OFFICIAL STATEMENT DATED JANUARY 12, 2021

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" AND "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL, RESPECTIVELY.

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

NEW ISSUE-BOOK-ENTRY-ONLY

Insured Ratings (AGM): S&P "AA" (stable outlook)
Moody's "A2" (stable outlook)
Underlying Rating: Moody's "A3"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$980,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281, OF HARRIS COUNTY, TEXAS

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

UNLIMITED TAX PARK REFUNDING BONDS SERIES 2021

Dated Date: February 1, 2021 **Due: September 1, as shown below**

The bonds described above (the "Bonds") are obligations solely of Harris County Municipal Utility District No. 281, of Harris County, Texas (the "District"), and are not obligations of the State of Texas, Harris County, the City of Houston or any entity other than the District. THE PURCHASE AND OWNERSHIP OF THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS AND ALL PROSPECTIVE PURCHASERS ARE URGED TO EXAMINE CAREFULLY THIS ENTIRE OFFICIAL STATEMENT WITH RESPECT TO THE INVESTMENT SECURITY OF THE BONDS, INCLUDING PARTICULARLY THE SECTION CAPTIONED "INVESTMENT CONSIDERATIONS."

Principal of the Bonds is payable at maturity or prior redemption at the principal payment office of the paying agent/registrar, initially The Bank of New York Mellon Trust Company, N.A. in Dallas, Texas (the "Paying Agent/Registrar"). Interest on the Bonds accrues from February 1, 2021, and is payable on each March 1 and September 1 (each an "Interest Payment Date"), commencing September 1, 2021, until maturity or prior redemption. The Bonds will be issued only in fully registered form and in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown below.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ASSURED GUARANTY MUNICIPAL CORP. See "MUNICIPAL BOND INSURANCE" herein.

MATURITY SCHEDULE

Principal Amount	Maturity (September 1)	CUSIP Number(b)	Interest Rate	Initial Reoffering Yield(c)
$ 15,000	2021	41420K LM1	3.00 %	0.22 %
10,000	2022	41420K LN9	3.00	0.33
70,000	2023	41420K LP4	3.00	0.40
70,000	2024	41420K LQ2	3.00	0.52
70,000	2025	41420K LR0	3.00	0.65
70,000	2026	41420K LS8	2.00	0.81

$195,000 Term Bonds due September 1, 2029 (a), 41420K LV1 (b), 2.00% Interest Rate, 1.04% Yield (c)
$250,000 Term Bonds due September 1, 2033 (a), 41420K LZ2 (b), 2.00% Interest Rate, 1.47% Yield (c)
$230,000 Term Bonds due September 1, 2037 (a), 41420K MD0 (b), 2.00% Interest Rate, 1.71% Yield (c)

(a) Bonds maturing on or after September 1, 2027, are subject to redemption at the option of the District prior to their maturity dates in whole, or from time to time, in part, on September 1, 2026, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds (as defined herein) are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."
(b) CUSIP Numbers will be assigned to the Bonds by CUSIP Service Bureau and will be included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter (as herein defined) shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.
(c) Initial Reoffering Yield represents the initial offering yield to the public, which has been established by the Underwriter for offers to the public and which subsequently may be changed.

The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein.

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel. Certain legal matters will be passed on for the Underwriter by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Underwriter's Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about February 17, 2021.

SAMCO CAPITAL

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

The Underwriter

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter") pursuant to a bond purchase agreement with the District (the "Bond Purchase Agreement") at a price of $1,005,798.19 (representing the principal amount of the Bonds of $980,000.00, plus a premium of $43,733.45, less an Underwriter's discount of $17,935.26), plus accrued interest. The Underwriter's obligation is to purchase all of the Bonds, if any are purchased. See "PLAN OF FINANCING—Sources and Uses of Funds."

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

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

Prices and Marketability

The prices and other terms with respect to 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 the Bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

INFECTIOUS DISEASE OUTLOOK (COVID-19)

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

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

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values 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 the Pandemic could have an adverse effect on the District's operations and financial condition. The financial and operating data contained herein are the latest available but are as of dates and for periods prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

RECENT SEVERE WEATHER EVENTS; HURRICANE HARVEY

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

Impact... According to Water District Management Company, Inc. (the "Operator"), the District's water and sewer system did not sustain any material damage and there was no interruption of water and sewer service. Further, the District did not receive reports of any homes within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

THE DISTRICT

Description...	Harris County Municipal Utility District No. 281, of Harris County, Texas (the "District"), is a political subdivision of the State of Texas, created by order of the Texas Water Commission, a predecessor to the Texas Commission on Environmental Quality (the "TCEQ"), on May 28, 1986, and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District currently consists of approximately 397 acres of land. The District is considering annexation of approximately 8 acres into the District but has not formally adopted an order adding the land into the boundaries of the District at this time. See "THE DISTRICT."
Location...	The District is located approximately 27 miles northwest of the central downtown business district of the City of Houston and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Tomball Independent School District. The District is located south of Boudreaux Road, north of Spring Cypress Road, west of Texas State Highway 249 and east of Shaw Road. See "THE DISTRICT."
Status of Development…	The District has been developed, primarily as the single-family residential project of Villages of NorthPointe (919 single-family residential lots on approximately 256 acres). As of December 2020, there were 919 homes completed (916 occupied). For 2020, the average taxable value of homes in the District was approximately $286,954. The remainder of the District is comprised of approximately 35 acres of commercial/school sites development (all but one acre of which have had vertical improvements constructed thereon), that include a church (non-taxable), a child daycare center, a fire station, a skilled nursing facility, a dentist office, a gas station, mixed-use retail buildings and an elementary school (non-taxable). In addition, approximately 3 acres are developed as a recreation center and approximately 93 acres are not developable (detention, drainage and pipeline easements, street right-of-way and utility easements). In addition, a 246-unit apartment community has been constructed on approximately 10 acres. See "THE DISTRICT." There is no additional developable, but undeveloped land in the District.
Payment Record...	The District has previously issued $19,110,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities in six series, $1,520,000 principal amount of unlimited tax park bonds in one series and $15,630,000 principal amount of unlimited tax refunding bonds in four series. There is currently $11,890,000 in principal amount which currently remains outstanding (the "Outstanding Bonds"). The District has never defaulted in the timely payment of debt service on its previously issued debt. See "PLAN OF FINANCING—Outstanding Bonds."

THE BONDS

Description...	The $980,000 Unlimited Tax Park Refunding Bonds, Series 2021 (the "Bonds") are being issued as fully registered bonds pursuant to an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in each of the years 2021 through 2026, both inclusive, and as term bonds on September 1 in each of the years 2029, 2033 and 2037 (the "Term Bonds"). The Bonds will be issued in book-entry form only in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from February 1, 2021, and is payable on September 1, 2021, and on each March 1 and September 1 thereafter, until the earlier of maturity or prior redemption. See "THE BONDS."
Book-Entry-Only System...	The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC or its designee. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on or after September 1, 2027, are subject to redemption at the option of the District in whole, or from time to time in part, prior to their maturity dates on September 1, 2026, or on any date thereafter, at a price of par plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. The Term Bonds are also subject to mandatory sinking fund redemption as more fully described herein. See "THE BONDS—Redemption Provisions."

Use of Proceeds...	Proceeds from the sale of the Bonds will be used to pay certain costs incurred in connection with the issuance of the Bonds and to currently refund and defease $900,000 in principal amount of the Outstanding Bonds (the "Refunded Bonds") in order to reduce the District's annual debt service expense. After the issuance of the Bonds, $10,990,000 principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds") and the total amount of District debt, consisting of the Remaining Outstanding Bonds and the Bonds will be $11,970,000. See "PLAN OF FINANCING."
Authority for Issuance...	The Bonds are the fifth series of bonds issued out of an aggregate of $18,000,000 principal amount of unlimited tax bonds authorized by the District's voters on May 4, 2002, for the purpose of refunding outstanding bonds. The Bonds are issued by the District pursuant to the terms and provisions of Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1207, Texas Government Code, as amended, elections held within the District, the Bond Order and City of Houston Ordinance No. 97-416. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."
Source of Payment...	Principal of and interest on the Bonds and the Remaining Outstanding Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. See "THE BONDS—Source and Security for Payment" and "—Funds."
Municipal Bond Rating and Municipal Bond Insurance...	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. (Moody's) is expected to assign municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook), respectively, 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 Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance," "MUNICIPAL BOND RATING," "MUNICIPAL BOND INSURANCE," and "APPENDIX B."
Qualified Tax-Exempt Obligations...	The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS—Qualified Tax-Exempt Obligations."
Bond Counsel...	Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."
Special Tax Counsel...	McCall, Parkhurst & Horton L.L.P., Dallas, Texas. See "TAX MATTERS."
Underwriter's Counsel…	McCall, Parkhurst & Horton L.L.P., Houston, Texas
Financial Advisor…	Masterson Advisors LLC, Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."
Paying Agent/Registrar...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."
Escrow Agent...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "PLAN OF FINANCING—Escrow Agreement."
Verification Agent...	Public Finance Partners LLC, Rockford, Minnesota. See "VERIFICATION OF MATHEMATICAL COMPUTATIONS."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

2020 Certified Taxable Assessed Valuation	$310,040,537	(a)
Gross Direct Debt Outstanding (the Bonds and the Remaining Outstanding Bonds)	$11,970,000	(b)
Estimated Overlapping Debt	21,027,102	(c)
Gross Direct Debt and Estimated Overlapping Debt	$32,997,102	
Ratio of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation	3.86%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation	10.64%	
Bond Fund Balance as of January 4, 2021	$1,212,997	(d)
General Operating Fund Balance as of January 4, 2021	$3,195,181	
2020 Debt Service Tax Rate	$0.425	
2020 Maintenance Tax Rate	0.125	
2020 Total Tax Rate	$0.550	
Average Annual Debt Service Requirement (2021-2037)	$ 856,355	(e)
Maximum Annual Debt Service Requirement (2025)	$1,387,935	(e)
Tax Rate Required to Pay Average Annual Debt Service (2021-2037) at a 95% Collection Rate		
2020 Certified Taxable Assessed Valuation	$0.30	(f)
Tax Rate Required to Pay Maximum Annual Debt Service (2025) at a 95% Collection Rate		
2020 Certified Taxable Assessed Valuation	$0.48	(f)
Status of Development as of December 2020 (g):		
Total Homes Completed (916 Occupied)	919	
Multi-Family Units	246	
Estimated population	3,649	(h)

(a) As certified by the Harris County Appraisal District (the "Appraisal District".) See "TAXING PROCEDURES."
(b) After the issuance of the Bonds. See "PLAN OF FINANCING—Outstanding Bonds."
(c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt" and "—Overlapping Taxes."
(d) Neither Texas law nor the Bond Order requires the District to maintain any particular balance in the Debt Service Fund.
(e) See "PLAN OF FINANCING—Debt Service Requirements."
(f) See "TAX DATA—Tax Adequacy for Debt Service."
(g) See "THE DISTRICT—Land Use" and "—Status of Development."
(h) Based upon 3.5 persons per occupied single-family residence and 2.0 persons per multi-family residence (assumed occupancy rate of 90%).

OFFICIAL STATEMENT

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281, OF HARRIS COUNTY, TEXAS

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

$980,000
UNLIMITED TAX PARK REFUNDING BONDS
SERIES 2021

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 281, of Harris County, Texas (the "District") of its $980,000 Unlimited Tax Park Refunding Bonds, Series 2021 (the "Bonds").

The Bonds are issued by the District pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including, without limitation, Chapter 1207 of the Texas Government Code, as amended, Chapters 49 and 54 of the Texas Water Code, as amended, City of Houston Ordinance No. 97-416, an order authorizing the issuance of the Bonds (the "Bond Order") adopted by the Board of Directors of the District (the "Board") and an election held within the District.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Orders, and certain other information about the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, upon payment of duplication costs therefor.

PLAN OF FINANCING

Purpose

At elections held May 4, 2002, May 7, 2005, and November 8, 2005, voters of the District authorized the issuance of a total of $24,700,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing water supply and distribution, wastewater collection and treatment and storm drainage systems in the District, the issuance of a total of $2,560,000 principal amount of unlimited tax bonds for the purpose of purchasing and constructing recreational facilities and the issuance of $18,000,000 principal amount of unlimited tax refunding bonds for the purpose of refunding District bonds. The District has previously issued $19,110,000 principal amount of unlimited tax bonds for water, sewer and drainage facilities in six series, $1,520,000 principal amount of unlimited tax park bonds in one series, and $15,630,000 principal amount of unlimited tax refunding bonds in four series, $11,890,000 of which is currently outstanding (the "Outstanding Bonds"). See "THE BONDS—Issuance of Additional Debt."

The proceeds of the Bonds are being used to currently refund and defease a portion of the District's Unlimited Tax Park Bonds, Series 2012B, totaling $900,000 in principal amount (the "Refunded Bonds") in order to reduce the District's debt service expense. Such proceeds will also be used to pay the costs of issuance of the Bonds. See "Sources and Uses of Funds" in this section. A total of $10,990,000 in principal amount of the Outstanding Bonds will remain outstanding after the issuance of the Bonds (the "Remaining Outstanding Bonds").

Outstanding Bonds

The following table lists the original principal amount and the current principal balance of the Outstanding Bonds, the Refunded Bonds and the Remaining Outstanding Bonds.

Series		Original Principal Amount	Principal Amount Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2004		$ 3,355,000	$ -	$ -	$ -
2006		3,870,000	-	-	-
2006A		4,980,000	-	-	-
2007		3,670,000	-	-	-
2010		2,510,000	-	-	-
2012	(a)	2,830,000	170,000	-	170,000
2012A		725,000	485,000	-	485,000
2012B	(b)	1,520,000	1,020,000	900,000	120,000
2014	(a)	6,955,000	4,870,000	-	4,870,000
2016	(a)	2,565,000	2,200,000	-	2,200,000
2019	(a)	3,280,000	3,145,000	-	3,145,000
Total		$ 36,260,000	$ 11,890,000	$ 900,000	$ 10,990,000
The Bonds					980,000
The Bonds and Remaining Outstanding Bonds					$ 11,970,000

(a) Unlimited Tax Refunding Bonds.
(b) Unlimited Tax Park Bonds.

Refunded Bonds

The proceeds of the Bonds along with other lawfully available debt service funds will be applied to currently refund and defease the Refunded Bonds in the principal amounts and with maturity dates set forth below and to pay certain costs of issuing the Bonds.

Maturity Date	Series 2012B
2023	$ 60,000
2024	60,000
2025	60,000
2026	60,000
2027	60,000
2028	60,000
2029	60,000
2030	60,000
2031	60,000
2032	60,000
2033	60,000
2034	60,000
2035	60,000
2036	60,000
2037	60,000
	$ 900,000

Redemption Date: February 18, 2021

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$ 980,000.00
Plus: Premium on the Bonds	43,733.45
Total Sources of Funds	$1,023,733.45
Uses of Funds:	
Deposit to Escrow Fund	$ 916,421.67
Issuance Expenses and Underwriter's Discount (a)	107,311.78
Total Uses of Funds	$1,023,733.45

(a) Includes municipal bond insurance premium.

Escrow Agreement

The Refunded Bonds, and the interest due thereon, are to be paid on their scheduled interest payment dates until final payment or their redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, as escrow agent (the "Escrow Agent").

The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to be dated as of the date of the sale of the Bonds but effective on the date of delivery of the Bonds (expected to be February 17, 2021). The Bond Order further provides that from the proceeds of the sale of the Bonds, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds

By the deposit of the proceeds from the Bonds with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the order authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in the Escrow Fund.

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds ($900,000 principal amount), plus the debt service on the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Less: Refunded Bonds Debt Service	Plus: Debt Service on the Bonds Principal	Interest	Total	Debt Service Requirements
2021	$ 1,383,985.00	$ 35,400.00	$ 15,000	$ 12,804.17	$ 27,804.17	$ 1,376,389.17
2022	1,380,185.00	35,400.00	10,000	21,500.00	31,500.00	1,376,285.00
2023	1,383,110.00	95,400.00	70,000	21,200.00	91,200.00	1,378,910.00
2024	1,375,035.00	93,300.00	70,000	19,100.00	89,100.00	1,370,835.00
2025	1,392,135.00	91,200.00	70,000	17,000.00	87,000.00	1,387,935.00
2026	1,391,935.00	89,100.00	70,000	14,900.00	84,900.00	1,387,735.00
2027	1,384,935.00	86,775.00	65,000	13,500.00	78,500.00	1,376,660.00
2028	1,391,535.00	84,450.00	65,000	12,200.00	77,200.00	1,384,285.00
2029	1,384,710.00	82,125.00	65,000	10,900.00	75,900.00	1,378,485.00
2030	836,210.00	79,800.00	65,000	9,600.00	74,600.00	831,010.00
2031	475,927.50	77,400.00	65,000	8,300.00	73,300.00	471,827.50
2032	214,682.50	75,000.00	60,000	7,000.00	67,000.00	206,682.50
2033	198,187.50	72,600.00	60,000	5,800.00	65,800.00	191,387.50
2034	187,050.00	70,200.00	60,000	4,600.00	64,600.00	181,450.00
2035	95,875.00	67,650.00	60,000	3,400.00	63,400.00	91,625.00
2036	92,250.00	65,100.00	55,000	2,200.00	57,200.00	84,350.00
2037	88,625.00	62,550.00	55,000	1,100.00	56,100.00	82,175.00
Total	$ 14,656,372.50	$ 1,263,450.00	$ 980,000	$ 185,104.17	$ 1,165,104.17	$ 14,558,026.67

Maximum Annual Debt Service Requirement (2025)... $1,387,935
Average Annual Debt Service Requirement (2021-2037)... $ 856,355

THE BONDS

General

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

Description

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

Authority for Issuance

At an election held within the District on May 4, 2002, voters of the District authorized a total of $18,000,000 in principal amount of unlimited tax bonds for the purpose of refunding outstanding bonds of the District. The Bonds are issued by the District pursuant to said election; the terms and provisions of the Bond Order; Article XVI, Section 59 of the Texas Constitution; the general laws of the State of Texas, including Chapter 1207, Texas Government Code, as amended; Chapters 49 and 54 of the Texas Water Code, as amended; and City of Houston Ordinance No. 97-416.

Source and Security for Payment

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

Funds

The Bond Order confirms the establishment of the District's Bond Fund (the "Bond Fund"), which Bond Fund was created and established pursuant to the orders of the Board of Directors of the District authorizing the issuance of the Outstanding Bonds. Accrued interest on the Bonds will be deposited from the proceeds from the sale of the Bonds into the Bond Fund. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Remaining Outstanding Bonds and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds, the Remaining Outstanding Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Remaining Outstanding Bonds, and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Record Date

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

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2029, 2033 and 2037 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Redemption Date"), on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$195,000 Term Bonds Due September 1, 2029		**$250,000 Term Bonds Due September 1, 2033**		**$230,000 Term Bonds Due September 1, 2037**	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2027	$ 65,000	2030	$ 65,000	2034	$ 60,000
2028	65,000	2031	65,000	2035	60,000
2029 (maturity)	65,000	2032	60,000	2036	55,000
		2033 (maturity)	60,000	2037 (maturity)	55,000

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

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds (including any Term Bonds) maturing on and after September 1, 2027, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon through the date fixed for redemption of such Bonds (the "Redemption Date"). If fewer than all of the Serial Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures, so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY SYSTEM." If less than all of the entire outstanding principal amount of a Term Bond is to be redeemed, the District will notify the Paying Agent/Registrar of the reductions in the remaining mandatory redemption amounts to result from the optional redemption. Notice of each exercise of the reserved right of optional redemption shall be given at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

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

Method of Payment of Principal and Interest

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

Registration

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

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $24,700,000 unlimited tax bonds for the purpose of acquiring or constructing water, sanitary sewer and drainage facilities and could authorize additional amounts. The District currently has $5,590,000 of unlimited tax bonds authorized but unissued for said improvements and facilities. The District's voters have also authorized a total of $18,000,000 unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. After issuance of the Bonds, the District will have $17,111,109.73 of principal amount of unlimited tax refunding bonds authorized but unissued. The District's voters have also authorized issuance of a total of $2,560,000 unlimited tax bonds for the purpose of acquiring or constructing recreational facilities and could authorize additional amounts. The District currently has $1,040,000 of unlimited tax bonds authorized but unissued for recreational facilities. See "Financing Recreational Facilities" below. See "INVESTMENT CONSIDERATIONS—Future Debt." Issuance of additional bonds for water, sanitary sewer and drainage facilities and recreational facilities requires approval by the TCEQ.

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

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

Financing Road Facilities

Pursuant to Chapter 54 of the Water Code, a municipal utility district may petition the TCEQ for the power to issue bonds supported by property taxes to finance roads. Before the District could issue such bonds, the District would be required to receive a grant of such power from the TCEQ, authorization from the District's voters to issue such bonds, and approval of the bonds by the Attorney General of Texas. The District has not considered filing an application to the TCEQ for "road powers" or calling such an election at this time. Issuance of bonds for roads could dilute the investment security for the Bonds. See "—Issuance of Additional Debt" herein and "INVESTMENT CONSIDERATIONS—Future Debt."

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or an amount greater than the estimated cost of the plan, whichever amount is smaller; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. In addition, the District is authorized to levy an operation and maintenance tax to support recreational facilities at a rate not to exceed 10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. Said maintenance tax is in addition to any other maintenance tax authorized to be levied by the District.

At an election held within the District on November 8, 2005, voters of the District authorized the issuance of $2,560,000 principal amount in unlimited tax bonds for the purpose of acquiring or constructing recreational facilities, and could authorize additional amounts. The District currently has $1,040,000 of unlimited tax bonds authorized but unissued, for said improvements and facilities.

Issuance of bonds for recreational facilities could dilute the investment security for the Bonds.

Annexation

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

Consolidation

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

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond 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. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS—Registered Owners' Remedies" and "—Bankruptcy Limitation to Registered Owners' Rights."

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

THE DISTRICT

General

The District is a municipal utility district created by an order of the Texas Water Commission, a predecessor to the TCEQ, dated May 28, 1986, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 54 of the Texas Water Code, as amended, and other general statutes of Texas applicable to municipal utility districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

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

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, recreational, road and fire-fighting facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit connections only to lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Harris County, Texas. The District is also required to obtain certain TCEQ approvals prior to acquiring, constructing and financing road and fire- fighting facilities as well as voter approval of the issuance of bonds for said purposes. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM—Regulation."

Description and Location

The District consists of approximately 397 acres of land in northwest Harris County. The District is located approximately 27 miles northwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of the Tomball Independent School District. The District is located south of Boudreaux Road, north of Spring-Cypress Road, west of Texas State Highway 249 and east of Shaw Road. The District is considering annexation of approximately 8 acres into the District but has not formally adopted an order adding the land into the boundaries of the District at this time.

Land Use

The District currently includes approximately 256 developed acres of single-family residential development (919 single-family residential lots), approximately 3 acres developed as a recreation center, approximately 93 undevelopable acres (detention, drainage and pipeline easements, street rights-of-way and utility sites), approximately 35 acres of commercial development and approximately 10 acres of multi-family development. The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate Acres	Lots
Single-Family Residential:		
Villages of NorthPointe:		
Section One	22	90
Section Two	26	88
Section Three	23	57
Section Four	32	103
Section Five	20	61
Section Six	9	42
Section Seven	8	40
Section Eight	12	38
Section Nine	30	100
Section Ten	13	61
Section Eleven	14	50
Section Twelve	5	27
Section Fourteen	17	60
Section Fifteen	19	78
Section Sixteen	6	24
Subtotal	256	919
Commercial	35	--
Multi-Family	10	246
Recreation Center	3	--
Undevelopable (a)	93	--
Totals	397	919

(a) Includes public rights-of-way, detention, easements and utility sites.

Status of Development

Single-Family Residential: As of December 2020, there were 919 homes completed (916 occupied) in the District. The average taxable value of homes in the District in 2020 was approximately $286,954. The estimated population in the District based upon 3.5 persons per occupied single-family residence and 2.0 persons per multi-family residence (assumes occupancy rate of 90%) was 3,648. See "Multi-Family Residential" below.

Multi-Family Residential: A 246-unit apartment community has been constructed on approximately 10 acres.

Commercial: The District includes 35 acres of commercial development (all but one acre of which have had vertical improvements constructed thereon) and includes a church (non-taxable), a child day care, a fire station/EMS (non-taxable), a skilled nursing facility, a dentist office, a gas station, mixed-use retail buildings and an elementary school (non-taxable).

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	District Board Title	Term Expires
Robert Crain	President	May 2022
Harry Miller	Vice President	May 2022
Paul C. Hicks	Secretary / Records Management Officer	May 2024
David Enstrom	Assistant Vice President	May 2024
Andy Elmore	Assistant Secretary	May 2022

District Consultants

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

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

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

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

Engineer: The District's consulting engineer is Benchmark Engineering Corporation (the "Engineer").

Auditor: As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which audited financial statements are filed with the TCEQ. The financial statements of the District, as of July 31, 2020, and for the year then ended, included in this offering document, have been audited by McCall Gibson Swedlund Barfoot, PLLC, independent auditors, as stated in their report appearing herein. See "APPENDIX A" for a copy of the District's July 31, 2020, audited financial statements.

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

Utility System Operator: The operator of the District's internal water and wastewater system is Water District Management Company, Inc.

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

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

THE SYSTEM

Regulation

Construction and operation of the District's water, wastewater and storm drainage system as it now exists or as it may be expanded from time to time is subject to regulatory jurisdiction of federal, state and local authorities. The TCEQ exercises continuing, supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to the regulatory authority of the TCEQ and the United States Environmental Protection Agency. Withdrawal of ground water and the issuance of water well permits are subject to the regulatory authority of the Harris-Galveston Subsidence District where applicable. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District. Harris County, the City of Houston, and the Texas Department of Health also exercise regulatory jurisdiction over the District's water, wastewater and drainage system.

Water Supply

The District has a joint ownership interest in a water supply plant, which includes two 1,500 gallon per minute ("gpm") water wells and related component facilities. The water wells are jointly owned by the District, Harris County Municipal Utility District No. 280 ("MUD 280"), Harris County Municipal Utility District No. 282 ("MUD 282") and Northwest Harris County Municipal Utility District No. 15 ("Northwest 15"). Pressure tank, ground storage and auxiliary power capacity is jointly owned by the District, MUD 280, and MUD 282. According to the District's Engineer, the District's share of the water plant facilities is sufficient to serve 1,351 connections. As of December, 2020, the District was serving approximately 916 active equivalent single-family residential connections and an elementary school.

Subsidence District Requirements: The District, along with the other owners in the joint water supply plant, is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 1999, the Texas legislature created the North Harris County Regional Water Authority ("NHCRWA") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County (including the District).

The NHCRWA has developed a Groundwater Reduction Plan ("GRP") and obtained Subsidence District approval of its GRP. The NHCRWA's GRP sets forth the NHCRWA's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The NHCRWA has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The District is included within the NHCRWA's GRP.

The NHCRWA has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, rates, and charges as necessary to accomplish its purposes. The NHCRWA currently charges the District, and other major groundwater users, a fee of $4.25 per 1,000 gallons of groundwater pumped and $4.70 for surface water received. These fees are subject to increase in the future. The NHCRWA has to date issued $1,935,480,000 of senior lien revenue bonds to fund, among other things, certain NHCRWA surface water project costs, including the construction of a network of transmission and distribution lines, storage tanks and pumping stations to transport and distribute water within the NHCRWA (the "Authority System"). It is expected that the NHCRWA will issue substantially more bonds by the year 2035 to finance the NHCRWA's project costs.

Under the Subsidence District regulations and the GRP, the NHCRWA is required to: (i) limit groundwater withdrawals to no more than 70% of the total annual water demand within the NHCRWA beginning in 2010; (ii) limit groundwater withdrawals to no more than 40% of the total annual water demand within the NHCRWA's GRP beginning in 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total annual water demand within the NHCRWA beginning in 2035. If the NHCRWA fails to comply with the above Subsidence District regulations or its GRP, the NHCRWA is subject to a $9.24 per 1,000 gallons disincentive fee penalty ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand within the NHCRWA's GRP. In the event of such NHCRWA failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the NHCRWA, the NHCRWA would likely seek monetary or other penalties against the District.

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

Wastewater Collection

Wastewater treatment capacity is provided to the District by Northwest 15 pursuant to a Waste Disposal Agreement among the District, Northwest 15, Harris County Municipal Utility District No. 273, MUD 280, MUD 282 and Northwest Harris County Municipal Utility District No. 5 ("Northwest 5").

Northwest 15's wastewater treatment facility has capacity to treat 2,613,350 gallons per day ("gpd") of sewage, or 8,296 equivalent single-family connections based on a flow factor of 315 gpd per connection. Capacity in the 2,613,350 gpd plant is allocated as follows: the District (13.65%), MUD 273 (5.66%), MUD 280 (12.14%), MUD 282 (11.71%), Northwest 15 (25.87%) and Northwest 5 (30.97%). The District's capacity of 356,850 gpd at 315 gpd per equivalent single-family connection will adequately serve 1,133 equivalent single-family connections. With the rerating of the plant to 250 gpd/ equivalent single-family connection, the District can serve 1,427 equivalent single family connection. As of December 2020, the District was serving approximately 916 active equivalent single-family connections.

Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed to serve 919 single-family lots, approximately 35 acres of commercial acreage, a 246-unit apartment community and an approximate 3 acre recreation site. See "THE DISTRICT—Land Use" and "Status of Development."

Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100-year flood plain have flooded multiple times in the last several years. The District is located entirely within the boundaries of NorthPointe WCID, which provides flood protection to the District by a drainage and detention system. According to the Engineer, none of the land within the District is shown to be within the 100-year flood plain. See "INVESTMENT CONSIDERATIONS—Hurricane Harvey."

Waterworks and Sewer System Operating Statement

The Bonds and the Remaining Outstanding Bonds are payable solely from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. Although net revenues of the District's waterworks and sewer system are not pledged to the payment of the Bonds, such net revenues are available for any legal purpose, including upon Board action, the payment of debt service on the Bonds and the Remaining Outstanding Bonds. The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements for the years ending July 31, 2016 through 2020. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to "APPENDIX A" for further and complete information on the audited financial statements.

	Fiscal Year Ended July 31				
	2020	2019	2018	2017	2016
Revenues:					
Property Taxes	$ 375,998	$ 319,179	$ 325,087	$ 291,685	$ 254,302
Water Service	360,324	331,153	365,225	385,755	394,995
Wastewater Service	535,092	518,045	514,749	481,205	483,085
Regional Water Authority Fee	584,980	478,509	491,128	432,858	335,591
Penalty and Interest	13,284	14,809	11,413	13,460	17,245
Tap Connection & Inspection Fees	8,198	3,430	66,840	49,055	32,619
Investment Revenues	58,635	58,390	34,918	20,030	11,645
Miscellaneous	51,714	41,247	44,529	62,857	55,657
Total Revenue	$ 1,988,225	$ 1,764,762	$ 1,853,889	$ 1,736,905	$ 1,585,139
Expenditures:					
Professional Fees	$ 101,497	$ 93,539	$ 92,114	$ 98,729	$ 94,972
Contracted Services	404,437	386,941	373,840	335,633	327,249
Purchased Water Service	665,167	572,093	632,000	564,252	447,041
Purchased Wastewater Service	127,797	122,282	162,864	127,118	126,791
Utilities	7,191	5,958	6,486	6,974	9,056
Repairs and Maintenance	129,990	114,378	157,758	453,673	83,092
Miscellaneous	60,818	64,498	72,322	101,644	80,898
Capital Outlay	-	51,893	2,767,669	5,847	428,013
Total Expenditures	$ 1,496,897	$ 1,411,582	$ 4,265,053	$ 1,693,870	$ 1,597,112
NET REVENUES	$ 491,328	$ 353,180	$ (2,411,164)	$ 43,035	$ (11,973)
Other Financing Sources	$ -	$ (7,157)	$ 1,751,657	$ -	$ 77,560
General Operating Fund Balance (Beginning of Year)	$ 2,747,680	$ 2,401,657	$ 3,061,164	$ 3,018,129	$ 2,952,542
General Operating Fund Balance (End of Year)	$ 3,239,008	$ 2,747,680	$ 2,401,657	$ 3,061,164	$ 3,018,129

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2020 Certified Taxable Assessed Valuation	$310,040,537	(a)
Gross Direct Debt Outstanding (the Bonds and the Remaining Outstanding Bonds)	$11,970,000	(b)
Estimated Overlapping Debt	21,027,102	(c)
Gross Direct Debt and Estimated Overlapping Debt	$32,997,102	
Ratio of Gross Direct Debt to: 2020 Certified Taxable Assessed Valuation	3.86%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to: 2020 Certified Taxable Assessed Valuation	10.64%	
Bond Fund Balance as of January 4, 2021	$1,212,997	(d)
General Operating Fund Balance as of January 4, 2021	$3,195,181	

(a) As certified by the Appraisal District. See "TAXING PROCEDURES."
(b) After the issuance of the Bonds. See "PLAN OF FINANCING—Outstanding Bonds."
(c) See "Estimated Overlapping Debt" and "—Overlapping Taxes," herein.
(d) Neither Texas law nor the Bond Order requires the District to maintain any particular balance in the Debt Service Fund.

Investments of the District

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

Estimated Overlapping Debt

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

Taxing Jurisdiction	Outstanding Bonds	As of	Overlapping Percent	Overlapping Amount
Harris County	$1,743,427,125	11/30/20	0.06%	$ 1,046,056
Harris County Flood Control District	334,270,000	11/30/20	0.06%	200,562
Harris County Hospital District	86,050,000	11/30/20	0.06%	51,630
Harris County Dept. of Education	20,185,000	11/30/20	0.06%	12,111
Port of Houston Authority	492,439,397	11/30/20	0.06%	295,464
Tomball Independent School District	581,665,000	11/30/20	2.52%	14,657,958
NorthPointe WCID	16,895,000	11/30/20	23.70%	4,004,115
Lone Star College System	542,290,000	11/30/20	0.14%	759,206
Total Estimated Overlapping Debt				$21,027,102
The District's Total Direct Debt (a)				11,970,000
Total Direct and Estimated Overlapping Debt				$32,997,102
Direct and Estimated Overlapping Debt as a Percentage of: 2020 Certified Taxable Assessed Valuation of $310,040,537				10.64%

(a) The Bonds and the Remaining Outstanding Bonds.

Overlapping Taxes

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

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

	Tax Rate per $100 of Taxable Assessed Valuation
Harris County (including Harris County Flood Control District, Harris County Hospital District, Harris County Department of Education and the Port of Houston Authority)	$ 0.604193
Tomball Independent School District	1.290000
Lone Star College System	0.107800
NorthPointe WICD	0.270000
Harris County Emergency Services District No. 11 (EMS)	0.333340
Harris County Emergency Services District No. 16 (Fire)	0.050000
Total Overlapping Tax Rate	$ 2.655333
The District	0.55000 (a)
Total Tax Rate	$ 3.20533

(a) See "TAX DATA—Historical Tax Rate Distribution."

TAX DATA

Debt Service Tax

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

Maintenance Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was conducted May 4, 2002, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 appraised valuation. The voters of the District have not yet authorized a maintenance tax for recreational facilities, but could do so in the future. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See “Debt Service Tax” above, “Tax Rate Distribution” below.

Tax Exemptions

For the tax year 2021, the District has adopted an exemption of $3,000 for disabled persons and persons sixty-five years of age or older. of See “TAXING PROCEDURES—Property Subject to Taxation by the District.”

Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	$ 0.425	$ 0.435	$ 0.460	$ 0.470	$ 0.485
Maintenance	0.125	0.125	0.110	0.115	0.105
Total	$ 0.550	$ 0.560	$ 0.570	$ 0.585	$ 0.590

Historical Tax Collections

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

Tax Year	Certified Taxable Assessed Valuation (a)	Tax Rate	Total (b) Tax Levy	Total Collections As of 12/31/2020 (c) Amount	Total Collections As of 12/31/2020 (c) Percent
2015	$ 256,669,730	$ 0.640	$1,642,683	$ 1,641,482	99.93%
2016	276,001,437	0.590	1,628,405	1,627,239	99.93%
2017	285,344,912	0.585	1,669,263	1,668,054	99.93%
2018	289,496,684	0.570	1,650,127	1,648,513	99.90%
2019	303,584,487	0.560	1,700,069	1,696,810	99.81%
2020	310,040,537	0.550	1,631,462	(d)	(d)

(a) As certified by the Appraisal District. See “Tax Roll Information” herein for gross appraised value and exemptions granted by the District.
(b) Represents actual tax levy, including any adjustments by the Appraisal District, as of the date of this OFFICIAL STATEMENT.
(c) Unaudited.
(d) In process of collections. 2020 taxes are due by January 31, 2021.

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2016 through 2020 Certified Taxable Assessed Valuation.

Tax Year	Type of Property: Land	Type of Property: Improvements	Type of Property: Personal Property	Gross Assessed Valuation	Deferments and Exemptions	Certified Taxable Assessed Valuation
2020	$ 63,636,601	$ 270,075,707	$ 2,043,594	$ 335,755,902	$(25,715,365)	$ 310,040,537
2019	52,879,259	271,695,225	2,740,814	327,315,298	(23,730,811)	303,584,487
2018	52,895,078	256,760,879	2,570,395	312,226,352	(22,729,668)	289,496,684
2017	51,993,482	251,837,761	3,407,386	307,238,629	(21,893,717)	285,344,912
2016	51,864,297	242,340,786	3,875,620	298,080,703	(22,079,266)	276,001,437

Principal Taxpayers

The following table represents the principal taxpayers, the taxable assessed value of such property, and such property's taxable assessed value as a percentage of the 2020 Certified Taxable Assessed Valuation of $310,040,537. This represents ownership as of January 1, 2020.

Taxpayer	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
Whitney Northpointe LLC (a)	$ 33,409,288	10.78%
Bonanza Property Dev LTD	9,790,809	3.16%
HBES Partners LLC	2,599,230	0.84%
Rambo Enterprise LLC	2,117,191	0.68%
Dunder Mifflin Properties LLC	1,205,389	0.39%
Centerpoint Energy Houston Electric	903,410	0.29%
Individual	638,929	0.21%
PAC NorthPointe LLC	450,431	0.15%
Individual	449,097	0.14%
Individual	427,053	0.14%
Total	$ 51,990,827	16.78%

(a) Apartment complex.

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation which would be required to meet average annual and maximum debt service requirements on the Bonds and the Remaining Outstanding Bonds if no growth in the District's tax base occurred beyond the 2020 Certified Taxable Assessed Valuation of $310,040,537. The calculations contained in the following table merely represent the tax rates required to pay principal of and interest on the Bonds and the Remaining Outstanding Bonds when due, assuming no further increase or any decrease in the taxable value in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "PLAN OF FINANCING—Debt Service Requirements."

Average Annual Debt Service Requirement (2021-2037) .... $ 856,355
$0.30 Tax Rate on the 2020 Certified Taxable Assessed Valuation .... $ 883,616

Maximum Annual Debt Service Requirement (2025).. $1,387,935
$0.48 Tax Rate on the 2020 Certified Taxable Assessed Valuation $1,413,785

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately-owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2021 tax year, the District has granted an exemption of $3,000 of assessed valuation for persons 65 years of age and older and to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran or, (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of (i) a member of the armed forces or, (ii) a first responder as defined under Texas law, who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For the 2020 tax year, the District has not granted a general residential homestead exemption .

Valuation of Property for Taxation

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

District and Taxpayer Remedies

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

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

Agricultural, Open Space, Timberland, and Inventory Deferment

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

Tax Abatement

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

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

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

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

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

The District: A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. For tax year 2020, the District has been designated as "Developed." The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation.

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outlook (COVID-19)

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

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

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

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

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

Hurricane Harvey

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

According to the Operator, the District's water and sewer system did not sustain any material damage and there was no interruption of water and sewer service. Further, the District did not receive reports of any homes within the District that experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

River (or Fluvial) Flood: 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 sheetflow overland. 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 floods are very dangerous and destructive not only because of the force of the water, but also the hurtling debris that is often swept up in the flow. They can occur within minutes or a few hours of excessive rainfall. They can also occur even if no rain has fallen, for instance, after a levee or dam has failed, or after a sudden release of water by a debris or ice jam. Controlled releases from a dam or levee also could potentially create a flooding condition in rivers or man-made drainage systems (canals or channels) downstream.

Ponding (or Pluvial) Flood: occurs when heavy rainfall creates a flood event independent of an overflowing water body, typically in relatively flat areas. Intense rainfall can over capacitate a drainage system which becomes trapped and flows out into streets and nearby structures until it reaches a natural outlet. Ponding can also occur in a flood pool upstream or behind a dam or levee.

Overlapping Debt and Combined Tax Rates

The District and approximately 1,328 other acres lie within NorthPointe WCID, which provides stormwater drainage and detention facilities for the property within its boundaries. Property in the District is subject to taxation by NorthPointe WCID. NorthPointe WCID's 2020 Certified Taxable Appraised Valuation is $1,308,195,618. The total 2020 tax rate of NorthPointe WCID was $0.27 per $100 of appraised valuation of which $0.15 is allocated to debt service and $0.12 to maintenance and operations. The District cannot represent whether any of the development planned or occurring in the District or in other areas of NorthPointe WCID will be successful or whether the appraised valuation of the land located within NorthPointe WCID will justify continued payment of the tax by property owners. Increases in NorthPointe WCID's tax rate could have an adverse impact on development and home sales within NorthPointe WCID and the District and the willingness of owners of property located within the District to pay ad valorem taxes levied on their property. North Point WCID currently has $16,895,000 in principal amount of bonds outstanding and is authorized to issue an additional $10,265,00 in unlimited tax bonds without further voter approval. See "THE SYSTEM—Flood Protection" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Estimated Overlapping Debt."

In addition, property located within the District is subject to taxation by various other governmental entities. The aggregate amount of taxes imposed by such entities could materially affect development and the sale of homes in the District. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (Unaudited)—Overlapping Taxes."

The 2020 combined tax rate of the District and NorthPointe WCID, including debt service and/or maintenance taxes, was $0.82 per $100 of assessed valuation. However, the tax rate that may be required to service debt on any bonds issued by the District and NorthPointe WCID is subject to numerous uncertainties such as the growth of taxable values within the boundaries of each (including growth of taxable values of properties outside the boundaries of the District but within the boundaries of NorthPointe WCID), the amount of direct unlimited tax bonds issued, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite tax rate will be competitive with the tax rates of competing projects in the Harris County region. To the extent that such composite tax rate is not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected.

Tax Collections Limitations and Foreclosure Remedies

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

Mandamus and Limitations on Registered Owners' Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Orders, or defaults in the observation or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, the Registered Owners have the right to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Orders. Except for mandamus, the Bond 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, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Orders may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

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

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

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

The District may not be placed into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $24,700,000 principal amount of unlimited tax bonds for acquiring and constructing water, sanitary sewer and drainage facilities and $2,560,000 principal amount of unlimited tax recreational facility bonds have been authorized by the District's voters. The District currently has $5,590,000 of principal amount of unlimited tax bonds for acquiring and constructing water, sanitary sewer and drainage facilities and $1,040,000 principal amount of unlimited tax bonds for the purpose of acquiring and constructing recreational facilities authorized but unissued. The District's voters have also authorized a total of $18,000,000 unlimited tax refunding bonds for the purpose of refunding outstanding bonds of the District and could authorize additional amounts. After issuance of the Bonds, the District will have $17,111,109.73 of principal amount of unlimited tax refunding bonds authorized but unissued. In addition, voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of, the Bonds.

The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to approval by the TCEQ pursuant to its rules regarding issuance and feasibility of bonds. Although the entire District is served with water distribution, wastewater collection and storm drainage facilities, future changes in health or environmental regulations or maintenance and/or replacement of the water, wastewater and storm drainage system could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. See "THE BONDS—Issuance of Additional Debt."

Marketability of the Bonds

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

Environmental Regulations

Wastewater treatment and water supply facilities are subject to stringent and complex environmental laws and regulations. Facilities must comply with environmental laws at the federal, state, and local levels. These laws and regulations can restrict or prohibit certain activities that affect the environment in many ways such as:

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

Compliance with environmental laws and regulations can increase the cost of planning, designing, constructing and operating water production and wastewater treatment facilities. Sanctions against a municipal utility district or other type of district ("Utility Districts") for failure to comply with environmental laws and regulations may include a variety of civil and criminal enforcement measures, including assessment of monetary penalties, imposition of remedial requirements, and injunctive relief as to future compliance of and the ability to operate the Utility District's water supply, wastewater treatment, and drainage facilities. Environmental laws and regulations can also impact an area's ability to grow and develop. The following is a discussion of certain environmental concerns that relate to Utility Districts, including the District. It should be noted that changes in environmental laws and regulations occur frequently, and any changes that result in more stringent and costly requirements could materially impact the District.

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.

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 adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

The HGB Area is currently designated as a "serious" nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2021. If the EPA ultimately determines that the HGB Area has failed to meet the attainment deadline based on the relevant data, the area is subject to reclassification to a nonattainment classification that provides for more stringent controls on emissions from the industrial sector. In addition, the EPA may impose a moratorium on the awarding of federal highway construction grants and other federal grants for certain public works construction projects if it finds that an area fails to demonstrate progress in reducing ozone levels.

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

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

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

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

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

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

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

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

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

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

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

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has entered into an agreement with Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") for the purchase of a municipal bond insurance policy (the "Policy"). At the time of entering into the agreement, the Insurer was rated "AA" (stable outlook) by S&P and "A2" (stable outlook) by Moody's. See "MUNICIPAL BOND INSURANCE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the insurer and its claims paying ability. The 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 insurer and of the ratings on the Bonds insured by the insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) of the Bonds. See description of "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE."

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

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

Future Legislation

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

Continuing Compliance with Certain Covenants

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

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

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

MUNICIPAL BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and Moody's Investors Service, Inc. ("Moody's") is expected to assign municipal bond ratings of "AA" (stable outlook) and "A2" (stable outlook, respectively, 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 Assured Guaranty Municipal Corp. Moody's has also assigned an underlying rating of "A3" to the Bonds. An explanation of the ratings may be obtained from S&P and Moody's.

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

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On 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 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 "MUNICIPAL 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 "MUNICIPAL BOND INSURANCE."

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Public Finance Partners LLC, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash held by the Escrow Agent pursuant to the Escrow Agreement for the payment of the Refunded Bonds; (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes; and (c) compliance with the City of Houston Ordinance 97-416.

Public Finance Partners LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Public Finance Partners LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel.

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriter a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. The District will also furnish the legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel to the District, to the effect that interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under existing laws and not subject to the alternative minimum tax on individuals, or, except as described therein, corporations.

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

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this OFFICIAL STATEMENT under the captioned sections "PLAN OF FINANCING—Escrow Agreement," and "—Defeasance of the Refunded Bonds" (but only insofar as such section relates to the legal opinion of Bond Counsel), "THE BONDS," "THE DISTRICT—General," "MANAGEMENT OF THE DISTRICT—District Consultants—Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS—Legal Opinions" (but only insofar as such section relates to the legal opinion of Bond Counsel) solely to determine whether such information fairly summarizes the law and documents referred to therein. In its capacity as Special Tax Counsel, McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, has reviewed the information appearing in this OFFICIAL STATEMENT under the caption "LEGAL MATTERS—Legal Opinions" (insofar as such section relates to the legal opinion of Special Tax Counsel) and "TAX MATTERS" solely to determine whether such information fairly summarizes the law referred to therein. Such firms have not independently verified factual information contained in this OFFICIAL STATEMENT, nor have such firms conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this OFFICIAL STATEMENT. No person is entitled to rely upon such firms' limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

TAX MATTERS

Tax Exemption

On the date of initial delivery of the Bonds, McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel, will render their opinion that, in accordance with statutes, regulations, published rulings and court decisions existing on the date thereof ("Existing Law"), (1) interest on the Bonds for federal income tax purposes will be excludable from the "gross income" of the holders thereof and (2) the Bonds will not be treated as "specified private activity bonds" the interest on which would be included as an alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, Special Tax Counsel 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 their opinion, Special Tax Counsel will rely upon (a) the opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District's federal tax certificate and the verification report prepared by Public Finance Partners LLC and (c) covenants of the District with respect to arbitrage, the application of the proceeds to be received from the issuance and sale of the Bonds and certain other matters. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the District, as well as the failure to observe the aforementioned representations or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

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

Collateral Federal Income Tax Consequences

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

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

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

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

State, Local and Foreign Taxes

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

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible in determining the taxpayer's taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer that is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," that are designated by a "qualified small issuer" as "qualified tax-exempt obligations." A "qualified small issuer" is any governmental issuer (together with any "on- behalf of" and "subordinate" issuers) who issues no more than $10,000,000 of tax-exempt obligations during the calendar year. Section 265(b)(5) of the Code defines the term "financial institution" as any "bank" described in Section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person's trade or business that is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265(b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank," as defined in Section 585(1)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty-percent (20%) as a "financial institution preference item."

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

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

Consultants

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

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

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the system and, in particular that information included in the sections entitled "THE DISTRICT," and "THE SYSTEM" has been provided by Benchmark Engineering Corporation and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

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

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

Because the principal amount of the Bonds is less than $1,000,000, the offering of the Bonds is not subject to the requirements of Securities and Exchange Commission Rule 15c2-12.

In the Bond Orders authorizing the issuance of the Outstanding Bonds, the District has made certain agreements for the benefit of the registered and beneficial owners of the Outstanding Bonds previously issued by the District. The District is required to observe the agreements for so long as it remains obligated to advance funds to pay the Outstanding Bonds. Under the agreements, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). Please refer to the section entitled "CONTINUING DISCLOSURE OF INFORMATION" in the Official Statements for the Outstanding Bonds for a summary of the District's prior continuing disclosure agreements.

Compliance With Prior Undertakings

The District has complied in all material respects with all continuing disclosure undertaking agreements made by it in accordance with SEC Rule 15c2-12 except that certain information with respect to Overlapping Debt and Tax Exemptions was not included with financial information for 2013 through 2018. Such information, together with a notice of late filing, has been filed.

MISCELLANEOUS

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

/s/ Robert Crain
President, Board of Directors

ATTEST:

/s/ Paul C. Hicks
Secretary, Board of Directors

APPENDIX A

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

The information contained in this appendix includes the audited financial statements of Harris County Municipal Utility District No. 281 and certain supplemental information for the fiscal year ended July 31, 2020.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281

OF HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281

OF HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JULY 31, 2020

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McCALL GIBSON SWEDLUND BARFOOT PLLC
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 281
of Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 281, of Harris County, Texas (the "District"), as of and for the year ended July 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Harris County Municipal
Utility District No. 281
of Harris County, Texas

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 July 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund and Special Revenue 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

November 2, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JULY 31, 2020

Management's discussion and analysis of Harris County Municipal Utility District No. 281, of Harris County, Texas (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended July 31, 2020. 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 governmental-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 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. However, full evaluation of the overall financial 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, costs and general expenditures. The Special Revenue Fund accounts for financial resources collected and administered by the District for the operation of the joint water plant. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes.

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $4,860,810 as of July 31, 2020.

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

The following is a comparative analysis of government-wide changes in net position as of July 31, 2020, and July 31, 2019:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 6,660,283	$ 5,990,802	$ 669,481
Capital Assets (Net of Accumulated Depreciation)	12,289,590	12,750,769	(461,179)
Total Assets	$ 18,949,873	$ 18,741,571	$ 208,302
Deferred Outflows of Resources	$ 234,528	$ 254,798	$ (20,270)
Long -Term Liabilities	$ 12,237,572	$ 13,210,968	$ 973,396
Other Liabilities	2,086,019	1,825,013	(261,006)
Total Liabilities	$ 14,323,591	$ 15,035,981	$ 712,390
Net Position:			
Net Investment in Capital Assets	$ (653,454)	$ (1,095,401)	$ 441,947
Restricted	2,236,601	2,266,395	(29,794)
Unrestricted	3,277,663	2,789,394	488,269
Total Net Position	$ 4,860,810	$ 3,960,388	$ 900,422

The following table provides a summary of the District's operations for the years ended July 31, 2020, and July 31, 2019. The District's net position increased by $900,422.

Summary of Changes in the Statement of Activities

	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 1,683,586	$ 1,654,099	$ 29,487
Charges for Services	3,112,032	2,710,558	401,474
Other Revenues	147,927	142,261	5,666
Total Revenues	$ 4,943,545	$ 4,506,918	$ 436,627
Expenses for Services	4,043,123	3,849,665	(193,458)
Change in Net Position	$ 900,422	$ 657,253	$ 243,169
Net Position, Beginning of Year	3,960,388	3,303,135	657,253
Net Position, End of Year	$ 4,860,810	$ 3,960,388	$ 900,422

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of July 31, 2020, were $5,647,476, an increase of $482,939 from the prior year.

The General Fund fund balance increased by $491,328, primarily due to service revenues exceeding operating expenditures.

The Special Revenue Fund fund is revenue neutral.

The Debt Service Fund fund balance decreased by $8,389, primarily due to the structure of the District's outstanding debt.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors did not amend the budget during the current fiscal year. Actual revenues were $205,084 more than budgeted revenues, primarily due to higher than expected revenues across most categories. Actual expenditures were $61,989 more than budgeted expenditures, primarily due to higher than expected repairs and maintenance expenditures, purchased water expenditures, professional fees, and contracted services expenditures.

CAPITAL ASSETS

The District's capital assets as of July 31, 2020, amount to $12,289,590 (net of accumulated depreciation). These capital assets include land, buildings and equipment as well as the water, wastewater and drainage systems. Major capital asset activity during the current fiscal year includes costs associated with the joint water plant ground aerator rehabilitation.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 269,543	$ 269,543	$ -0-
Capital Assets, Net of Accumulated Depreciation:			
Irrigation, Landscape and Sidewalks	31,234	43,426	(12,192)
Water System	7,548,510	7,841,073	(292,563)
Wastewater System	2,992,736	3,092,192	(99,456)
Drainage System	700,180	722,931	(22,751)
Capacity Interest in NorthPointe Regional Wastewater Treatment Plant	747,387	781,604	(34,217)
Total Net Capital Assets	$ 12,289,590	$ 12,750,769	$ (461,179)

LONG-TERM DEBT ACTIVITY

As of July 31, 2020, the District had total bond debt payable of $12,830,000.

The changes in the debt position of the District during the fiscal year ended July 31, 2020, are summarized as follows:

Bond Debt Payable, August 1, 2019	$ 13,720,000
Less: Bond Principal Paid	890,000
Bond Debt Payable, July 31, 2020	$ 12,830,000

The District's bonds carry an underlying rating of "BBB+", with the exception of the Series 2016 Refunding and Series 2019 Refunding bonds which carry an underlying rating of "A3". The Series 2012 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issued by Assured Guaranty Corporation. The Series 2014 Refunding, Series 2016 Refunding and Series 2019 Refunding bonds carry an insured rating of "AA" by virtue of bond insurance issue by Build America Mutual. Credit enhanced ratings provided through bond insurance policies are subject to change based on the rating of the bond insurance company. The above ratings are as of July 31, 2020 and reflect all rating changes through the fiscal year end.

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 Harris County Municipal Utility District No. 281 c/o Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, TX 77056-3012.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2020

	General Fund	Special Revenue Fund
ASSETS		
Cash	$ 145,064	$ 40,781
Investments	3,172,441	
Receivables:		
Property Taxes	2,623	
Penalty and Interest on Delinquent Taxes		
Service Accounts (Net of Allowance for Uncollectible Accounts of $-0-)	168,016	
Accrued Interest	28,466	
Other	1,125	
Due from Other Funds	22,174	194,708
Prepaid Costs	8,637	
Due from Other Governmental Units	1,046	587,382
Advance for Water Plant Operations	83,023	
Advance for Regional Wastewater Treatment Plant Operations	38,626	
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 3,671,241	$ 822,871
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 3,671,241	$ 822,871

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

Debt Service Fund	Total	Adjustments	Statement of Net Position
$ 95,230	$ 281,075	$	$ 281,075
2,306,183	5,478,624		5,478,624
10,399	13,022		13,022
		1,811	1,811
	168,016		168,016
16,421	44,887		44,887
	1,125		1,125
	216,882	(216,882)	
	8,637	36,032	44,669
	588,428		588,428
	83,023	(83,023)	
	38,626		38,626
		269,543	269,543
		12,020,047	12,020,047
$ 2,428,233	$ 6,922,345	$ 12,027,528	$ 18,949,873
$ -0-	$ -0-	$ 234,528	$ 234,528
$ 2,428,233	$ 6,922,345	$ 12,262,056	$ 19,184,401

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JULY 31, 2020

	General Fund	Special Revenue Fund
LIABILITIES		
Accounts Payable	$ 92,982	$ 466,014
Accrued Interest Payable		
Due to Other Funds	194,708	13,363
Due to Taxpayers		
Security Deposits	141,920	
Advance for Water Plant Operations		343,494
Long-Term Liabilities:		
Due Within One Year		
Due After One Year		
TOTAL LIABILITIES	$ 429,610	$ 822,871
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 2,623	$ -0-
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 8,637	$
For Water Plant Operations	83,023	
For Regional Wastewater Treatment Plant Operations	38,626	
Restricted for Debt Service		
Unassigned	3,108,722	
TOTAL FUND BALANCES	$ 3,239,008	$ - 0 -
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 3,671,241	$ 822,871
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Debt Service Fund	Total	Adjustments	Statement of Net Position
$	$ 558,996	$	$ 558,996
		184,077	184,077
8,811	216,882	(216,882)	
555	555		555
	141,920		141,920
	343,494	(83,023)	260,471
		940,000	940,000
		12,237,572	12,237,572
$ 9,366	$ 1,261,847	$ 13,061,744	$ 14,323,591
$ 10,399	$ 13,022	$ (13,022)	$ -0-
$	$ 8,637	$ (8,637)	$
	83,023	(83,023)	
	38,626	(38,626)	
2,408,468	2,408,468	(2,408,468)	
	3,108,722	(3,108,722)	
$ 2,408,468	$ 5,647,476	$ (5,647,476)	$ - 0 -
$ 2,428,233	$ 6,922,345		
		$ (653,454)	$ (653,454)
		2,236,601	2,236,601
		3,277,663	3,277,663
		$ 4,860,810	$ 4,860,810

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JULY 31, 2020

Total Fund Balances - Governmental Funds		$ 5,647,476
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 outlow in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.		234,528
Prepaid bond insurance is amortized over the term of the refunding bonds.		36,032
Land and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		12,289,590
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		14,833
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:		
Accrued Interest Payable	$ (184,077)	
Bonds Payable Within One Year	(940,000)	
Bonds Payable After One Year	(12,237,572)	(13,361,649)
Total Net Position - Governmental Activities		$ 4,860,810

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JULY 31, 2020

	General Fund	Special Revenue Fund
REVENUES		
Property Taxes	$ 375,998	$
Water Service	360,324	2,264,663
Wastewater Service	535,092	
Regional Water Authority Fees	584,980	
Penalty and Interest	13,284	
Tap Connection and Inspection Fees	8,198	
Investment Revenues	58,635	340
Miscellaneous Revenues	51,714	
TOTAL REVENUES	$ 1,988,225	$ 2,265,003
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 101,497	$ 11,482
Contracted Services	404,437	63,402
Purchased Water Service	665,167	
Purchased Wastewater Service	127,797	
Utilities	7,191	138,973
Regional Water Authority Assessment		1,828,790
Repairs and Maintenance	129,990	108,938
Depreciation		
Other	60,818	65,858
Capital Outlay		47,560
Debt Service:		
Bond Principal		
Bond Interest		
TOTAL EXPENDITURES/EXPENSES	$ 1,496,897	$ 2,265,003
NET CHANGE IN FUND BALANCES	$ 491,328	$ - 0 -
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - AUGUST 1, 2019	2,747,680	
FUND BALANCES/NET POSITION - JULY 31, 2020	$ 3,239,008	$ -0-

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

Debt Service Fund	Total	Adjustments	Statement of Activities
$ 1,307,013	$ 1,683,011	$ 575	$ 1,683,586
	2,624,987	(665,167)	1,959,820
	535,092		535,092
	584,980		584,980
10,922	24,206	(264)	23,942
	8,198		8,198
34,013	92,988		92,988
3,225	54,939		54,939
$ 1,355,173	$ 5,608,401	$ (664,856)	$ 4,943,545
$ 1,348	$ 114,327	$	$ 114,327
31,122	498,961		498,961
	665,167	(665,167)	
	127,797		127,797
	146,164		146,164
	1,828,790		1,828,790
	238,928		238,928
		508,739	508,739
15,924	142,600		142,600
	47,560	(47,560)	
890,000	890,000	(890,000)	
425,168	425,168	11,649	436,817
$ 1,363,562	$ 5,125,462	$ (1,082,339)	$ 4,043,123
$ (8,389)	$ 482,939	$ (482,939)	$
		900,422	900,422
2,416,857	5,164,537	(1,204,149)	3,960,388
$ 2,408,468	$ 5,647,476	$ (786,666)	$ 4,860,810

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2020

Net Change in Fund Balances - Governmental Funds	$	482,939
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.		575
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.		(264)
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.		(508,739)
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.		47,560
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.		890,000
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.		(11,649)
Change in Net Position - Governmental Activities	$	900,422

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

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 281, of Harris County, Texas (the "District") was created effective May 28, 1986, by an Order of the Texas Water Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 54 and 49 of the Texas Water Code and Article XVI, Section 59, of the Texas Constitution, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on June 27, 1986, and the first bonds were sold on October 7, 2004.

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.

The District has entered into a Waste Disposal Agreement with Northwest Harris County Municipal Utility District No. 15 ("No. 15"), Harris County Municipal Utility District No. 273 ("No. 273"), Harris County Municipal Utility District No. 280 ("No. 280"), Harris County Municipal Utility District No. 282 ("No. 282"), and Northwest Harris County Municipal Utility District No. 5 ("No. 5") for waste disposal through the NorthPointe Regional Wastewater Treatment Plant. Currently, No. 15 has operating and oversight responsibility over the wastewater treatment plant. Additional disclosure concerning this joint venture is provided in Note 8.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has entered into a joint venture with No. 15, No. 280 and No. 282 for water service through a joint water plant. The District has operating and oversight responsibility for these facilities. Since the District exercises operating and oversight responsibility for the joint water plant, the plant's operations are accounted for in the Special Revenue Fund of the District. Additional disclosure concerning this joint venture is provided in Note 9. The District does not issue separate financial statements for the joint water plant.

Financial Statement Presentation

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements

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

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

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

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

Special Revenue Fund - To account for financial resources collected and administered by the District for the operation of a joint water plant.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 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.

In some facilities, contract terms state that multiple parties may have a capacity interest in the facilities with only one party having physical ownership of the facility. In this scenario, the entity having physical ownership records the entire cost of the capital asset on its books and the other parties, with a capacity interest in the facility, have an intangible asset to record and amortize over the life of the contract. There are other intergovernmental contracts that set forth terms of a shared ownership in facilities for which each contract participant records its ownership share of the capital asset and depreciates the asset over its estimated useful life.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

Budgeting

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

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service 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.

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

Unassigned: all other spendable amounts in the General Fund.

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

Accounting Estimates

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

NOTE 3. LONG-TERM DEBT

	Refunding Series 2012	Series 2012A	Series 2012B
Amount Outstanding – July 31, 2020	$330,000	$515,000	$1,080,000
Interest Rates	3.50%	3.00%-4.30%	3.25%-4.25%
Maturity Date	September 1, 2020/2021	September 1, 2020/2037	September 1, 2020/2037
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2019*	September 1, 2019*	September 1, 2019*

	Refunding Series 2014	Refunding Series 2016	Refunding Series 2019
Amount Outstanding – July 31, 2020	$5,270,000	$2,355,000	$3,280,000
Interest Rates	3.00%-4.25%	3.00%-4.00%	2.00%-3.00%
Maturity Date	September 1, 2020/2030	September 1, 2020/2031	September 1, 2020/2034
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2022*	September 1, 2023*	September 1, 2024*

* Or any date thereafter at a price of par plus unpaid accrued interest in whole or in part, at the option of the District. Series 2012 term bonds maturing on September 1, 2021 are subject to mandatory redemption by random selection beginning September 1, 2020. Series 2012A term bonds maturing on September 1, 2021, September 1, 2023, September 1, 2025, September 1, 2027, September 1, 2029, September 1, 2033, and September 1, 2037, are subject to mandatory redemption by random selection beginning September 1, 2020, September 1, 2022, September 1, 2024, September 1, 2026, September 1, 2028, September 1, 2030, and September 1, 2034, respectively. Series 2012B term bonds maturing on September 1, 2014, September 1, 2016, September 1, 2019, September 1, 2022, September 1, 2025, September 1, 2029, September 1, 2033 and September 1, 2037, are subject to mandatory redemption by random selection beginning September 1, 2013, September 1, 2015, September 1, 2017, September 1, 2020, September 1, 2023, September 1, 2026, September 1, 2030, and September 1, 2034, respectively. Series 2019 term bonds maturing on September 1, 2032 and September 1, 2034, are subject to mandatory redemption by random selection beginning September 1, 2031, and September 1, 2033, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

The following is a summary of transactions regarding bonds payable for the year ended July 31, 2020:

	August 1, 2019	Additions	Retirements	July 31, 2020
Bonds Payable	$ 13,720,000	$	$ 890,000	$ 12,830,000
Unamortized Discounts	(28,694)		(1,833)	(26,861)
Unamortized Premiums	409,662		35,229	374,433
Total Long-Term Liabilities	$ 14,100,968	$ -0-	$ 923,396	$ 13,177,572

Amount Due Within One Year	$ 940,000
Amount Due After One Year	12,237,572
Total Long-Term Liabilities	$ 13,177,572

As of July 31, 2020, the District had authorized but unissued bonds in the amount of $5,590,000 for water, sanitary sewer and drainage bonds, $17,216,908 for refunding bonds and $1,040,000 for recreational facility bonds.

As of July 31, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 940,000	$ 427,885	$ 1,367,885
2022	970,000	399,585	1,369,585
2023	995,000	371,647	1,366,647
2024	1,025,000	344,072	1,369,072
2025	1,045,000	313,584	1,358,584
2026-2030	5,880,000	954,784	6,834,784
2031-2035	1,720,000	159,391	1,879,391
2036-2038	255,000	16,314	271,314
	$ 12,830,000	$ 2,987,262	$ 15,817,262

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.

During the year ended July 31, 2020, the District levied an ad valorem debt service tax rate of $0.435 per $100 of assessed valuation, which resulted in a tax levy of $1,320,593 on the adjusted taxable valuation of $303,585,389 for the 2019 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

NOTE 3. LONG-TERM DEBT (Continued)

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

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

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year end, the carrying amount of the District's deposits was $3,161,075 and the bank balance was $3,179,140. 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 July 31, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 145,064	$ 2,160,000	$ 2,305,064
SPECIAL REVENUE FUND	40,781		40,781
DEBT SERVICE FUND	95,230	720,000	815,230
TOTAL DEPOSITS	$ 281,075	$ 2,880,000	$ 3,161,075

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 also invests in Texas Cooperative Liquid Assets Securities System Trust ("Texas CLASS"), an external public funds investment pool that is not SEC-registered. Public Trust Advisors, LLC serves as the pool's administrator and investment advisor. The pool is subject to the general supervision of the Board of Trustees and its Advisory Board. Wells Fargo Bank, N.A. serves as custodian for the pool. Investments held by Texas CLASS are priced to market on a weekly basis. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from Texas CLASS.

The District records its investments in certificates of deposit at acquisition cost.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

As of July 31, 2020, the District had the following investments and maturities:

		Maturities in Years			
Fund and Investment Type	Fair Value	Less Than 1	1-5	6-10	More Than 10
GENERAL FUND					
Texas CLASS	$ 1,012,441	$ 1,012,441	$	$	$
Certificates of Deposit	2,160,000	2,160,000			
DEBT SERVICE FUND					
Texas CLASS	$ 1,586,183	$ 1,586,183	$	$	$
Certificates of Deposit	720,000	720,000			
TOTAL INVESTMENTS	$ 5,478,624	$ 5,478,624	$ - 0 -	$ - 0 -	$ - 0 -

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At July 31, 2020, the District's investment in Texas CLASS were rated "AAAm" by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in Texas CLASS 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 Special Revenue Fund are restricted for Water Plant No. 2 and Water Plant No. 3 operations.

NOTE 6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended July 31, 2020:

	August 1, 2019	Increases	Decreases	July 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 269,543	$ - 0 -	$ - 0 -	$ 269,543
Capital Assets Subject to Depreciation				
Irrigation, Landscape and Sidewalks	$ 572,539	$	$	$ 572,539
Water System	11,730,546	47,560		11,778,106
Wastewater System	4,463,310			4,463,310
Drainage System	1,050,393			1,050,393
Capacity Interest in NorthPointe Regional Wastewater Treatment Plant	1,323,938			1,323,938
Total Capital Assets Subject to Depreciation	$ 19,140,726	$ 47,560	$ -0-	$ 19,188,286
Less Accumulated Depreciation				
Irrigation, Landscape and Sidewalks	$ 529,113	$ 12,192	$	$ 541,305
Water System	3,889,473	340,123		4,229,596
Wastewater System	1,371,118	99,456		1,470,574
Drainage System	327,462	22,751		350,213
Capacity Interest in NorthPointe Regional Wastewater Treatment Plant	542,334	34,217		576,551
Total Accumulated Depreciation	$ 6,659,500	$ 508,739	$ -0-	$ 7,168,239
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 12,481,226	$ (461,179)	$ -0-	$ 12,020,047
Total Capital Assets, Net of Accumulated Depreciation	$ 12,750,769	$ (461,179)	$ -0-	$ 12,289,590

As discussed in Note 9, the District has physical ownership of Water Plant No. 2 and Water Plant No. 3. The District has capitalized the cost of the plants and is depreciating them over its estimated useful life. As Harris County (the "County") accepts operations and maintenance of the storm sewer facilities, the District records a conveyance of these facilities to the County. Any storm sewer facilities not conveyed to the County as of July 31, 2020, have been recorded as capital assets of the District.

NOTE 7. MAINTENANCE TAX

On May 4, 2002, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.50 per $100 of assessed valuation of taxable property within the District. This maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks, wastewater and system. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.125 per $100 of assessed valuation, which resulted in a tax levy of $379,481 on the taxable valuation of $303,585,389 for the 2019 tax year.

NOTE 8. WASTE DISPOSAL AGREEMENT

On October 22, 1984, the District, Northwest Harris County Municipal Utility District No. 15 ("No. 15"), Harris County Municipal Utility District No. 273 ("No. 273"), Harris County Municipal Utility District No. 280 ("No. 280"), Harris County Municipal Utility District No. 282 ("No. 282") and Harris County Municipal Utility District No. 283 ("No. 283") entered into a waste disposal agreement to, among other things, allocate each district's pro rata share of capacity in the NorthPointe Regional Wastewater Treatment Plant. On May 16, 2001, the existing parties executed a first amendment to, among other things, add Northwest Harris County Municipal Utility District No. 5 ("No. 5") as a party to the agreement, provide for expansion of the plant and allocate capacity in the enlarged plant. Certain land within the District and No. 282 has been excluded from the respective districts and annexed into No. 5. On June 25, 2003, the districts entered into a second amendment to the waste disposal agreement to expand the service area of the plant and to change the description of the No. 5 tract to include additional land that is within the boundaries of No. 5 and land that is intended to be annexed into No. 5.

On June 1, 2005, the districts entered into a third amendment to the waste disposal agreement. In accordance with the third amendment, No. 283 has been removed as a party to the agreement since it was dissolved on February 27, 2004. The District also determined that it currently required only 283,500 gallons per day capacity in the plant. The District had been allocated 519,450 gallons per day capacity in the plant. In accordance with the agreement, the District determined to transfer the 235,950 gallons of surplus capacity and corresponding ownership interest in the plant to No. 282.

On May 24, 2006, the districts entered into a fourth amendment to the waste disposal agreement. This amendment provides for the expansion of the plant by 1,053,350 gallons per day. The District will be allocated 45,000 gallons per day and No. 5 will be allocated 1,008,350 gallons per day. This expansion was completed on November 19, 2007. The amendment also extended the date of conveyance of the plant to the District from No. 15 until June 25, 2008.

On March 26, 2008, the districts entered into the fifth amendment to the waste disposal agreement. In accordance with the amendment, it was agreed that No. 15 would retain ownership of the plant and would no longer be required to transfer such to the District unless and until the districts with beneficial ownership of at least two-thirds (2/3) of the then existing capacity in the plant vote to transfer legal title to and operational responsibility for the plant to

NOTE 8. WASTE DISPOSAL AGREEMENT (Continued)

another district, with such vote not to occur before January 1, 2011, if at all.

The term of the agreement is for a period of 40 years from the date of the eighth amendment.

Effective March 1, 2010, the districts entered into the sixth amendment to the waste disposal agreement. The District purchased from No. 5 28,350 gallons per day of wastewater treatment plant capacity that No. 5 had determined was a portion of its surplus capacity in the plant.

Effective June 3, 2015, No. 282 entered into a purchase and sales agreement for wastewater treatment plant capacity in which No. 282 purchased from No. 5 an additional 70,000 gallons per day. In addition, effective July 1, 2015, No. 273 and No. 5 entered into a purchase and sales agreement for wastewater treatment plant capacity in which No. 273 purchased from No. 5 148,000 gallons per day.

Effective September 1, 2015, the districts entered into a seventh amendment to the waste disposal agreement. This amendment reallocated and redefined ownership interests in the plant based on the purchases noted above.

Effective January 30, 2019, the districts entered into an eighth amendment to the waste disposal agreement. This amendment updated the meetings, functions, and scope of authority of the Operations Committee related to approving operating and maintenance expenses related to the plant, and the scope of authority of the operating party to approve and incur operation and maintenance expenses relating to the plant independent of, and without the need to obtain pre-approval from, the Operations Committee. This amendment also extended the term of the agreement.

The participating districts and their current respective pro rata share of capacity in the plant are as follows:

	Capacity in Gallons Per Day	Proportionate Share
No. 15	676,095	25.87%
No. 273	148,000	5.66
No. 280	317,205	12.14
The District	356,850	13.65
No. 5	809,250	30.97
No. 282	305,950	11.71
	2,613,350	100.00%

NOTE 8. WASTE DISPOSAL AGREEMENT (Continued)

Each party owning capacity in the plant has appointed one member of its Board of Directors or its general manager to serve on an operations committee to oversee the operation and maintenance of the plant. All costs and expenses incurred in connection with the meetings and activities of the operations committee shall be expenses of the plant.

The following summary of financial data on the plant is presented for the fiscal year ended September 30, 2019. A copy of the financial statements for No. 15 can be obtained by contacting Schwartz, Page & Harding, L.L.P., 1300 Post Oak Blvd., Suite 1400, Houston, TX 77056-3012.

	General Fund
Total Assets	$ 324,384
Total Liabilities	251,177
Total Fund Balance	$ 73,207
Total Revenues	$ 884,551
Total Expenditures	884,551
Excess (Deficiency) of Revenues Over Expenditures	$ -0-
Other Financing Sources – Transfers In	5,561
Fund Balance, Beginning of Year	67,646
Fund Balance, End of Year	$ 73,207

During the current fiscal year, the District recorded expenditures in the amount of $127,797 in relation to this agreement and has funded a reserve in the amount of $38,626.

NOTE 9. PERMANENT AND EMERGENCY WATER SUPPLY CONTRACT

On October 1, 1997, and for a term of 40 years, the District executed a Permanent and Emergency Water Supply Contract with No. 280 and No. 15. In accordance with the provisions of the contract, Phase I of Water Plant No. 2 was constructed and placed in service on April 16, 1999. In accordance with the First Amendment to the agreement, effective June 6, 2000, the District had 18.84% of capacity in Phase I of Water Plant No. 2. It was agreed in the contract that ultimately the District would be the owner of Water Plant No. 2 for the benefit of the participating districts. During the 2006 fiscal year, No. 280 conveyed physical ownership of Water Plant No. 2 to the District and the District assumed oversight responsibility of the plant. In the initial plan for Phase I of Water Plant No. 2, No. 280 leased certain facilities included in Water Plant No. 1 owned by No. 15.

NOTE 9. PERMANENT AND EMERGENCY WATER SUPPLY CONTRACT (Continued)

Phase II and Phase III of Water Plant No. 2 were constructed to include additional storage and pressure facilities. Upon completion of Phase II and Phase III of Water Plant No. 2, each district's pro rata share of capacity in the well and pump and the other components were as reflected below:

	Well and Pump	Other Components
No. 280	42.44%	57.85%
No. 15	26.64	-0-
The District	30.92	42.15
	100.00%	100.00%

On December 1, 2005, the Second Amendment to the agreement was approved. In accordance with this amendment, No. 282 was added as a party to this agreement to participate in the construction of Phase IV of Water Plant No. 2. Each district's share of the Phase IV construction costs was paid in accordance with the cost percentages outlined in the agreement. Until completion of Phase IV construction, the District, No. 280 and No. 15 paid all operation and maintenance expenses in accordance with the above listed percentages. On November 19, 2007, construction of Phase IV of Water Plant No. 2 was completed.

On February 6, 2017, the Fourth Amendment to the agreement was approved to revise the proportionate shares of fixed costs for monthly operation and maintenance expenses that each district pays for Water Plant No. 2. These costs are allocated between fixed costs and variable costs. Fixed costs for Water Plant No. 2 are divided between ordinary expenses and component-specific repairs. In accordance with the agreement, all fixed costs deemed to be ordinary expenses are billed to each district at the percentages as follows:

	Percentages
No. 280	25.98%
No. 282	29.97
No. 15	16.31
The District	27.74
	100.00%

All fixed costs for Water Plant No. 2 deemed to be component-specific repairs, are billed to each district based on the following percentages:

NOTE 9. PERMANENT AND EMERGENCY WATER SUPPLY CONTRACT (Continued)

	Water Well and Pump	Ground Storage	Auxiliary Power	All Other Components
No. 280	25.98%	31.04%	25.98%	31.04%
No. 282	29.97	35.81	29.97	35.81
No. 15	16.31	-0-	16.31	-0-
The District	27.74	33.15	27.74	33.15
	100.00%	100.00%	100.00%	100.00%

Variable costs are currently calculated as follows based on the agreement. The proportionate share of variable costs to be paid by No. 15 are based upon its actual water usage during any given month, in proportion to the entire amount of usage of water from Water Plant No. 2. The remaining variable costs are allocated between No. 280, No. 282 and the District. No. 280, No. 282 and the District's share of variable costs are allocated based upon its percentage of connections being served by Water Plant No. 2 as a total of all connections being served by each of the three districts.

On April 4, 2012, the Third Amendment to the agreement was approved. In accordance with this amendment, the District, No. 280, and No. 282 agree to participate in the construction of Phase I of Water Plant No. 3. Each district's share of the Phase I of Water Plant No. 3 construction costs were in accordance with the cost percentages outlined in the agreement. Construction has been completed. No. 15 does not have any responsibility as to the operations and maintenance costs of Phase I of Water Plant No. 3.

On February 6, 2017, the Fourth Amendment to the agreement was approved to require Phase II of Water Plant No. 3 to be maintained in the same manner as Phase I of Water Plant No. 3 and to revise the proportionate shares of fixed costs for monthly operation and maintenance expenses that each district pays for Water Plant No. 3. These costs are allocated between fixed costs and variable costs. Fixed costs for Water Plant No. 3 are divided between ordinary expenses and component-specific repairs. In accordance with the agreement, all fixed costs deemed to be ordinary expenses are billed to each district at the percentages as follows:

	Percentages
No. 280	31.04%
No. 282	35.81
The District	33.15
	100.00%

All fixed costs for Water Plant No. 3 deemed to be component-specific repairs are billed to each district based on the following percentages:

NOTE 9. PERMANENT AND EMERGENCY WATER SUPPLY CONTRACT (Continued)

	Booster Pump	Ground Storage	Pressure Tank	All Other Components
No. 280	31.04%	31.04%	31.04%	31.04%
No. 282	35.81	35.81	35.81	35.81
The District	33.15	33.15	33.15	33.15
	100.00%	100.00%	100.00%	100.00%

As of July 31, 2020, a reserve of $343,494 has been funded with the District's share being $83,023. The District has also recorded an expenditure of $665,167 for purchased water during the current fiscal year.

NOTE 10. 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 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the seventy-fifth Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals. The Authority has entered into a contract for purchase of surface water from the City of Houston, Texas to assure that its participants comply with the Harris-Galveston Subsidence District ("HGSD") pumpage requirements, which mandate that districts within HGSD boundaries, including the District, to convert a percentage of its water use to surface water over a period of time. A five-member board of directors governs the Authority. The directors serve staggered four-year terms. The Authority currently charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee being charged is $4.25 per 1,000 gallons of water pumped from each well. During the current fiscal year, Water Plant No. 2 and No. 3 recorded expenditures of $1,828,790 related to these fees.

NOTE 12. INTERFUND LIABILITIES

As of July 31, 2020, the Debt Service Fund owed the General Fund $8,811 for maintenance tax collections, the General Fund owed the Special Revenue Fund $194,708 for operating costs of Water Plant No. 2 and No. 3, and the Special Revenue Fund owed the General Fund $13,363 for administration.

NOTE 13. UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281

REQUIRED SUPPLEMENTARY INFORMATION

JULY 31, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JULY 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 327,955	$ 375,998	$ 48,043
Water Service	320,000	360,324	40,324
Wastewater Service	520,000	535,092	15,092
Regional Water Authority Fee	502,036	584,980	82,944
Penalty and Interest	16,000	13,284	(2,716)
Tap Connection and Inspection Fees	3,500	8,198	4,698
Investment Revenues	45,150	58,635	13,485
Miscellaneous Revenues	48,500	51,714	3,214
TOTAL REVENUES	$ 1,783,141	$ 1,988,225	$ 205,084
EXPENDITURES			
Service Operations:			
Professional Fees	$ 93,500	$ 101,497	$ (7,997)
Contracted Services	397,600	404,437	(6,837)
Purchased Water Service	611,033	665,167	(54,134)
Purchased Wastewater Service	130,000	127,797	2,203
Utilities	3,875	7,191	(3,316)
Repairs and Maintenance	83,700	129,990	(46,290)
Other	115,200	60,818	54,382
TOTAL EXPENDITURES	$ 1,434,908	$ 1,496,897	$ (61,989)
NET CHANGE IN FUND BALANCE	$ 348,233	$ 491,328	$ 143,095
FUND BALANCE - AUGUST 1, 2019	2,747,680	2,747,680	
FUND BALANCE - JULY 31, 2020	$ 3,095,913	$ 3,239,008	$ 143,095

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND
FOR THE YEAR ENDED JULY 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Water Service	$ 2,060,566	$ 2,264,663	$ 204,097
Investment Revenues	400	340	(60)
TOTAL REVENUES	$ 2,060,966	$ 2,265,003	$ 204,037
EXPENDITURES			
Service Operations:			
Professional Fees	$ 25,000	$ 11,482	$ 13,518
Contracted Services	63,600	63,402	198
Utilities	121,500	138,973	(17,473)
Regional Water Authority Assessment	1,693,000	1,828,790	(135,790)
Repairs and Maintenance	92,800	108,938	(16,138)
Other	65,066	65,858	(792)
Capital Outlay		47,560	(47,560)
TOTAL EXPENDITURES	$ 2,060,966	$ 2,265,003	$ (204,037)
NET CHANGE IN FUND BALANCE	$ -0-	$ -0-	$ -0-
FUND BALANCE - AUGUST 1, 2019			
FUND BALANCE - JULY 31, 2020	$ -0-	$ -0-	$ -0-

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281

SUPPLEMENTARY INFORMATION REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JULY 31, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281

SERVICES AND RATES
FOR THE YEAR ENDED JULY 31, 2020

1. SERVICES PROVIDED BY THE DISTRICT:

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

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

___ Other (specify): ______________________________

2. RETAIL SERVICE PROVIDERS

a. RETAIL RATES FOR A 3/4" METER (OR EQUIVALENT):

Based on the rate order effective April 1, 2020.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 18.25	10,000	N	$ 2.50	10,001 to 15,000
				$ 3.00	15,001 to 20,000
				$ 3.50	20,001 to 25,000
				$ 4.00	25,001 and up
WASTEWATER:	$ 41.35		Y		
SURCHARGE:					
Commission Regulatory Assessments	Included in water and wastewater rates				
Regional Water Authority Fee			N	$ 4.68	0,001 and up

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

Total monthly charges per 10,000 gallons usage: Water: $18.25 Wastewater: $41.35 Surcharge: $46.80

See accompanying independent auditor's report.

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	801	795	x 1.0	795
1"	126	126	x 2.5	315
1½"	1	1	x 5.0	5
2"	22	22	x 8.0	176
3"	1	1	x 15.0	15
4"	1	1	x 25.0	25
6"			x 50.0	
8"	2	2	x 80.0	160
10"			x 115.0	
Total Water Connections	954	948		1,491
Total Wastewater Connections	929	923	x 1.0	923

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

Gallons pumped into system:	143,858,000	Water Accountability Ratio: 93.37% (Gallons billed and sold/Gallons pumped and purchased)
Gallons billed to customers:	136,349,000	
Total gallons purchased:	2,171,000	From: Northwest Harris Co. MUD No. 15

See accompanying independent auditor's report.

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes X No ____

County or Counties in which District is located.

Harris County, Texas

Is the District located within a city?

Entirely ____ Partly ____ Not at all X

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

Entirely X Partly ____ Not at all ____

ETJ's in which District is located.

City of Houston, Texas

Is the general membership of the Board appointed by an office outside the District?

Yes ____ No X

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2020

PROFESSIONAL FEES:		
Auditing	$	17,250
Engineering		9,753
Legal		74,494
TOTAL PROFESSIONAL FEES	$	101,497
PURCHASED SERVICES FOR RESALE:		
Purchased Water Service	$	665,167
Purchased Wastewater Service		127,797
TOTAL PURCHASED SERVICES FOR RESALE	$	792,964
CONTRACTED SERVICES:		
Bookkeeping	$	24,162
Operations and Billing		79,790
Solid Waste Disposal		193,037
Security		107,448
TOTAL CONTRACTED SERVICES	$	404,437
UTILITIES:		
Electricity	$	3,876
Telephone		3,315
TOTAL UTILITIES	$	7,191
REPAIRS AND MAINTENANCE	$	129,990
ADMINISTRATIVE EXPENDITURES:		
Director Fees	$	9,450
Insurance		8,115
Office Supplies and Postage		4,674
Payroll Taxes		723
Travel and Meetings		1,237
Other		7,326
TOTAL ADMINISTRATIVE EXPENDITURES	$	31,525

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JULY 31, 2020

OTHER EXPENDITURES:		
Laboratory Fees	$	11,001
Permit Fees		7,647
Reconnection Fees		3,031
Inspection Fees		3,245
Regulatory Assessment		4,369
TOTAL OTHER EXPENDITURES	$	29,293
TOTAL EXPENDITURES	$	1,496,897

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
INVESTMENTS
JULY 31, 2020

Fund	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
Texas CLASS	XXXX0001	Varies	Daily	$ 1,012,441	$
Certificate of Deposit	XXXX1557	2.25%	10/10/20	240,000	4,350
Certificate of Deposit	XXXX0359	1.80%	12/30/20	240,000	2,521
Certificate of Deposit	XXXX1779	1.90%	02/07/21	240,000	2,174
Certificate of Deposit	XXXX1008	1.70%	12/16/20	240,000	2,549
Certificate of Deposit	XXXX0718	2.45%	09/15/20	240,000	5,139
Certificate of Deposit	XXXX0302	2.60%	08/05/20	240,000	6,137
Certificate of Deposit	XXXX0523	0.55%	07/15/21	240,000	61
Certificate of Deposit	XXXX8965	2.10%	11/05/20	240,000	3,701
Certificate of Deposit	XXXX4362	1.80%	02/26/21	240,000	1,834
TOTAL GENERAL FUND				$ 3,172,441	$ 28,466
DEBT SERVICE FUND					
Texas CLASS	XXXX0002	Varies	Daily	$ 1,586,183	$
Certificate of Deposit	XXXX0210	2.45%	08/22/20	240,000	5,509
Certificate of Deposit	XXXX6374	2.75%	08/17/20	240,000	6,275
Certificate of Deposit	XXXX4024	2.05%	08/20/20	240,000	4,637
TOTAL DEBT SERVICE FUND				$ 2,306,183	$ 16,421
TOTAL - ALL FUNDS				$ 5,478,624	$ 44,887

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
AUGUST 1, 2019	$ 2,322		$ 10,125	
Adjustments to Beginning Balance	(3,182)	$ (860)	(13,306)	$ (3,181)
Original 2019 Tax Levy	$ 353,141		$ 1,228,929	
Adjustment to 2019 Tax Levy	26,340	379,481	91,664	1,320,593
TOTAL TO BE				
ACCOUNTED FOR		$ 378,621		$ 1,317,412
TAX COLLECTIONS:				
Prior Years	$ (2,021)		$ (8,494)	
Current Year	378,019	375,998	1,315,507	1,307,013
TAXES RECEIVABLE -				
JULY 31, 2020		$ 2,623		$ 10,399
TAXES RECEIVABLE BY				
YEAR:				
2019		$ 1,462		$ 5,086
2018		312		1,303
2017		238		972
2016		207		958
2015		187		1,013
2014		217		1,067
TOTAL		$ 2,623		$ 10,399

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JULY 31, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	$ 52,879,259	$ 52,895,078	$ 51,993,482	$ 51,864,297
Improvements	271,695,225	259,642,022	253,935,550	244,616,258
Personal Property	2,741,716	2,581,899	2,264,127	3,589,866
Exemptions	(23,730,811)	(22,729,668)	(20,703,494)	(21,791,985)
TOTAL PROPERTY VALUATIONS	$ 303,585,389	$ 292,389,331	$ 287,489,665	$ 278,278,436
TAX RATES PER $100 VALUATION:				
Debt Service Tax	$ 0.435	$ 0.46	$ 0.470	$ 0.485
Maintenance Tax	0.125	0.11	0.115	0.105
TOTAL TAX RATES PER $100 VALUATION	$ 0.560	$ 0.57	$ 0.585	$ 0.590
ADJUSTED TAX LEVY*	$ 1,700,074	$ 1,666,616	$ 1,681,810	$ 1,641,839
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.61 %	99.90 %	99.93 %	99.92 %

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

Maintenance Tax – Maximum tax rate of $1.50 per $100 of assessed valuation approved by voters on May 4, 2002.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2020

	SERIES-2012 REFUNDING		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 160,000	$ 8,750	$ 168,750
2022	170,000	2,975	172,975
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 330,000	$ 11,725	$ 341,725

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2020

	SERIES - 2012A		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 30,000	$ 19,122	$ 49,122
2022	30,000	18,222	48,222
2023	30,000	17,285	47,285
2024	30,000	16,310	46,310
2025	30,000	15,297	45,297
2026	30,000	14,247	44,247
2027	30,000	13,160	43,160
2028	30,000	12,035	42,035
2029	30,000	10,872	40,872
2030	30,000	9,672	39,672
2031	30,000	8,450	38,450
2032	30,000	7,205	37,205
2033	30,000	5,960	35,960
2034	25,000	4,819	29,819
2035	25,000	3,763	28,763
2036	25,000	2,688	27,688
2037	25,000	1,613	26,613
2038	25,000	538	25,538
	$ 515,000	$ 181,258	$ 696,258

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2020

	S E R I E S - 2 0 1 2 B		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 60,000	$ 40,275	$ 100,275
2022	60,000	38,325	98,325
2023	60,000	36,375	96,375
2024	60,000	34,350	94,350
2025	60,000	32,250	92,250
2026	60,000	30,150	90,150
2027	60,000	27,937	87,937
2028	60,000	25,613	85,613
2029	60,000	23,287	83,287
2030	60,000	20,963	80,963
2031	60,000	18,600	78,600
2032	60,000	16,200	76,200
2033	60,000	13,800	73,800
2034	60,000	11,400	71,400
2035	60,000	8,925	68,925
2036	60,000	6,375	66,375
2037	60,000	3,825	63,825
2038	60,000	1,275	61,275
	$ 1,080,000	$ 389,925	$ 1,469,925

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2020

S E R I E S - 2 0 1 4 R E F U N D I N G

Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 400,000	$ 189,213	$ 589,213
2022	415,000	176,988	591,988
2023	435,000	164,237	599,237
2024	455,000	150,887	605,887
2025	470,000	135,837	605,837
2026	500,000	117,612	617,612
2027	520,000	97,212	617,212
2028	550,000	75,812	625,812
2029	580,000	52,487	632,487
2030	610,000	27,200	637,200
2031	335,000	7,119	342,119
2032			
2033			
2034			
2035			
2036			
2037			
2038			
	$ 5,270,000	$ 1,194,604	$ 6,464,604

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2020

	SERIES-2016 REFUNDING		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 155,000	$ 85,225	$ 240,225
2022	165,000	80,425	245,425
2023	170,000	75,400	245,400
2024	175,000	70,225	245,225
2025	180,000	64,000	244,000
2026	190,000	56,600	246,600
2027	200,000	48,800	248,800
2028	205,000	40,700	245,700
2029	215,000	32,300	247,300
2030	225,000	23,500	248,500
2031	235,000	14,300	249,300
2032	240,000	4,800	244,800
2033			
2034			
2035			
2036			
2037			
2038			
	$ 2,355,000	$ 596,275	$ 2,951,275

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2020

	SERIES-2019 REFUNDING		
Due During Fiscal Years Ending July 31	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 135,000	$ 85,300	$ 220,300
2022	130,000	82,650	212,650
2023	300,000	78,350	378,350
2024	305,000	72,300	377,300
2025	305,000	66,200	371,200
2026	315,000	58,425	373,425
2027	325,000	48,825	373,825
2028	325,000	39,075	364,075
2029	335,000	29,175	364,175
2030	335,000	19,125	354,125
2031	100,000	12,600	112,600
2032	100,000	9,600	109,600
2033	95,000	6,675	101,675
2034	90,000	3,900	93,900
2035	85,000	1,275	86,275
2036			
2037			
2038			
	$ 3,280,000	$ 613,475	$ 3,893,475

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
LONG-TERM DEBT SERVICE REQUIREMENTS
JULY 31, 2020

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending July 31	Total Principal Due	Total Interest Due	Total Principal Interest Due
2021	$ 940,000	$ 427,885	$ 1,367,885
2022	970,000	399,585	1,369,585
2023	995,000	371,647	1,366,647
2024	1,025,000	344,072	1,369,072
2025	1,045,000	313,584	1,358,584
2026	1,095,000	277,034	1,372,034
2027	1,135,000	235,934	1,370,934
2028	1,170,000	193,235	1,363,235
2029	1,220,000	148,121	1,368,121
2030	1,260,000	100,460	1,360,460
2031	760,000	61,069	821,069
2032	430,000	37,805	467,805
2033	185,000	26,435	211,435
2034	175,000	20,119	195,119
2035	170,000	13,963	183,963
2036	85,000	9,063	94,063
2037	85,000	5,438	90,438
2038	85,000	1,813	86,813
	$ 12,830,000	$ 2,987,262	$ 15,817,262

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
CHANGE IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JULY 31, 2020

Description	Original Bonds Issued	Bonds Outstanding August 1, 2019
Harris County Municipal Utility District No. 281 Unlimited Tax Bonds - Series 2010	$ 2,510,000	$ 105,000
Harris County Municipal Utility District No. 281 Unlimited Tax Refunding Bonds - Series 2012	2,830,000	485,000
Harris County Municipal Utility District No. 281 Unlimited Tax Bonds - Series 2012A	725,000	545,000
Harris County Municipal Utility District No. 281 Unlimited Tax Park Bonds - Series 2012B	1,520,000	1,140,000
Harris County Municipal Utility District No. 281 Unlimited Tax Refunding Bonds - Series 2014	6,955,000	5,655,000
Harris County Municipal Utility District No. 281 Unlimited Tax Refunding Bonds - Series 2016	2,565,000	2,510,000
Harris County Municipal Utility District No. 281 Unlimited Tax Refunding Bonds - Series 2019	3,280,000	3,280,000
TOTAL	$ 20,385,000	$ 13,720,000

Bond Authority:	Tax Bonds*	Refunding Bonds**	Recreational Facility Bonds
Amount Authorized by Voters	$ 24,700,000	$ 18,000,000	$ 2,560,000
Amount Issued	19,110,000	783,092	1,520,000
Remaining to be Issued	$ 5,590,000	$ 17,216,908	$ 1,040,000

** $783,092 refunding bonds were issued pursuant to voted authorization. The District has also issued refunding bonds in the principal amount of $11,795,158 pursuant to the Refunding Act.

See accompanying independent auditor's report.

Current Year Transactions					
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	July 31, 2020	
$	$ 105,000	$ 2,100	$ -0-	The Bank of New York Mellon Trust Company, NA Dallas, TX
	155,000	13,875	330,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
	30,000	19,985	515,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
	60,000	42,075	1,080,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
	385,000	199,063	5,270,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
	155,000	89,100	2,355,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
		58,970	3,280,000	The Bank of New York Mellon Trust Company, NA Dallas, TX
$ - 0 -	$ 890,000	$ 425,168	$ 12,830,000	

Debt Service Fund cash, investment and cash with paying agent balance as of July 31, 2020:	$ 2,401,413
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 878,737

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

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

See accompanying independent auditor’s report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 375,998	$ 319,179	$ 325,087
Water Service	360,324	331,153	365,225
Wastewater Service	535,092	518,045	514,749
Regional Water Authority Fee	584,980	478,509	491,128
Penalty and Interest	13,284	14,809	11,413
Tap Connection and Inspection Fees	8,198	3,430	66,840
Investment Revenues	58,635	58,390	34,918
Miscellaneous Revenues	51,714	41,247	44,529
TOTAL REVENUES	$ 1,988,225	$ 1,764,762	$ 1,853,889
EXPENDITURES			
Service Operations:			
Professional Fees	$ 101,497	$ 93,539	$ 92,114
Contracted Services	404,437	386,941	373,840
Purchased Water Service	665,167	572,093	632,000
Purchased Wastewater Service	127,797	122,282	162,864
Utilities	7,191	5,958	6,486
Repairs and Maintenance	129,990	114,378	157,758
Other	60,818	64,498	72,322
Capital Outlay		51,893	2,767,669
TOTAL EXPENDITURES	$ 1,496,897	$ 1,411,582	$ 4,265,053
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 491,328	$ 353,180	$ (2,411,164)
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$	$ (40,000)	$
Contributed by Other Governmental Units		32,843	1,751,657
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ (7,157)	$ 1,751,657
NET CHANGE IN FUND BALANCE	$ 491,328	$ 346,023	$ (659,507)
BEGINNING FUND BALANCE	2,747,680	2,401,657	3,061,164
ENDING FUND BALANCE	$ 3,239,008	$ 2,747,680	$ 2,401,657

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
$ 291,685	$ 254,302	19.0 %	18.1 %	17.5 %	16.8 %	16.0 %
385,755	394,995	18.1	18.8	19.7	22.2	24.9
481,205	483,085	26.9	29.4	27.8	27.7	30.5
432,858	335,591	29.4	27.1	26.5	24.9	21.2
13,460	17,245	0.7	0.8	0.6	0.8	1.1
49,055	32,619	0.4	0.2	3.6	2.8	2.1
20,030	11,645	2.9	3.3	1.9	1.2	0.7
62,857	55,657	2.6	2.3	2.4	3.6	3.5
$ 1,736,905	$ 1,585,139	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 98,729	$ 94,972	5.1 %	5.3 %	5.0 %	5.7 %	6.0 %
335,633	327,249	20.3	21.9	20.2	19.3	20.6
564,252	447,041	33.5	32.4	34.1	32.5	28.2
127,118	126,791	6.4	6.9	8.8	7.3	8.0
6,974	9,056	0.4	0.3	0.3	0.4	0.6
453,673	83,092	6.5	6.5	8.5	26.1	5.2
101,644	80,898	3.1	3.7	3.9	5.9	5.1
5,847	428,013		2.9	149.3	0.3	27.0
$ 1,693,870	$ 1,597,112	75.3 %	79.9 %	230.1 %	97.5 %	100.7 %
$ 43,035	$ (11,973)	24.7 %	20.1 %	(130.1) %	2.5 %	(0.7) %
$	$ 77,560					
$ - 0 -	$ 77,560					
$ 43,035	$ 65,587					
3,018,129	2,952,542					
$ 3,061,164	$ 3,018,129					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 1,307,013	$ 1,334,884	$ 1,325,062
Penalty and Interest	10,922	6,620	5,420
Interest on Investments	34,013	42,140	29,371
Miscellaneous Revenues	3,225	92	214
TOTAL REVENUES	$ 1,355,173	$ 1,383,736	$ 1,360,067
EXPENDITURES			
Tax Collection Expenditures	$ 44,644	$ 40,540	$ 38,749
Debt Service Principal	890,000	870,000	840,000
Debt Service Interest and Fees	428,918	524,903	548,601
Payment to Refunded Bond Escrow Agent		54,500	
Bond Issuance Costs		139,835	
TOTAL EXPENDITURES	$ 1,363,562	$ 1,629,778	$ 1,427,350
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (8,389)	$ (246,042)	$ (67,283)
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$	$ 40,000	$
Bond Premium		54,959	
Transfer to Refunding Escrow Agent		(3,191,274)	
Long-Term Debt Issued		3,280,000	
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ 183,685	$ - 0 -
NET CHANGE IN FUND BALANCE	$ (8,389)	$ (62,357)	$ (67,283)
BEGINNING FUND BALANCE	2,416,857	2,479,214	2,546,497
ENDING FUND BALANCE	$ 2,408,468	$ 2,416,857	$ 2,479,214
TOTAL ACTIVE RETAIL WATER CONNECTIONS	948	954	952
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	923	929	927

See accompanying independent auditor's report.

		Percentage of Total Revenue				
2017	2016	2020	2019	2018	2017	2016
$ 1,347,668	$ 1,369,902	96.5 %	96.5 %	97.4 %	98.6 %	99.0 %
4,153	4,096	0.8	0.5	0.4	0.3	0.3
14,421	9,962	2.5	3.0	2.2	1.1	0.7
24	35	0.2				
$ 1,366,266	$ 1,383,995	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 36,650	$ 42,780	3.3 %	2.9 %	2.8 %	2.7 %	3.1 %
840,000	790,000	65.7	62.9	61.8	61.5	57.1
564,212	635,189	31.7	37.9	40.3	41.3	45.9
			3.9			
	125,829		10.1			9.1
$ 1,440,862	$ 1,593,798	100.7 %	117.7 %	104.9 %	105.5 %	115.2 %
$ (74,596)	$ (209,803)	(0.7) %	(17.7) %	(4.9) %	(5.5) %	(15.2) %
$	$					
	227,018					
	(2,665,550)					
	2,565,000					
$ - 0 -	$ 126,468					
$ (74,596)	$ (83,335)					
2,621,093	2,704,428					
$ 2,546,497	$ 2,621,093					
952	936					
927	909					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2020

District Mailing Address	-	Harris County Municipal Utility District No. 281 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Blvd., Suite 1400 Houston, TX 77056-3012
District Telephone Number	-	(713) 623-4531

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended July 31, 2020	Expense Reimbursements for the year ended July 31, 2020	Title
Robert Crain	05/18 05/22 (Elected)	$ 1,800	$ -0-	President
Harry Miller	05/18 05/22 (Elected)	$ 1,950	$ -0-	Vice President
Paul Hicks	05/20 05/24 (Elected)	$ 1,500	$ -0-	Secretary
David Enstrom	05/20 05/24 (Elected)	$ 2,400	$ 756	Assistant Vice President
Andy Elmore	05/18 05/22 (Elected)	$ 1,800	$ -0-	Assistant Secretary

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

Submission Date of most recent District Registration Form: May 4, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on September 3, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 281
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JULY 31, 2020

Consultants:	Date Hired	District fees for the year ended July 31, 2020	Water Plant fees for the year ended July 31, 2020	Title
Schwartz, Page & Harding, L.L.P.	06/27/86	$ 75,513	$ 1,404	General Counsel
McCall Gibson Swedlund Barfoot PLLC	10/06/03	$ 16,750	$ 3,000	Auditor
		$ 500	$ -0-	Other Services
Municipal Accounts & Consulting, L.P.	03/25/03	$ 26,694	$ 10,735	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	05/18/04	$ 1,348	$ -0-	Delinquent Tax Attorney
Benchmark Engineering Corporation	09/03/03	$ 10,819	$ 7,078	Engineer
Masterson Advisors LLC	05/07/18	$ -0-	$ -0-	Financial Advisor
Mark Burton	07/13/04	$ -0-	$ -0-	Investment Officer
Water District Management Co., Inc.	09/26/02	$ 209,705	$ 156,178	Operator
Wheeler & Associates, Inc.	06/27/86	$ 24,962	$ -0-	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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