,040
$	$ 334,762	$ 64,054	$ 398,816
	571,059		571,059
	203,351		203,351
	789,630		789,630
	697,992		697,992
		1,180,035	1,180,035
214	521,233		521,233
1,022,270	1,236,272	(1,236,272)	
		999,603	999,603
472,025	472,025		472,025
	1,330,000	(1,330,000)	
	2,055,854	46,813	2,102,667
$ 1,494,509	$ 8,212,178	$ (275,767)	$ 7,936,411
$ (1,270,645)	$ (183,977)	$ 267,606	$ 83,629
$ 5,100,000	$ 5,100,000	$ (5,100,000)	$ -0-
$ 3,829,355	$ 4,916,023	$ (4,916,023)	$
		83,629	83,629
6,605,523	14,791,977	(17,954,673)	(3,162,696)
$ 10,434,878	$ 19,708,000	$ (22,787,067)	$ (3,079,067)

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

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

Net Change in Fund Balances - Governmental Funds	$ 4,916,023
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(668)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(7,493)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,180,035)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. Conveyance of assets to other entities for ownership and maintenance is recorded as an expense in the Statement of Activities.	172,615
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,330,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(46,813)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(5,100,000)
Change in Net Position - Governmental Activities	$ 83,629

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

NOTE 1. CREATION OF DISTRICT

Dowdell Public Utility District, Harris County, Texas, was created by acts of the 62nd Legislature of the State of Texas, Regular Session, 1971. The Board of Directors held its first meeting on November 20, 1972, and the first bonds were sold on November 20, 1975. The District was created to provide water and sewer services to property owners within the boundaries of the District.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

The District has three governmental funds and considers each to be a major fund.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds (Continued)

The General Fund accounts for resources not required to be accounted for in another fund, customer service revenues, operating costs and general expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

Basis of Accounting

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

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

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis.

As of September 30, 2019, the General Fund owed the Debt Service Fund $804 for the over-transfer of maintenance tax collections and the Capital Projects Fund owed the General Fund $7,492 for costs reimbursable from Series 2018 Bond proceeds.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

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

	Years
Water and Sewer system	10-45
Privacy Wall	30

Budgeting

In compliance with governmental accounting principles, the Board of Directors annually adopts an unappropriated budget for the General Fund. The budget was not amended during the current fiscal year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service determined that directors are considered to be "employees" for federal payroll tax purposes only.

Measurement Focus

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

Assigned: amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances. The District assigned $115,228 of its General Fund fund balance to cover the budgeted deficit for the 2020 fiscal year.

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Series 2009	Refunding Series 2012	Refunding Series 2014	Series 2015
Amount Outstanding – September 30, 2019	$ 2,490,000	$ 1,385,000	$ 5,000,000	$ 7,000,000
Interest Rates	3.85% - 5.50%	2.00% - 4.00%	3.00% - 4.00%	2.00% - 3.75%
Maturity Dates - Serially Beginning/Ending	September 1, 2020/2030	September 1, 2020/2026	September 1, 2020/2034	September 1, 2021/2039
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2019*	September 1, 2021*	September 1, 2023*	September 1, 2021*

	Refunding Series 2016	Series 2017	Defined Area No.1 Series 2017	Series 2017A	Series 2018
Amount Outstanding – September 30, 2019	$ 3,125,000	$ 13,250,000	$ 4,550,000	$ 18,750,000	$ 5,100,000
Interest Rates	2.02%	3.00% - 4.00%	2.00% - 4.00%	2.00% - 4.50%	3.00% - 5.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2020/2028	September 1, 2021/2045	September 1, 2020/2045	September 1, 2021/2045	September 1, 2021/2045
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	Non-callable	September 1, 2021*	September 1, 2022*	September 1, 2023*	September 1, 2023*

* Or any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2009 term bonds due September 1, 2024, September 1, 2026, September 1, 2028, and September 1, 2030 are subject to mandatory redemption by random selection beginning September 1, 2023, September 1, 2025, September 1, 2027, and September 1, 2029, respectively. Series 2014 term bonds due September 1, 2029, September 1, 2031, and September 1, 2033 are subject to mandatory redemption by random selection beginning September 1, 2028, September 1, 2030, and September 1, 2032, respectively. Series 2015 term bond maturing on September 1, 2039, is subject to mandatory redemption beginning September 1, 2037. Series 2017 term bonds due September 1, 2041 and September 1, 2045, are subject to mandatory redemption by random selection beginning September 1, 2039 and September 1, 2042, respectively. Series 2017 Defined Area No. 1 term bonds due September 1, 2045 are subject to mandatory redemption on September 1, 2040. Series 2017A term bonds due September 1, 2034, September 1, 2036, September 1, 2038, September 2042, and September 1, 2045 are subject to mandatory redemption by random selection beginning September 1, 2033, September 1, 2035, September 1, 2037, September 1, 2040, and September 1, 2043, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

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

	October 1, 2018	Additions	Retirements	September 30, 2019
Bonds Payable	$ 56,880,000	$ 5,100,000	$ 1,330,000	$ 60,650,000
Unamortized Discounts	(880,622)		(37,392)	(843,230)
Unamortized Premiums	233,055		18,294	214,761
Bonds Payable, Net	$ 56,232,433	$ 5,100,000	$ 1,310,902	$ 60,021,531

Amount Due Within One Year	$ 1,475,000
Amount Due After One Year	58,546,531
Bonds Payable, Net	$ 60,021,531

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

Fiscal Year	Principal	Interest	Total
2020	$ 1,475,000	$ 2,077,642	$ 3,552,642
2021	2,010,000	2,039,158	4,049,158
2022	2,085,000	1,974,652	4,059,652
2023	2,155,000	1,900,587	4,055,587
2024	2,255,000	1,823,588	4,078,588
2025-2029	11,480,000	8,067,979	19,547,979
2030-2034	11,290,000	6,284,169	17,574,169
2035-2039	12,600,000	4,283,938	16,883,938
2040-2044	12,520,000	1,990,763	14,510,763
2045	2,780,000	105,894	2,885,894
	$ 60,650,000	$ 30,548,370	$ 91,198,370

As of September 30, 2019, the District had authorized but unissued bonds in the amount of $101,796,525 for utility facilities and refunding purposes. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

NOTE 3. LONG-TERM DEBT (Continued)

On November 3, 2015, the District held an election for Designation of Defined Area and Road Bonds for Defined Area. Qualified resident electors of the Defined Area voted to designate a Defined Area in the District, authorize the issuance of up to $23,000,000 in bonds to pay for the construction and acquisition of roads to serve the Defined Area and for refunding purposes; and provide for payment of principal and interest on such bonds by the levy and collection of a sufficient tax on all taxable property within the Defined Area. As of September 30, 2019, the District has authorized but unissued bonds in the amount of $18,450,000 for these purposes.

During the year ended September 30, 2019, the District levied an ad valorem debt service rate of $0.38 per $100 of assessed valuation within the Defined Area, which resulted in a total tax levy of $328,485 on the adjusted taxable valuation of $86,340,246 for the 2018 tax year.

During the year ended September 30, 2019, the District levied an ad valorem debt service tax rate of $0.74 per $100 of assessed valuation, which resulted in a tax levy of $3,946,886 on the adjusted taxable valuation of $533,244,266 for the 2018 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

The District’s tax calendar is as follows:

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the Bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each use.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS (Continued)

The District restricted a portion of bond proceeds received as capitalized interest in prior years to make future interest payments for the Series 2017A Bonds and Series 2017 Defined Area Bonds. The remaining restricted interest was used to pay bond interest costs in the current fiscal year.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District's deposits was $2,376,009 and the bank balance was $2,799,210. The District was not exposed to custodial credit risk at year-end.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 717,267	$	$ 717,267
DEBT SERVICE FUND	1,140,556	487,323	1,627,879
CAPITAL PROJECTS FUND	30,863		30,863
TOTAL DEPOSITS	$ 1,888,686	$ 487,323	$ 2,376,009

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 3,715,626	$ 3,715,626
DEBT SERVICE FUND		
TexPool	3,915,734	3,915,734
Certificates of Deposit	487,323	487,323
CAPITAL PROJECTS FUND		
TexPool	10,426,290	10,426,290
TOTAL INVESTMENTS	$ 18,544,973	$ 18,544,973

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2019, the District's investments in TexPool were rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investments in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of less than one year.

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

NOTE 6. CAPITAL ASSETS

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

	October 1, 2018	Increases	Decreases	September 30, 2019
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 4,386,165	$ 531,258	$	$ 4,917,423
Construction in Progress	1,811,636	1,859,237	2,833,837	837,036
Total Capital Assets Not Being Depreciated	$ 6,197,801	$ 2,390,495	$ 2,833,837	$ 5,754,459
Capital Assets Subject to Depreciation				
Water System	$ 17,261,023	$ 655,661	$	$ 17,916,684
Wastewater System	32,820,967	1,464,880		34,285,847
Privacy Wall		713,296		713,296
Total Capital Assets Subject to Depreciation	$ 50,081,990	$ 2,833,837	$ - 0 -	$ 52,915,827
Less Accumulated Depreciation				
Water System	$ 3,694,249	$ 392,563	$	$ 4,086,812
Wastewater System	5,385,806	763,695		6,149,501
Privacy Wall		23,777		23,777
Total Accumulated Depreciation	$ 9,080,055	$ 1,180,035	$ - 0 -	$ 10,260,090
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 41,001,935	$ 1,653,802	$ - 0 -	$ 42,655,737
Total Capital Assets, Net of Accumulated Depreciation	$ 47,199,736	$ 4,044,297	$ 2,833,837	$ 48,410,196

NOTE 7. MAINTENANCE TAX

On May 9, 2015, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.00 per $100 of assessed valuation of taxable property within the District. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bond debt. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended September 30, 2019, the District levied an ad valorem maintenance tax rate of $0.10 per $100 of assessed valuation, which resulted in a tax levy of $533,363 on the adjusted taxable valuation of $533,244,266 for the 2018 tax year.

NOTE 8. UNREIMBURSED COSTS

The District has executed financing agreements with certain developers which call for the developers to fund costs related to the construction of infrastructure within the District. Reimbursement to the developers is contingent upon the approval and sale of bonds.

NOTE 9. RISK MANAGEMENT

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

NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current pumpage fee charged is $3.85 per 1,000 gallons of water pumped from each well. During the current fiscal year, the District recorded expenditures of $789,630 related to these fees.

NOTE 11. EMERGENCY WATER SUPPLY AGREEMENT

On April 1, 2014, the District entered into an Emergency Water Supply Agreement ("Agreement") with Harris County Municipal Utility District No. 480 ("District No. 480"). Costs to maintain the point of connection facilities will be borne equally by both districts, with the costs billed by District No. 480 to the District. The cost of water is equal to the base rate per 1,000 gallons charged by the supplying district for single family residential users within its district at 5,000 gallons usage during a month, plus any pumpage fee, unless the fee is already included in the rate. The term of the Agreement is 20 years, with automatic successive five-year renewals.

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

The City of Houston (the "City") and the District entered into a Strategic Partnership Agreement ("SPA") effective as of May 14, 2013. The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City for the limited purposes of imposition of the City's Sales and Use Tax. The District continues to provide water supply and wastewater treatment services in the annexed area, and no City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City.

Additional properties may become subject to the SPA by amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50% of all sales and use tax revenues generated from the properties subject to the SPA. The term of the SPA is 30 years. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes. The payments from the City under the SPA are not pledged to the payment of the Bonds and are available for any lawful purpose.

NOTE 13. BOND SALE

On December 13, 2018, the District issued its $5,100,000 Series 2018 Unlimited Tax Bonds. Proceeds of the bonds are being used to finance costs associated with the construction of the District's water plant no. 4 including land, engineering, surveying and technical costs; and to pay bond issuance and administrative costs.

NOTE 14. RELEASE OF ESCROW

The District was required by the Commission to escrow $3,850,000 in bond proceeds for the construction of water plant no. 4. On August 2, 2019, the Commission approved the release of $3,850,000 for the water plant no. 4 project.

NOTE 15. SUBSEQUENT EVENT – BOND SALE

Subsequent to year-end, on November 12, 2019, the District issued its $10,000,000 Series 2019 Unlimited Tax. The proceeds of the bonds will be used to finance costs associated with the construction of the District's water plant no. 4; finance certain wastewater treatment facility costs; reimburse developers for funds previously advanced on behalf of the District, including developer interest; and to pay for bond issuance and administrative costs.

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DOWDELL PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2019

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

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 525,000	$ 530,298	$ 5,298
Water Service	1,165,000	1,059,888	(105,112)
Wastewater Service	360,000	346,650	(13,350)
Water Authority Fees	735,000	763,224	28,224
Penalty and Interest	30,000	29,499	(501)
Tap Connection and Inspection Fees	509,500	469,585	(39,915)
Investment and Miscellaneous Revenues	49,000	176,010	127,010
TOTAL REVENUES	$ 3,373,500	$ 3,375,154	$ 1,654
EXPENDITURES			
Services Operations:			
Professional Fees	$ 259,000	$ 323,808	$ (64,808)
Contracted Services	517,160	500,557	16,603
Utilities	212,200	203,351	8,849
Water Authority Assessments	725,000	789,630	(64,630)
Repairs and Maintenance	806,000	697,992	108,008
Other	494,500	510,997	(16,497)
Capital Outlay	247,500	214,002	33,498
TOTAL EXPENDITURES	$ 3,261,360	$ 3,240,337	$ 21,023
NET CHANGE IN FUND BALANCE	$ 112,140	$ 134,817	$ 22,677
FUND BALANCE - OCTOBER 1, 2018	3,617,134	3,617,134	
FUND BALANCE - SEPTEMBER 30, 2019	$ 3,729,274	$ 3,751,951	$ 22,677

Seen accompanying independent auditor's report.

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DOWDELL PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2019

DOWDELL PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

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

_______ Other (specify): ____________________

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective April 20, 2017.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 33.14	6,000	N	$ 1.50	6,001 to 20,000
				$ 1.60	20,001 to 40,000
				$ 1.70	40,001 and up
WASTEWATER:	$ 10.00	6,000	N	$ 0.75	6,001 to 20,000
				$ 0.85	20,001 to 40,000
				$ 0.95	40,001 and up
SURCHARGE:					
Regional Water Authority	Pumpage fee ($3.85) plus 10% per 1,000 gallons		N	$ 4.24	0,001 and up

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

Total monthly charges per 10,000 gallons usage: Water: $39.14 Wastewater: $13.00 Surcharge: $42.35

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	2,062	2,052	x 1.0	2,052
1"	32	32	x 2.5	80
1½"			x 5.0	
2"	61	61	x 8.0	488
3"			x 15.0	
4"	4	4	x 25.0	100
6"	4	4	x 50.0	200
8"	3	3	x 80.0	240
10"	2	2	x 115.0	230
Total Water Connections	2,168	2,158		3,390
Total Wastewater Connections	2,093	2,083	x 1.0	2,083

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

Gallons pumped into system: 211,347,000

Water Accountability Ratio: 90%
(Gallons billed/Gallons pumped)

Gallons billed to customers: 190,537,000

DOWDELL PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes __X__ No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly ______ Not at all __X__

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

Entirely __X__ Partly ______ Not at all ____

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No __X__

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2019

PROFESSIONAL FEES:		
Auditing	$	15,500
Engineering		129,834
Legal		177,074
Financial Advisor		1,400
TOTAL PROFESSIONAL FEES	$	323,808
CONTRACTED SERVICES:		
Bookkeeping	$	19,069
Operations and Billing		140,780
Security		340,708
TOTAL CONTRACTED SERVICES	$	500,557
UTILITIES	$	203,351
REPAIRS AND MAINTENANCE	$	697,992
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	16,377
Insurance		32,179
Office Supplies and Postage		38,953
Travel and Meetings		10,176
Other		12,515
TOTAL ADMINISTRATIVE EXPENDITURES	$	110,200
CAPITAL OUTLAY	$	214,002
TAP CONNECTIONS	$	147,185
OTHER EXPENDITURES:		
Chemicals	$	29,071
Laboratory Fees		57,397
Permit Fees		11,329
Inspection Fees		12,610
Water Authority Assessments		789,630
Regulatory Assessment		6,817
Sludge Hauling		136,388
TOTAL OTHER EXPENDITURES	$	1,043,242
TOTAL EXPENDITURES	$	3,240,337

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 2019

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0002	Varies	Daily	$ 3,715,626	$ -0-
DEBT SERVICE FUND					
TexPool	XXXX0001	Varies	Daily	$ 3,915,734	$
Certificate of Deposit	XXXX0459	2.40%	11/06/19	245,040	2,336
Certificate of Deposit	XXXX0754	2.22%	11/09/19	242,283	4,790
TOTAL DEBT SERVICE FUND				$ 4,403,057	$ 7,126
CAPITAL PROJECTS FUND					
TexPool	XXXX0003	Varies	Daily	$ 10,426,290	$ -0-
TOTAL - ALL FUNDS				$ 18,544,973	$ 7,126

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - OCTOBER 1, 2018	$ 6,124		$ 75,970	
Adjustments to Beginning Balance	(2,680)	$ 3,444	(19,930)	$ 56,040
Original 2018 Tax Levy	$ 465,480		$ 3,444,549	
Adjustment to 2018 Tax Levy	67,883	533,363	502,337	3,946,886
TOTAL TO BE ACCOUNTED FOR		$ 536,807		$ 4,002,926
TAX COLLECTIONS:				
Prior Years	$ 950		$ 11,388	
Current Year	529,348	530,298	3,917,174	3,928,562
TAXES RECEIVABLE - SEPTEMBER 30, 2019		$ 6,509		$ 74,364
TAXES RECEIVABLE BY YEAR:				
2018		$ 4,015		$ 29,712
2017		970		7,177
2016		689		4,633
2015		835		5,429
2014				8,718
2013 and Prior				18,695
TOTAL		$ 6,509		$ 74,364

DEFINED AREA TAX LEVY: During the year ended September 30, 2019, the District also levied an ad valorem debt service tax rate of $0.38 per $100 of assessed valuation within the Defined Area, which resulted in a tax levy of $328,485 on the adjusted taxable valuation of $86,340,246 for the 2018 tax year. The 2018 tax levy for the defined area was entirely collected as of September 30, 2019, with the exception of $553.

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	2018	2017	2016	2015
Land	$ 168,250,767	$ 164,798,011	$ 131,735,085	$ 102,889,814
Improvements	407,860,454	353,062,283	281,081,274	210,448,905
Personal Property	25,570,231	10,084,006	14,085,637	12,396,961
Exemptions	(68,437,186)	(52,917,987)	(61,225,184)	(44,606,139)
TOTAL PROPERTY VALUATIONS	$ 533,244,266	$ 475,026,313	$ 365,676,812	$ 281,129,541
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.74	$ 0.74	$ 0.74	$ 0.78
Maintenance	0.10	0.10	0.11	0.12
TOTAL TAX RATES PER $100 VALUATION	$ 0.84	$ 0.84	$ 0.85	$ 0.90
ADJUSTED TAX LEVY*	$ 4,480,249	$ 3,992,118	$ 3,108,461	$ 2,530,413
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.25 %	99.80 %	99.83 %	99.75 %

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

Maintenance Tax – Maximum tax rate of $1.00 per $100 assessed valuation approved by voters on May 9, 2015.

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES - 2009		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$ 160,000	$ 111,192	$ 271,192
2021	175,000	105,033	280,033
2022	185,000	98,032	283,032
2023	195,000	90,448	285,448
2024	210,000	82,160	292,160
2025	220,000	73,235	293,235
2026	235,000	63,335	298,335
2027	250,000	52,760	302,760
2028	270,000	41,010	311,010
2029	285,000	28,320	313,320
2030	305,000	14,640	319,640
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
	$ 2,490,000	$ 760,165	$ 3,250,165

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2012 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$ 175,000	$ 52,750	$ 227,750
2021	180,000	47,500	227,500
2022	190,000	41,200	231,200
2023	195,000	33,600	228,600
2024	205,000	25,800	230,800
2025	215,000	17,600	232,600
2026	225,000	9,000	234,000
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
	$ 1,385,000	$ 227,450	$ 1,612,450

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2014 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$ 415,000	$ 175,575	$ 590,575
2021	430,000	163,125	593,125
2022	450,000	150,225	600,225
2023	470,000	134,475	604,475
2024	485,000	118,025	603,025
2025	505,000	103,475	608,475
2026	530,000	83,275	613,275
2027	550,000	62,075	612,075
2028	150,000	44,200	194,200
2029	155,000	38,950	193,950
2030	160,000	33,525	193,525
2031	165,000	27,125	192,125
2032	170,000	20,525	190,525
2033	180,000	14,150	194,150
2034	185,000	7,400	192,400
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
	$ 5,000,000	$ 1,176,125	$ 6,176,125

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES - 2015		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$	$ 230,625	$ 230,625
2021	250,000	230,625	480,625
2022	250,000	225,625	475,625
2023	250,000	218,125	468,125
2024	275,000	210,625	485,625
2025	300,000	202,375	502,375
2026	300,000	193,375	493,375
2027	300,000	184,375	484,375
2028	325,000	175,375	500,375
2029	350,000	165,625	515,625
2030	350,000	155,125	505,125
2031	375,000	144,188	519,188
2032	400,000	132,000	532,000
2033	400,000	118,500	518,500
2034	425,000	104,500	529,500
2035	450,000	89,625	539,625
2036	450,000	73,875	523,875
2037	500,000	58,125	558,125
2038	525,000	39,375	564,375
2039	525,000	19,687	544,687
2040			
2041			
2042			
2043			
2044			
2045			
	$ 7,000,000	$ 2,971,750	$ 9,971,750

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2016 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$ 625,000	$ 63,125	$ 688,125
2021	275,000	50,500	325,500
2022	285,000	44,945	329,945
2023	295,000	39,188	334,188
2024	305,000	33,229	338,229
2025	320,000	27,068	347,068
2026	330,000	20,604	350,604
2027	340,000	13,938	353,938
2028	350,000	7,070	357,070
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
	$ 3,125,000	$ 299,667	$ 3,424,667

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2017		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$	$ 480,344	$ 480,344
2021	100,000	480,344	580,344
2022	100,000	477,344	577,344
2023	100,000	474,344	574,344
2024	100,000	471,344	571,344
2025	100,000	468,344	568,344
2026	100,000	465,344	565,344
2027	150,000	462,344	612,344
2028	200,000	457,844	657,844
2029	300,000	451,854	751,854
2030	500,000	442,844	942,844
2031	525,000	427,219	952,219
2032	550,000	410,156	960,156
2033	600,000	392,281	992,281
2034	625,000	372,031	997,031
2035	675,000	350,156	1,025,156
2036	700,000	326,531	1,026,531
2037	725,000	301,156	1,026,156
2038	750,000	274,875	1,024,875
2039	800,000	247,687	1,047,687
2040	850,000	217,687	1,067,687
2041	875,000	185,812	1,060,812
2042	900,000	153,000	1,053,000
2043	950,000	117,000	1,067,000
2044	975,000	79,000	1,054,000
2045	1,000,000	40,000	1,040,000
	$ 13,250,000	$ 9,026,885	$ 22,276,885

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2017 DEFINED AREA NO. 1		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$ 100,000	$ 161,875	$ 261,875
2021	100,000	159,875	259,875
2022	100,000	157,875	257,875
2023	100,000	154,875	254,875
2024	125,000	151,875	276,875
2025	125,000	148,125	273,125
2026	125,000	144,375	269,375
2027	125,000	140,625	265,625
2028	150,000	136,875	286,875
2029	150,000	132,188	282,188
2030	150,000	127,313	277,313
2031	150,000	122,250	272,250
2032	150,000	117,000	267,000
2033	175,000	111,750	286,750
2034	175,000	105,625	280,625
2035	175,000	99,281	274,281
2036	200,000	92,938	292,938
2037	200,000	85,438	285,438
2038	200,000	77,938	277,938
2039	225,000	70,438	295,438
2040	225,000	62,000	287,000
2041	250,000	53,000	303,000
2042	250,000	43,000	293,000
2043	275,000	33,000	308,000
2044	275,000	22,000	297,000
2045	275,000	11,000	286,000
	$ 4,550,000	$ 2,722,534	$ 7,272,534

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES-2017A		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$	$ 601,562	$ 601,562
2021	450,000	601,562	1,051,562
2022	475,000	581,312	1,056,312
2023	500,000	559,938	1,059,938
2024	500,000	537,436	1,037,436
2025	525,000	527,438	1,052,438
2026	550,000	516,938	1,066,938
2027	575,000	505,250	1,080,250
2028	600,000	491,594	1,091,594
2029	625,000	476,594	1,101,594
2030	650,000	459,406	1,109,406
2031	675,000	439,906	1,114,906
2032	700,000	419,656	1,119,656
2033	725,000	398,656	1,123,656
2034	750,000	376,906	1,126,906
2035	775,000	354,406	1,129,406
2036	800,000	330,188	1,130,188
2037	850,000	305,188	1,155,188
2038	875,000	277,562	1,152,562
2039	900,000	249,126	1,149,126
2040	950,000	218,750	1,168,750
2041	975,000	185,500	1,160,500
2042	1,025,000	151,376	1,176,376
2043	1,050,000	115,500	1,165,500
2044	1,100,000	78,750	1,178,750
2045	1,150,000	40,250	1,190,250
	$ 18,750,000	$ 9,800,750	$ 28,550,750

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

	SERIES - 2018		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2020	$	$ 200,594	$ 200,594
2021	50,000	200,594	250,594
2022	50,000	198,094	248,094
2023	50,000	195,594	245,594
2024	50,000	193,094	243,094
2025	50,000	191,594	241,594
2026	50,000	190,094	240,094
2027	100,000	188,594	288,594
2028	185,000	185,469	370,469
2029	190,000	179,456	369,456
2030	200,000	173,042	373,042
2031	205,000	166,044	371,044
2032	215,000	158,869	373,869
2033	225,000	150,269	375,269
2034	230,000	141,268	371,268
2035	240,000	132,069	372,069
2036	250,000	122,469	372,469
2037	260,000	112,469	372,469
2038	270,000	102,068	372,068
2039	280,000	91,268	371,268
2040	295,000	80,068	375,068
2041	305,000	68,268	373,268
2042	320,000	55,688	375,688
2043	330,000	42,488	372,488
2044	345,000	28,876	373,876
2045	355,000	14,644	369,644
	$ 5,100,000	$ 3,563,044	$ 8,663,044

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2019

Due During Fiscal Years Ending September 30	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2020	$ 1,475,000	$ 2,077,642	$ 3,552,642
2021	2,010,000	2,039,158	4,049,158
2022	2,085,000	1,974,652	4,059,652
2023	2,155,000	1,900,587	4,055,587
2024	2,255,000	1,823,588	4,078,588
2025	2,360,000	1,759,254	4,119,254
2026	2,445,000	1,686,340	4,131,340
2027	2,390,000	1,609,961	3,999,961
2028	2,230,000	1,539,437	3,769,437
2029	2,055,000	1,472,987	3,527,987
2030	2,315,000	1,405,895	3,720,895
2031	2,095,000	1,326,732	3,421,732
2032	2,185,000	1,258,206	3,443,206
2033	2,305,000	1,185,606	3,490,606
2034	2,390,000	1,107,730	3,497,730
2035	2,315,000	1,025,537	3,340,537
2036	2,400,000	946,001	3,346,001
2037	2,535,000	862,376	3,397,376
2038	2,620,000	771,818	3,391,818
2039	2,730,000	678,206	3,408,206
2040	2,320,000	578,505	2,898,505
2041	2,405,000	492,580	2,897,580
2042	2,495,000	403,064	2,898,064
2043	2,605,000	307,988	2,912,988
2044	2,695,000	208,626	2,903,626
2045	2,780,000	105,894	2,885,894
	$ 60,650,000	$ 30,548,370	$ 91,198,370

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2019

Description	Original Bonds Issued	Bonds Outstanding October 1, 2018
Dowdell Public Utility District Unlimited Tax Bonds - Series 2009	$ 3,660,000	$ 2,645,000
Dowdell Public Utility District Unlimited Tax Refunding Bonds - Series 2012	2,125,000	1,550,000
Dowdell Public Utility District Unlimited Tax and Refunding Bonds - Series 2014	6,900,000	5,405,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2015	7,000,000	7,000,000
Dowdell Public Utility District Unlimited Tax Refunding Bonds - Series 2016	4,445,000	3,730,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2017	13,250,000	13,250,000
Dowdell Public Utility District Defined Area No. 1 Unlimited Tax Bonds - Series 2017	4,550,000	4,550,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2017A	18,750,000	18,750,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2018	5,100,000	
TOTAL	$ 65,780,000	$ 56,880,000

Debt Service Fund cash and investment balances as of September 30, 2019:	$ 5,543,613
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,507,630

See Note 3 for interest rates, interest payment dates and maturity dates.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements		Bonds	
Bonds Sold	Principal	Interest	Outstanding September 30, 2019	Paying Agent
$	$ 155,000	$ 118,943	$ 2,490,000	Wells Fargo Bank of Texas Houston, TX
	165,000	57,700	1,385,000	The Bank of New York Mellon Trust Co., N.A. Dallas, TX
	405,000	185,700	5,000,000	Amegy Bank, N.A. Houston, TX
		230,625	7,000,000	Amegy Bank, N.A. Houston, TX
	605,000	75,346	3,125,000	Amegy Bank, N.A. Houston, TX
		480,344	13,250,000	Amegy Bank, N.A. Houston, TX
		161,875	4,550,000	Amegy Bank, N.A. Houston, TX
		601,562	18,750,000	Amegy Bank, N.A. Houston, TX
5,100,000		143,759	5,100,000	Amegy Bank, N.A. Houston, TX
$ 5,100,000	$ 1,330,000	$ 2,055,854	$ 60,650,000	

Bond Authority:	Tax and Refunding Bonds	Road Bonds - Defined Area
Amount Authorized by Voters	$ 172,945,000	$ 23,000,000
Amount Issued	71,148,475	4,550,000
Remaining to be Issued	$ 101,796,525	$ 18,450,000

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 530,298	$ 472,648	$ 409,740
Water Service	1,059,888	1,065,400	1,026,993
Wastewater Service	346,650	348,985	325,654
Water Authority Fees	763,224	741,233	616,827
Penalty and Interest	29,499	31,946	28,454
Tap Connection and Inspection Fees	469,585	119,458	424,228
Investment and Miscellaneous Revenues	176,010	104,874	57,456
TOTAL REVENUES	$ 3,375,154	$ 2,884,544	$ 2,889,352
EXPENDITURES			
Professional Fees	$ 323,808	$ 391,148	$ 429,564
Contracted Services	500,557	445,226	378,788
Utilities	203,351	198,353	198,996
Water Authority Assessments	789,630	729,696	602,664
Repairs and Maintenance	697,992	885,774	661,345
Other	510,997	349,628	400,187
Capital Outlay	214,002	810,019	412,624
TOTAL EXPENDITURES	$ 3,240,337	$ 3,809,844	$ 3,084,168
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 134,817	$ (925,300)	$ (194,816)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$	$	$ 528,077
Contributed by Other Governmental Unit		719,095	
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ 719,095	$ 528,077
NET CHANGE IN FUND BALANCE	$ 134,817	$ (206,205)	$ 333,261
BEGINNING FUND BALANCE	3,617,134	3,823,339	3,490,078
ENDING FUND BALANCE	$ 3,751,951	$ 3,617,134	$ 3,823,339

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
$ 334,993	$	15.7 %	16.4 %	14.2 %	11.7 %	%
1,053,998	959,867	31.4	36.9	35.5	36.8	49.2
277,212	221,153	10.3	12.1	11.3	9.7	11.3
534,163	372,003	22.6	25.7	21.3	18.6	19.1
36,756	35,635	0.9	1.1	1.0	1.3	1.8
599,300	293,629	13.9	4.1	14.7	20.9	15.0
28,115	69,544	5.2	3.7	2.0	1.0	3.6
$ 2,864,537	$ 1,951,831	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 482,937	$ 381,640	9.6 %	13.6 %	14.9 %	16.9 %	19.6 %
348,068	340,168	14.8	15.4	13.1	12.2	17.4
219,606	201,437	6.0	6.9	6.9	7.7	10.3
536,566	375,874	23.4	25.3	20.9	18.7	19.3
594,080	530,686	20.7	30.7	22.9	20.7	27.2
453,274	353,098	15.1	12.1	13.9	15.8	18.1
	670,413	6.3	28.1	14.3		34.3
$ 2,634,531	$ 2,853,316	95.9 %	132.1 %	106.9 %	92.0 %	146.2 %
$ 230,006	$ (901,485)	4.1 %	(32.1) %	(6.9) %	8.0 %	(46.2) %
$	$					
	3,054,246					
$ - 0 -	$ 3,054,246					
$ 230,006	$ 2,152,761					
3,260,072	1,107,311					
$ 3,490,078	$ 3,260,072					

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2019	2018	2017
REVENUES			
Property Taxes	$ 4,256,494	$ 3,729,598	$ 2,754,948
Penalty and Interest	38,205	18,056	25,124
Investment and Miscellaneous Revenues	134,484	128,228	25,101
TOTAL REVENUES	$ 4,429,183	$ 3,875,882	$ 2,805,173
EXPENDITURES			
Tax Collection Expenditures	$ 88,063	$ 77,354	$ 73,359
Debt Service Principal	1,330,000	1,285,000	1,235,000
Debt Service Interest and Fees	2,059,269	1,765,832	1,003,240
Bond Issuance Costs			
TOTAL EXPENDITURES	$ 3,477,332	$ 3,128,186	$ 2,311,599
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 951,851	$ 747,696	$ 493,574
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$	$	$
Payment to Refunded Bond Escrow Agent			
Proceeds from Issuance of Long-Term Debt		601,563	680,544
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ 601,563	$ 680,544
NET CHANGE IN FUND BALANCE	$ 951,851	$ 1,349,259	$ 1,174,118
BEGINNING FUND BALANCE	4,569,320	3,220,061	2,045,943
ENDING FUND BALANCE	$ 5,521,171	$ 4,569,320	$ 3,220,061
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,158	2,098	2,048
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,083	2,032	1,989

See accompanying independent auditor’s report.

		Percentage of Total Revenues				
2016	2015	2019	2018	2017	2016	2015
$ 2,182,574	$ 1,987,921	96.1 %	96.2 %	98.2 %	98.4 %	99.2 %
21,176	13,018	0.9	0.5	0.9	1.0	0.6
12,763	4,440	3.0	3.3	0.9	0.6	0.2
$ 2,216,513	$ 2,005,379	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 54,275	$ 55,316	2.0 %	2.0 %	2.6 %	2.4 %	2.8 %
1,215,000	980,000	30.0	33.2	44.0	54.8	48.9
822,710	796,609	46.5	45.6	35.8	37.1	39.7
111,120					5.0	
$ 2,203,105	$ 1,831,925	78.5 %	80.8 %	82.4 %	99.3 %	91.4 %
$ 13,408	$ 173,454	21.5 %	19.2 %	17.6 %	0.7 %	8.6 %
$ 205,593	$					
(4,332,607)						
4,445,000						
$ 317,986	$ - 0 -					
$ 331,394	$ 173,454					
1,714,549	1,541,095					
$ 2,045,943	$ 1,714,549					
1,899	1,688					
1,870	1,664					

DOWDELL PUBLIC UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019

District Mailing Address	-	Dowdell Public Utility District c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, TX 77019
District Telephone Number	-	(713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for year ended September 30, 2019	Expense Reimbursements for the year ended September 30, 2019	Title
Jerry Nelson	05/16 05/20 (Elected)	$ 3,150	$ 2,307	President
Allison Copony	05/18 05/22 (Elected)	$ 2,850	$ 1,212	Vice President
James Bertus	05/18 05/22 (Elected)	$ 2,850	$ 1,983	Secretary
Christopher Kotran	05/18 05/22 (Elected)	$ 4,500	$ 1,362	Assistant Secretary
Danny Staab	05/16 05/20 (Elected)	$ 2,400	$ 126	Director

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

Submission date of most recent District Registration Form: April 12, 2019.

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

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2019

Consultants:	Date Hired	Fees for the year ended September 30, 2019	Title
Smith, Murdaugh, Little & Bonham, L.L.P.	11/20/72	$ 177,074	General Counsel
	04/19/90	$ 10,954	Delinquent Tax Attorney
		$ 164,000	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/18/14	$ 15,500	Auditor
		$ 1,500	Bond Related
Myrtle Cruz, Inc.	04/01/98	$ 24,417	Bookkeeper
Van De Wiele & Vogler, Inc.	09/16/15	$ 668,220	Engineer
The GMS Group	02/19/15	$ 79,075	Financial Advisor
Mary Jarmon		$ -0-	Investment Officer
Marlon Ivy & Associates	08/23/78	$ 510,415	Operator
Equi-Tax Inc.	03/14/75	$ 35,506	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY
MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: $ in aggregate principal amount of

Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

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