OFFICIAL STATEMENT DATED APRIL 28, 2021

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

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

NEW ISSUE-Book-Entry-Only

Insured Rating (BAM): S&P "AA" (Stable Outlook)
Underlying Rating: Moody's "Baa2"
See "MUNICIPAL BOND RATING" and "MUNICIPAL BOND INSURANCE" herein.

$4,620,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
(A political subdivision of the State of Texas located within Harris County)

UNLIMITED TAX REFUNDING BONDS
SERIES 2021

The bonds described above (the "Bonds") are obligations solely of Harris County Municipal Utility District No. 416 (the "District") and are not obligations of the State of Texas, Harris County, the City of Tomball, the City of Houston or any entity other than the District.

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 against all taxable property within the District. THE BONDS ARE SUBJECT TO SPECIAL INVESTMENT CONSIDERATIONS DESCRIBED HEREIN. See "INVESTMENT CONSIDERATIONS."

Dated: June 1, 2021 **Due: September 1, as shown below**

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

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

MATURITY SCHEDULE

Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)	Due (September 1)	Principal Amount		Interest Rate	Initial Reoffering Yield (c)	CUSIP Number (b)
2022	$ 155,000		3.000 %	0.250 %	41427P EC3	2031	$ 215,000	(a)	1.500 %	1.800 %	41427P EM1
2023	160,000		3.000	0.370	41427P ED1	2032	220,000	(a)	2.000	1.800	41427P EN9
2024	170,000		3.000	0.540	41427P EE9	***	***		***	***	***
2025	175,000		3.000	0.760	41427P EF6	2035	235,000	(a)	2.000	2.000	41427P ER0
2026	185,000		3.000	0.920	41427P EG4	2036	245,000	(a)	2.000	2.060	41427P ES8
2027	195,000		3.000	1.050	41427P EH2	2037	250,000	(a)	2.000	2.120	41427P ET6
2028	200,000	(a)	2.000	1.230	41427P EJ8	2038	255,000	(a)	2.000	2.160	41427P EU3
2029	205,000	(a)	1.000	1.500	41427P EK5	2039	260,000	(a)	2.000	2.200	41427P EV1
2030	205,000	(a)	1.250	1.700	41427P EL3						

$460,000 Term Bond due September 1, 2034 (a), 41427P EQ2 (b), 2.000% Interest Rate, 1.93% Yield (c)
$830,000 Term Bond due September 1, 2042 (a), 41427P EY5 (b), 2.125% Interest Rate, 2.32% Yield (c)

(a) Bonds maturing on or after September 1, 2028, 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, 2027, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. 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 have been assigned to the Bonds by CUSIP Service Bureau and are included solely for the convenience of the purchasers of the Bonds. Neither the District nor the Underwriter 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 (as herein defined) for offers to the public and which subsequently may be changed.

The Bonds are offered by the Underwriter subject to prior sale, when, as and if issued by the District and accepted by the Underwriter, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel. Certain other legal matters will be passed upon, on behalf of the Underwriter, by McCall, Parkhurst & Horton L.L.P., Houston, Texas. See "LEGAL MATTERS." Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about June 3, 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 Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, 2727 Allen Parkway, Suite 1100, Houston, Texas, 77019, for further information, upon payment of duplication costs.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement for purposes of, and as that term is defined in, SEC Rule 15c2-12, as amended.

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."

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this OFFICIAL STATEMENT or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "MUNICIPAL BOND INSURANCE" 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 $4,612,227.29 (representing the par amount of the Bonds of $4,620,000.00, plus a net premium on the Bonds of $32,214.10, less an Underwriter's discount of $39,986.81) 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 has reviewed the information in this official statement pursuant to its responsibilities to investors under the federal securities laws, but the Underwriter does not guarantee the accuracy or completeness of such information.

Pricing 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 utility district bonds may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold or traded in the secondary market.

Securities Laws

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

OFFICIAL STATEMENT SUMMARY

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

INFECTIOUS DISEASE OUTLOOK (COVID-19)

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

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

Such adverse economic conditions, if they continue, could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values or homebuilding activity within the District (hereinafter defined). 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 partially 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.

EXTREME WEATHER EVENTS

General... The greater Houston area, including the District (hereinafter defined), 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 on the District... According to the Developer (hereinafter defined) and Edminster, Hinshaw, Russ & Assoc., Inc. d/b/a/ EHRA, Inc. (the "Engineer"), the District's water and drainage system did not sustain any material damage and there was no interruption of water service as a result of Hurricane Harvey. Further, to the best knowledge of the Developer and the Engineer, no homes within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

THE DISTRICT

Description... Harris County Municipal Utility District No. 416 (the "District"), a political subdivision of the State of Texas, was created by an order of the Texas Commission on Environmental Quality (the "TCEQ"), dated February 7, 2006. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended and other statutes of Texas applicable to municipal utility districts. At the time of its creation, the District contained approximately 478 acres and subsequently annexed approximately 221 acres. The District currently contains approximately 699 acres of land. See "THE DISTRICT."

Location... The District is located in Harris County approximately 26 miles northwest of the City of Houston central business district. The District is located north of Boudreaux Road and east of Telge Road. Approximately 679 acres within the District are within the extraterritorial jurisdiction of the City of Houston and approximately 20 acres are within the extraterritorial jurisdiction of the City of Tomball. The District is within the Tomball Independent School District. See "THE DISTRICT."

The Developer... CC Telge Road, LP ("CC Telge Road") is a Texas limited partnership whose general partner is CC Telge Road, GP, L.L.C. The general partner is controlled by Caldwell Companies. CC Telge Road assigned its District reimbursement rights to Willow Creek Telge, L.L.C., a Texas limited liability company ("Willow Creek Telge"), a special purpose entity formed by Caldwell Companies. CC Telge Road and Willow Creek Telge are collectively referred to herein as the "Developer." Caldwell Companies has completed the development of approximately 3,000 lots in northwest Houston in areas other than the District. Caldwell Companies also develops commercial projects. See "THE DEVELOPER," and "TAX DATA—Principal Taxpayers."

Status of Development... The District is being developed as Willowcreek Ranch, a large lot/estate home development. Construction of water distribution and stormwater drainage facilities to serve 250 lots on approximately 536 acres, as well as street paving, has been completed on behalf of the District by the Developer. Wastewater treatment is provided by individual lot owners through on-site aerobic septic systems. As of January 2021, 127 custom homes were completed, 126 of which were occupied, 28 new custom homes were under construction, 60 estate lots had been sold to individuals for future construction of a home, 5 estate lots had been sold to custom builders and 30 estate lots were available for sale and home construction. Additionally, there are approximately 13 developable acres that have not been served with water distribution and storm sewer and approximately 130 acres of undevelopable acreage (easements, detention, open space and utility sites). Home values within the District range from $600,000 to over $2,000,000. See "THE DISTRICT—Land Use" and "—Status of Development" and "THE SYSTEM" for a description of water supply facilities for the District.

Development in the District includes a 35,000 square-foot equestrian center on approximately 20 acres, which includes 24 horse stalls encompassing 10,000 square-feet and a 25,000 square-foot covered riding arena. The facility is open to all residents and their invited guests. The facility includes a full-time horse trainer and manager and an on-site groom for twenty-four hour care. Recreational facilities also include a 6,000 square-foot lodge that includes a fitness center, full kitchen and entertainment area for residents. See "THE DISTRICT—Status of Development."

Lot Sales…	To date, the Developer has completed the construction of water distribution and stormwater drainage facilities to serve 250 estate lots varying in size from approximately 0.80 to 3.74 acres and the equestrian center. Of the 250 lots, 215 lots have been sold to individuals who have constructed, are constructing, or intend to construct a custom home and 5 lots have been sold to custom homebuilders. According to the Developer, lot owners are required to start construction of a home within twenty-four (24) months of lot acquisition; if home construction has not commenced within twenty-four (24) months, then the Developer, upon thirty (30) days' written notice to the property owner, has the right (but not the obligation) to repurchase the lot at seventy percent (70%) of the original purchase price. To date, the Developer has not exercised the repurchase clause. See "THE DEVELOPER—Lot Sales" and "INVESTMENT CONSIDERATIONS—Landowner Obligation to the District."
Payment Record...	The District has previously issued $12,575,000 principal amount of unlimited tax bonds in three series and $1,690,000 principal of unlimited tax road bonds in one series, of which collectively $13,525,000 principal amount remains outstanding (the "Outstanding Bonds"). The District has never defaulted in the payment of principal and interest on the Outstanding Bonds.
Future Debt...	The District has authorized filing of a bond application to the TCEQ in the approximate principal amount of $2,965,000. The District expects approval and issuance of such bonds in the third quarter of 2021. See "THE BONDS—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."

THE BONDS

Description...	The $4,620,000 Unlimited Tax Refunding Bonds, Series 2021 (the "Bonds") are being issued as fully registered bonds pursuant to an order authorizing the issuance of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature serially on September 1 in the years 2022 through 2032, both inclusive, and 2035 through 2039, both inclusive, and as term bonds on September 1 in the years 2034 and 2042 (the "Term Bonds") and in the principal amounts and pay interest at the rates shown on the cover page hereof. The Bonds will be issued in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds accrues from June 1, 2021, and is payable September 1, 2021, and each March 1 and September 1 thereafter, until the earlier of maturity or redemption. See "THE BONDS."
Book-Entry-Only System…	The Depository Trust Company (defined as "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 certificate will be issued for each maturity of the Bonds and will be deposited with DTC. See "BOOK-ENTRY-ONLY SYSTEM."
Redemption...	Bonds maturing on or after September 1, 2028 are subject to redemption in whole, or from time to time in part, at the option of the District prior to their maturity dates on September 1, 2027, or on any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. 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, together with lawfully available funds of the District, will be used to currently refund and defease $4,425,000 of the District's Outstanding Bonds in order to achieve annual and net present value savings in the District's annual debt service expense. The Bonds to be refunded and discharged with Bond proceeds are referred to herein as the "Refunded Bonds." Bond proceeds will also be used to pay certain costs associated with issuance of the Bonds, including the payment of any insurance premium. After the issuance of the Bonds, $9,100,000 principal amount of the Outstanding Bonds will remain outstanding (the "Remaining Outstanding Bonds"). See "PLAN OF FINANCING—Refunded Bonds" and "FINANCIAL INFORMATION CONCERNING THE DISTRICT—Outstanding Bonds."

Authority for Issuance...	The Bonds are the first series of refunding bonds, and fourth series overall, issued out of an aggregate of $36,000,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing water, sewer and stormwater drainage facilities and for refunding such bonds. The Bonds are issued by the District pursuant to the terms and conditions of an order (the "Bond Order") adopted by the Board, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, an election held within the District, City of Houston Ordinance No. 97-416 and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas. See "THE BONDS—Authority for Issuance" and "—Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS—Future Debt."
Source of Payment...	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. The Bonds are obligations solely of the District and are not obligations of the City of Houston, the City of Tomball, Harris County, the State of Texas or any entity other than the District. See "THE BONDS—Source and Security of Payment."
Municipal Bond Insurance and Municipal Bond Rating...	It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") will assign a municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that, upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company. Moody's Investor Service ("Moody's") has assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from Moody's. There is no assurance that any of such ratings will continue for any given period of time or that it will not be revised or withdrawn entirely by either S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. 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" within the meaning of Section 265(b) of the Internal Revenue Code of 1986 and will represent that the total amount of tax-exempt bonds (including the Bonds) issued by it during calendar year 2021 is not expected to exceed $10,000,000. See "TAX MATTERS—Qualified Tax-Exempt Obligations for Financial Institutions."
Bond Counsel...	Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT," "LEGAL MATTERS," and "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" and "PREPARATION OF THE OFFICIAL STATEMENT."
Escrow Agent...	The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "PLAN OF FINANCING—Escrow Agreement and Defeasance of Refunded Bonds."
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."
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	$172,422,450	(a)
Gross Direct Debt Outstanding	$13,720,000	(b)
Estimated Overlapping Debt	9,053,073	(c)
Gross Direct Debt and Estimated Overlapping Debt	$22,773,073	
Ratio of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation	7.96%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation	13.21%	
Debt Service Funds Available as of April 6, 2021		
WS&D Debt Service Funds Balance	$779,845	(d)
Road Debt Service Fund Balance	59,020	(d)
Total Debt Service Funds Available	$838,865	(d)
Capital Project Funds Available as of April 6, 2021	$957,854	
Operating Funds Available as of April 6, 2021	$549,651	
2020 Debt Service Tax Rate	$0.465	
2020 Maintenance Tax Rate	0.185	
2020 Total Tax Rate	$0.650	
Average Annual Debt Service Requirement (2022-2044)	$799,894	(e)
Maximum Annual Debt Service Requirement (2042)	$872,581	(e)
Tax Rate Required to Pay Average Annual Debt Service (2022-2044) at a 95% Collection Rate		
Based upon 2020 Certified Taxable Assessed Valuation	$0.49	(f)
Tax Rate Required to Pay Maximum Annual Debt Service (2042) at a 95% Collection Rate		
Based upon 2020 Certified Taxable Assessed Valuation	$0.54	(f)
Status of Development as of January 2021 (g):		
Total Estate Lots Constructed	250	
Homes Completed (126 Occupied)	127	
Homes Under Construction or in a Builder's Name	28	
Vacant Estate Lots Owned by Individuals for Home Construction	60	
Vacant Estate Lots Owned by Custom Home Builders	5	
Vacant Estate Lots Available for Sale and Future Home Construction	30	
Estimated Population	441	(h)

(a) As certified by the Harris County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."

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

(c) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Estimated Overlapping Debt."

(d) The District will contribute $50,000 towards the purpose for which the Bonds are being issued. See "PLAN OF FINANCING—Sources and Uses of Funds." Funds in the WS&D Debt Service Fund are available to pay debt service on the District's bonds issued for water, sewer, and drainage facilities (including the Bonds) and are not available to pay debt service on the District's bonds for roads. The WS&D Debt Service Fund and Road Debt Service Fund balances above includes capitalized interest from the Outstanding Bonds. See "THE BONDS—Funds."

(e) See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—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.

OFFICIAL STATEMENT
$4,620,000

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
(A political subdivision of the State of Texas located within Harris County)

UNLIMITED TAX REFUNDING BONDS
SERIES 2021

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Municipal Utility District No. 416 (the "District") of its $4,620,000 Unlimited Tax Refunding Bonds, Series 2021 (the "Bonds").

The Bonds are issued by the District pursuant to the terms and conditions of an order (the "Bond Order") adopted by the Board of Directors of the District (the "Board"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, as amended, City of Houston Ordinance No. 97-416, an election held within the District, and the general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Order, and certain other information about the District, development in the District and CC Telge Road, LP, a Texas limited partnership and Willow Creek Telge, L.L.C., a Texas limited liability company (CC Telge Road, LP and Willow Creek Telge, L.L.C. are collectively referred to herein as the "Developer"). All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of documents may be obtained from Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel, 2727 Allen Parkway, Suite 1100, Houston, Texas 77019 upon payment of the costs of duplication therefore.

PLAN OF FINANCING

Purpose

At a bond election held within the District, the voters of the District authorized the issuance of $36,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and stormwater drainage facilities and for refunding such bonds. The Bonds are being issued pursuant to such authorization.

The proceeds of the Bonds, together with lawfully available funds of the District, will be used to currently refund and defease a portion of the Unlimited Tax Bonds, Series 2016, totaling $4,425,000 principal amount (the "Refunded Bonds") in order to achieve a net savings in the District's debt service expense. The proceeds will also be used to pay the costs of issuance of the Bonds. See "Sources and Uses of Funds." A total of $9,100,000 principal amount of the District's Outstanding Bonds will remain outstanding after the issuance of the Bonds (the "Remaining Outstanding Bonds"). See "—Refunded Bonds" and "—Sources and Uses of Funds" herein and "FINANCIAL INFORMATION CONCERNING THE DISTRICT—Outstanding Bonds."

Refunded Bonds

The principal amounts and maturity dates of the Refunded Bonds are set forth below:

Maturity Date September 1	Series 2016
2022	$ 130,000
2023	135,000
2024	145,000
2025	150,000
2026	155,000
2027	165,000
2028	170,000
2029	180,000
2030	185,000
2031	195,000
2032	205,000
2033	215,000
2034	220,000
2035	230,000
2036	245,000
2037	255,000
2038	265,000
2039	275,000
2040	290,000
2041	300,000
2042	315,000
	$ 4,425,000
Redemption Date:	September 1, 2021

Escrow Agreement and Defeasance of Refunded Bonds

The Refunded Bonds and the interest due thereon, are to be paid on each principal or interest payment date and on the redemption date from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., 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 provide for the discharge and defeasance of the Refunded Bonds. The Bond Order further provides that from the proceeds of the sale of the Bonds and lawfully available funds of the District, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund") and used to purchase United States Treasury Obligations or other investments authorized by Chapter 1207, Texas Government Code (the "Escrowed Securities"). At the time of delivery of the Bonds, Public Finance Partners LLC will verify to the District, the Escrow Agent and the Underwriter that the cash and Escrowed Securities are sufficient in principal amount and are scheduled to mature at such times and to yield interest in such amounts, together with uninvested funds, if any, in the Escrow Fund, to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF MATHEMATICAL CALCULATIONS." Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds. By the deposit of the Escrowed Securities and cash, with the Escrow Agent pursuant to the Escrow Agreement, and the making of irrevocable arrangements for the giving of notice of redemption of the Refunded Bonds, the terms of the prior order of the District securing payment of the Refunded Bonds shall have been satisfied and such Refunded Bonds will no longer be considered outstanding except for the payment out of amounts so deposited, and the amounts so deposited and invested in the Escrow Fund will constitute firm banking arrangements under Texas law for the discharge and final payment of the Refunded Bonds.

Sources and Uses of Funds

The proceeds derived from the sale of the Bonds, exclusive of accrued interest, and lawfully available funds of the District, will be applied as follows:

Sources of Funds:	
Principal Amount of the Bonds	$4,620,000.00
Plus: Net Premium	32,214.10
Plus: Transfer from Debt Service Fund	50,000.00
Total Sources of Funds	$4,702,214.10
Uses of Funds:	
Deposit to Escrow Fund	$4,502,638.98
Issuance Expenses and Underwriter's Discount (a)	199,575.12
Total Uses of Funds	$4,702,214.10

(a) Includes municipal bond insurance premium.

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 of the Board authorizing the issuance and sale of the Bonds. The Bond Order prescribes the terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

The Bonds will be dated June 1, 2021, with interest payable on September 1, 2021, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until maturity or redemption. The Bonds mature on September 1 in each of the years and in the principal amounts and bear 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 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 system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

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

Method of Payment of Principal and Interest

The Board has appointed The Bank of New York Mellon Trust Company, National Association, having its principal payment office in Dallas, Texas as the initial paying agent/registrar (the "Paying Agent/Registrar") for the Bonds. The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM." Interest calculations are based upon a thirty (30) day month and a three hundred sixty (360) day year. In the event the book-entry system is discontinued, principal of the Bonds shall be payable upon presentation and surrender of the Bonds as they respectively become due and payable, at the principal payment office of the Paying Agent/Registrar in Dallas, Texas and interest on each Bond shall be payable by check payable on each Interest Payment Date, mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Registered Owner of record as of the close of business on the February 15 or August 15 immediately preceding each Interest Payment Date (defined herein as the "Record Date"), to the address of such Registered Owner as shown on the Paying Agent/Registrar's records (the "Register") or by such other customary banking arrangements as may be agreed upon by the Paying Agent/Registrar and the Registered Owners at the risk and expense of the Registered Owners.

Source and Security of Payment

The Bonds, the Remaining Outstanding Bonds, and any additional unlimited tax bonds issued hereafter, 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." The Bonds involve 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 City of Houston, Harris County, the State of Texas, or any political subdivision or entity other than the District.

Funds

In the Bond Order, the WS&D Debt Service Fund is confirmed. The WS&D Debt Service Fund is to be kept separate from all other funds of the District and used for payment of debt service on the Bonds and any of the District's duly authorized additional water, sewer and stormwater drainage bonds as such becomes due. Amounts on deposit in the WS&D Debt Service Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar, and to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds and any additional water, sewer and stormwater drainage bonds. Funds in the WS&D Debt Service Fund are not available to pay principal and interest on bonds issued to finance roads ("Road Bonds").

The District also maintains a Debt Service Fund for payment of Road Bonds (the "Road Debt Service Fund") that is not pledged to the Bonds. Funds in the Road Debt Service Fund are not available to pay principal of and interest on the Bonds.

Accrued interest on the Bonds will be deposited into the WS&D Debt Service Fund upon receipt. Any monies remaining after the deposit into the Escrow Fund and payment of issuance costs will be deposited into the WS&D Debt Service Fund

The Bond Order also confirms the previous establishment of the District's General Fund. The District deposits, as collected, all revenues from maintenance taxes into the General Fund. From the General Fund, the District pays all administration, operation, and maintenance expenses of the water system and stormwater drainage system and recreational facilities. Any funds remaining in the General Fund after payment of maintenance and operating expenses may be used by the District for any lawful purposes.

Redemption Provisions

Mandatory Redemption: The Bonds maturing on September 1 in each of the years 2034 and 2042 (the "Term Bonds") shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (the "Mandatory 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, at the option of the District, 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):

$460,000 Term Bonds Due September 1, 2034		$830,000 Term Bonds Due September 1, 2042	
Mandatory Redemption Date	**Principal Amount**	**Mandatory Redemption Date**	**Principal Amount**
2033	$ 230,000	2040	$ 270,000
2034 (maturity)	230,000	2041	275,000
		2042 (maturity)	285,000

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

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

Optional Redemption: The District reserves the right, at its option, to redeem the Bonds maturing on and after September 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on September 1, 2027, or on any date thereafter, at a price of par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities of Bonds to be redeemed shall be selected by the District. If less than all the Bonds of any maturity are redeemed at any time, the particular Bonds within a maturity to be redeemed shall be selected by the Paying Agent/Registrar by lot or other customary method of selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form).

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

Authority for Issuance

At a bond election held within the District, the voters of the District authorized the issuance of $36,000,000 principal amount of unlimited tax bonds for purposes of acquiring or constructing water, sewer, and stormwater drainage facilities and for refunding such bonds. The Bonds are issued pursuant to such authorization.

The Bonds are issued by the District pursuant to the terms and conditions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, Chapter 1207 of the Texas Government Code, an election held within the District, general laws of the State of Texas relating to the issuance of bonds by political subdivisions of the State of Texas, and City of Houston Ordinance No. 97-416.

Before the Bonds can be issued, the Attorney General of Texas must pass upon the legality of certain related matters. The Attorney General of Texas does not guarantee or pass upon the safety of the Bonds as an investment or upon the adequacy of the information contained in this OFFICIAL STATEMENT.

Registration and Transfer

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 the bond register on behalf of the District.

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.

Issuance of Additional Debt

The District's voters have authorized the issuance of $36,000,000 principal amount of unlimited tax bonds for the purpose of constructing and or acquiring water, sewer, and stormwater drainage facilities and refunding such bonds and $27,225,000 principal amount of unlimited tax bonds for the purpose of constructing road facilities and refunding such bonds and could authorize additional amounts. After the issuance of the Bonds, $23,230,000 principal amount of unlimited tax bonds for constructing or acquiring a water, sewer, and stormwater drainage system and/ or refunding the same will remain authorized but unissued and $25,535,000 principal amount of unlimited tax bonds for road facilities and/ or refunding the same will remain authorized but unissued. Wastewater treatment for the District is provided by individual lot owners through on-site aerobic septic systems and as such the District has no intention of issuing bonds for the purpose of constructing or acquiring a sewer system. The District has authorized filing of a bond application to the TCEQ in the in the approximate principal amount of $2,965,000. The District expects approval and issuance of the bonds in the third quarter of 2021. See "INVESTMENT CONSIDERATIONS—Future Debt."

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. The District prepared and adopted a detailed park plan and at an election held in 2014, the voters of the District authorized the issuance of $2,460,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities and for the purpose of refunding such bonds, all of which remains authorized but unissued. Additional bonds could be authorized in the future. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District.

The 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 expects to issue additional bonds in order to reimburse the Developer for the cost of waterworks and stormwater drainage facilities, and parks and recreational facilities constructed within the District. Issuance of additional bonds could dilute the investment security of the Bonds.

Annexation

Approximately 679 acres within the District are currently within the extraterritorial jurisdiction of the City of Houston and approximately 20 acres within the District are currently within the extraterritorial jurisdiction of the City of Tomball. Under Texas law, the property within the extraterritorial jurisdiction of a municipality may be annexed by that municipality without the consent of the District subject to observance and compliance with the various requirements of Chapter 43, Local Government Code, as amended. This may include the requirement that the municipality hold an election in the District whereby the District's voters approve the annexation. In the event of annexation of a portion of the District by the City of Houston or the City of Tomball, then the District would continue to exist. In the event of annexation of the entirety of the District by the City of Houston and the City of Tomball, then the District may be abolished by agreement among the District, the City of Houston, and the City of Tomball. The agreement abolishing the District must provide for the distribution of assets and liabilities of the District. Once a district is annexed, the annexing municipality must take over all property and assets of the district, assume all debts, liabilities and obligations of the district and perform all of the function of the district, including the provision of service. No representation is made that annexation or dissolution will occur.

Consolidation

The District has the legal authority and right to consolidate with other municipal utility districts and in connection therewith to provide for the consolidation of its assets, such as cash and its utility system, with the waterworks and sewer systems of the district(s) with which it is consolidating, as well as its liabilities, including the Bonds. The District has no current plans to exercise its right of consolidation. No representation is made concerning the ability of the consolidated district to make debt service payments on the Bonds and other outstanding obligations of the consolidated district should consolidation occur.

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 statutory right of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Order. Except for mandamus, the Bond Order does not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, 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 Order 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. See "INVESTMENT CONSIDERATIONS— Registered Owners' Remedies and Bankruptcy Limitations."

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.

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) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing the 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, (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 the investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and which mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds.

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

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

BOOK-ENTRY-ONLY SYSTEM

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 are 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 3.6 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.

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 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 thereof.

THE DISTRICT

General

The District, a political subdivision of the State of Texas, was created by an order of the TCEQ, dated February 7, 2006. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code, as amended and other statutes of Texas applicable to municipal utility districts.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. However, the District is only providing water supply and distribution and storm drainage facilities. Wastewater treatment is provided by individual lot owners through on-site aerobic septic systems. See "THE SYSTEM."

The District has the power to finance, own, and maintain certain road projects pursuant to Chapter 8255, Special District Local Laws Code and Section 52, Article III, Texas Constitution. Such road projects may include thoroughfare, arterial, or collector roads or improvements in aid of such roads. The District may with the consent of Harris County or the municipality in whose corporate or extraterritorial jurisdiction in which the proposed project is located, currently the City of Houston, convey such completed road project to such municipality or county. The District is authorized by statute to issue bonds or other obligations payable wholly or partly from ad valorem taxes, impact fees, revenue, grants, or other District money, or any combination of those sources to pay for road projects pursuant to Chapter 8255, Special District Local Laws Code. The total principal amount of bonds, notes or other obligations issued or incurred to finance road projects may not exceed one fourth of the assessed value of the real property in the District according to the most recent certified appraisal roll for Harris County.

The District is also empowered to establish, operate, and maintain fire-fighting facilities, independently or with one or more conservation and reclamation districts, after approval by the City of Houston, the TCEQ and the voters of the District. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities and roads. See "THE BONDS—Issuance of Additional Debt."

The TCEQ exercises continuing supervisory jurisdiction over the District. In order to obtain the consent for creation from the City of Houston, within whose extraterritorial jurisdiction the District lies, the District is required to observe certain requirements of the City of Houston which: limit the purposes for which the District may sell bonds for the acquisition, construction, and improvement of waterworks, wastewater, drainage, road and recreational facilities and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; and require certain public facilities to be designed in accordance with applicable City of Houston standards. Construction and operation of the District's system is subject to the regulatory jurisdiction of additional governmental agencies. See "THE SYSTEM—Regulation."

Description and Location

The District is located in Harris County approximately 26 miles northwest of the City of Houston central business district. The District is located north of Boudreaux Road and east of Telge Road. Approximately 679 acres within the District are within the extraterritorial jurisdiction of the City of Houston and approximately 20 acres are within the extraterritorial jurisdiction of the City of Tomball. All of the District is within the Tomball Independent School District. At the time of its creation, the District contained approximately 478 acres and subsequently annexed approximately 221 acres. The District currently contains approximately 699 acres of land.

Land Use

The District currently includes approximately 536 acres developed as 250 single-family residential estate lots that are provided with water supply and distribution and stormwater drainage facilities (see "THE SYSTEM—Wastewater Collection and Treatment"), approximately 130 undevelopable acres, approximately 13 developable but undeveloped acres and approximately 20 acres developed as a 35,000 square foot equestrian center. The table below represents a detailed breakdown of the current acreage and development in the District.

	Approximate Acres	Lots
Willowcreek Ranch:		
Section One	67	14
Section Two	87	71
Section Three	101	20
Section Four	36	10
Section Five	16	12
Section Seven	47	13
Section Eight	54	42
Section Nine	41	28
Section Ten	87	40
Subtotal	536	250
Equestrian Center	20	---
Future Development	13	---
Non-Developable (a)	130	---
	699	250

(a) Includes drainage and pipeline easements, detention, open spaces, utility sites and approximately 87 acres of land within the 100-year flood plain.

Status of Development

Single-Family Residential: The District is being developed as Willowcreek Ranch, a large lot/estate home development. Construction of water distribution and stormwater drainage facilities to serve 250 estate lots on approximately 536 acres, as well as street paving, has been completed on behalf of the District by the Developer. Wastewater treatment is provided by individual lot owners through on-site aerobic septic systems. As of January 2021, 127 custom homes were completed, 126 of which were occupied, 28 new custom homes were under construction, 60 estate lots had been sold to individuals for future construction of a home, 5 estate lots had been sold to custom builders and 30 estate lots were available for sale and home construction. Home values within the District range from $600,000 to over $1,900,000. The estimated population in the District, based upon 3.5 persons per occupied residence, is 441.

Development in the District includes a 35,000 square-foot equestrian center on approximately 20 acres, which includes 24 horse stalls encompassing 10,000 square-feet and a 25,000 square-foot covered riding arena. The facility is open to all residents and their invited guests. The facility includes a full-time horse trainer and manager and an on-site groom for twenty-four hour care.

Recreational facilities also include a 6,000 square-foot lodge that includes a fitness center, full kitchen and entertainment area for residences.

Builders

Although a preferred list of custom homebuilders is provided by the Developer, lot owners may select their own homebuilder. All home plans must obtain approval by the Architectural Review Committee before construction can begin. See “THE DEVELOPER.”

Future Development

The District is currently planned primarily as a single-family residential development. Approximately 13 developable acres of land currently within the District are not yet served with water distribution and supply, or storm drainage facilities. While the Developer anticipates future development of this acreage as business conditions warrant, there can be no assurances if and when any of such undeveloped land will ultimately be developed. See “THE DEVELOPER.” The District anticipates issuing additional bonds to reimburse the Developer for utilities, roads, and park amenities and to accomplish full development of the District. See “INVESTMENT CONSIDERATIONS—Undeveloped Acreage and Vacant Lots” and “—Future Debt.” The Engineer has stated that under regulatory criteria and current development plans (and excluding any costs of converting to surface water), the remaining authorized but unissued bonds ($51,225,000) should be sufficient to finance the construction of facilities to complete the District’s water, drainage, road and recreation system for full development of the District.

THE DEVELOPER

Role of a Developer

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

Prospective Bond purchasers should note that the prior real estate experience of the Developer should not be construed as an indication that further development within the District will occur, or that construction of taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. See “INVESTMENT CONSIDERATIONS.”

The Developer

CC Telge Road, LP (“CC Telge Road”) is a Texas limited partnership whose general partner is CC Telge Road, GP, L.L.C. The general partner is controlled by Caldwell Companies. CC Telge Road assigned its District reimbursement rights to Willow Creek Telge, L.L.C., a Texas limited liability company (“Willow Creek Telge”), a special purpose entity formed by Caldwell Companies. CC Telge Road and Willow Creek Telge are collectively referred to herein as the “Developer.” Caldwell Companies has completed the development of approximately 3,000 lots in northwest Houston in areas other than the District. Caldwell Companies also develops commercial projects. See “TAX DATA—Principal Taxpayers.”

Lot Sales

The Developer to date has completed the construction of water distribution and stormwater drainage to serve 250 estate lots varying in size from approximately 0.80 to 3.74 acres. Of the 250 lots, 215 lots have been sold to individuals who have constructed, are constructing or intend to construct a custom home and 5 lots have been sold to custom homebuilders. Lot owners are required to start construction of a home within twenty-four (24) months of lot acquisition; if home construction has not commenced within twenty-four (24) months, then the Developer, upon thirty (30) days’ written notice to the property owner, has the right to repurchase the lot at seventy percent (70%) of the original purchase price. To date, the Developer has not exercised the repurchase clause.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	District Board Title	Term Expires
Christopher C. Hughes	President	May 2022
Richard Godwin	Vice President	May 2022
William L. Shappley, III	Secretary	May 2022
Reed Tinsley	Assistant Secretary	May 2024
Thomas A. Cook	Director	May 2024

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/Attorney: The District has engaged Smith, Murdaugh, Little & Bonham, L.L.P. as general counsel to the District and as Bond Counsel in connection with the issuance of the District's 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 Edminster, Hinshaw, Russ and Associates d/b/a EHRA, Inc. ("the Engineer").

Auditor: The District's financial statements for the fiscal year ended June 30, 2020, were audited by McCall Gibson Swedlund Barfoot PLLC. See "APPENDIX A" for a copy of the District's audited financial statements for the fiscal year ended June 30, 2020.

Bookkeeper: The District contracts with F. Matuska, Inc. (the "Bookkeeper") for bookkeeping services for the District.

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

Tax Assessor/Collector: The District has appointed an independent tax assessor/collector to perform the tax collection function. Bob Leared Interests (the "Tax Assessor/Collector") have been employed by the District to serve in this capacity.

Utility System Operator: The District contracts with Northwest Harris County Municipal Utility District No. 5 ("MUD 5") for water supply in the District. MUD 5 has contracted with Municipal District Services, L.L.C. for operation of the water system. See "THE SYSTEM."

ROAD FACILITIES

The District has road powers that allow the District to build and finance roads and related improvements within the District. A portion of the proceeds from the District's sale of the Series 2020 Bonds was used for construction of Holderrieth Road and related improvements. See "INVESTMENT CONSIDERATIONS—Future Debt."

THE SYSTEM

Regulation

Construction and operation of the District's water and stormwater drainage system (the "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 is subject to the regulatory authority of the Harris-Galveston Subsidence District (see "Water Supply" and "Subsidence and Conversion to Surface Water Supply" below). 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 System.

Water Supply

Water supply for the District is currently provided by MUD 5. The MUD 5 water supply facilities include water well capacity of 6,315 gallons per minute ("gpm"), pressure tank capacity of 110,000 gallons, ground storage capacity of 2,620,000 gallons and booster pump capacity of 11,600 gpm. The District also receives a portion of its water supply from surface water provided by the North Harris County Regional Water Authority (the "Authority") through MUD 5. Pursuant to an agreement with MUD 5, MUD 5 installs all the water meters within the District in consideration for connection charges paid for no less than ten (10) connections at a time. MUD 5 provides water service directly to District residents. MUD 5 collects the water revenues and maintains the water distribution system. Rates charged to MUD 5 customers within the District are equal to the rates charged by MUD 5 to customers located within MUD 5 plus 10%. In the event MUD 5 experiences unusual or extraordinary costs associated with the maintenance of water distribution facilities in the District, MUD 5 may charge such costs to the District. The District's current water supply capacity received from MUD 5 is adequate to serve 200 equivalent single-family connections. As of January 2021, the District was serving 187 active connections (127 completed homes and 60 homes under construction).

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District and MUD 5 are located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). MUD 5's groundwater well(s) are included within the Authority's GRP. MUD 5's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

The Authority, among other powers, has the power to (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by MUD 5 for groundwater pumped by MUD 5 or for surface water received by MUD 5 from the Authority), user fees, rates, and charges as necessary to accomplish its purposes; and (iii) mandate water users, including MUD 5, to convert from groundwater to surface water. The Authority currently charges MUD 5, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by MUD 5 and a fee per 1,000 gallons of surface water received by MUD 5 from the Authority. MUD 5 passes such fees on to its customers, including customers in the District, with respect to water used by each individual customer. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty of $9.58 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from MUD 5. If MUD 5 failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against MUD 5, which penalties could result in an increase in rates to MUD 5 customers including those within the boundaries of the District.

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

Wastewater Collection and Treatment

Wastewater treatment for the District is provided by individual lot owners through on-site aerobic septic systems. The individual systems are permitted by Harris County and are maintained by the homeowner. As of January 2021, 187 aerobic septic systems were active in the District (127 completed homes and 60 homes under construction).

Water Distribution and Stormwater Drainage Facilities

Water distribution and stormwater drainage facilities have been constructed to serve 250 single-family residential estate lots within the District. See "Wastewater Collection and Treatment" above and "THE DISTRICT—Land Use."

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes 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.

According to the Engineer, approximately 349 acres within the District's boundaries are within the 100-year flood plain. Approximately 87 acres will not be developed. Home pad sites for the remaining 262 acres located along the south and northeast side of the District were removed from the floodplain as development occurred. None of the existing home pad sites are within the 100-Year Flood Plain. See "INVESTMENT CONSIDERATIONS—Extreme Weather Events."

Atlas 14

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

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

2020 Certified Taxable Assessed Valuation	$172,422,450	(a)
Gross Direct Debt Outstanding	$13,720,000	(b)
Estimated Overlapping Debt	9,053,073	(c)
Gross Direct Debt and Estimated Overlapping Debt	$22,773,073	
Ratio of Gross Direct Debt to:		
2020 Certified Taxable Assessed Valuation	7.96%	
Ratio of Gross Direct Debt and Estimated Overlapping Debt to:		
2020 Certified Taxable Assessed Valuation	13.21%	
Debt Service Funds Available as of April 6, 2021		
WS&D Debt Service Funds Balance	$779,845	(d)
Road Debt Service Fund Balance	59,020	(d)
Total Debt Service Funds Available	$838,865	(d)
Capital Project Funds Available as of April 6, 2021	$957,854	
Operating Funds Available as of April 6, 2021	$549,651	

(a) As certified by the Harris County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES."
(b) After the refunding of the Refunded Bonds and the issuance of the Bonds. See "Outstanding Bonds" herein.
(c) See "Estimated Overlapping Debt" herein.
(d) The District will contribute $50,000 towards the purpose for which the Bonds are being issued. See "PLAN OF FINANCING—Sources and Uses of Funds." Funds in the WS&D Debt Service Fund are available to pay debt service on the District's bonds issued for water, sewer, and drainage facilities (including the Bonds) and are not available to pay debt service on the District's bonds for roads. The WS&D Debt Service Fund and Road Debt Service Fund balances above includes capitalized interest from the Outstanding Bonds. See "THE BONDS—Funds."

Investments of the District

The District maintains an investment strategy that emphasizes, in order of priority, safety, liquidity, and return on investment, as embodied in its investment policy (the "Investment Policy"). The District does not invest in, among other things, inverse floater, interest-only or principal-only mortgage-backed securities. The Investment Policy provides, among other things, that (i) its bookkeeper or any replacement investment manager must submit quarterly investment reports to the Board of Directors and (ii) the Investment Policy must be reviewed annually by the Board of Directors.

Outstanding Bonds

The following table lists the original principal amount of Outstanding Bonds, the Outstanding Bonds, the Refunded Bonds and the Remaining Outstanding Bonds. The table below does not include series of bonds paid in full as of the date hereof.

Series	Original Principal Amount	Principal Currently Outstanding	Refunded Bonds	Remaining Outstanding Bonds
2016	$ 5,000,000	$ 4,550,000	$ 4,425,000	$ 125,000
2017	4,950,000	4,725,000	-	4,725,000
2019	2,625,000	2,560,000	-	2,560,000
2020 (a)	1,690,000	1,690,000	-	1,690,000
Total	$ 14,265,000	$ 13,525,000	$ 4,425,000	$ 9,100,000
The Bonds				4,620,000
The Bonds and the Remaining Outstanding Bonds				$13,720,000

(a) Unlimited Tax Road Bonds.

District Operations

The following statement sets forth in condensed form the General Operating Fund as shown in the District's audited financial statements from the period of inception through the fiscal year ended June 30, 2017 through June 30, 2020 and for the period ending February 28, 2021, from the Bookkeeper. MUD 5 provides the water supply within the District and collects all water revenue directly from customers in the District. See "THE SYSTEM." The District's only significant source of operating revenue is maintenance tax revenue. Accounting principles customarily employed in the determination of net revenues have been observed and in all instances exclude depreciation. Reference is made to such statements, including "APPENDIX A," for further and complete information.

	7/1/2020 to 2/28/2021 (a) (Unaudited)	Fiscal Year Ended June 30 2020	2019	2018	2017
Revenues					
Property Taxes	$ 295,572	$ 250,610	$ 222,067	$ 362,060	$ 134,262
Penalty and Interest	297	-	-	222	-
Miscellaneous Revenues	35,000	546	453	-	61
Total Revenues	$ 330,869	$ 251,156	$ 222,520	$ 362,282	$ 134,323
Expenditures					
Professional Fees	$ 94,666	$ 104,868	$ 130,454	$ 99,342	$ 78,354
Contracted Services	8,340	12,220	12,260	12,140	10,045
Repairs and Maintenance	4,800	49,613	11,500	175,000 (b)	-
Other	14,876	19,503	17,426	24,632	16,335
Capital Outlay	-	-	-	-	-
Total Expenditures	$ 122,682	$ 186,204	$ 171,640	$ 311,114	$ 104,734
NET REVENUES	$ 208,187	$ 64,952	$ 50,880	$ 51,168	$ 29,589
Other Financing Sources (Uses) (c)	$ -	$ -	$ -	$ 119,500	$ -
General Operating Fund Balance Beginning of the Year	$ 360,850	$ 295,898	$ 245,018	$ 74,350	$ 44,761
End of the Year	$ 569,037	$ 360,850	$ 295,898	$ 245,018	$ 74,350

(a) Unaudited. Provided by the District's Bookkeeper.
(b) Consists of mowing and maintenance expenses paid to Willowcreek Ranch Home Owners Association, grading of a ditch and planting of grass.
(c) Developer advance.

Debt Service Requirements

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds ($4,425,000 principal amount), plus the debt service on the Bonds.

Year	Outstanding Bonds Debt Service Requirements	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Bonds Principal	Interest	Total	Total Debt Service Requirements
2021	$ 538,246.25 (a)	$ 77,750.00	$ -	$ 24,793.75	$ 24,793.75	$ 485,290.00
2022	847,727.50	285,500.00	155,000	99,175.00	254,175.00	816,402.50
2023	844,667.50	287,315.00	160,000	94,525.00	254,525.00	811,877.50
2024	856,077.50	293,805.00	170,000	89,725.00	259,725.00	821,997.50
2025	856,492.50	294,890.00	175,000	84,625.00	259,625.00	821,227.50
2026	852,167.50	295,690.00	185,000	79,375.00	264,375.00	820,852.50
2027	864,272.50	301,195.00	195,000	73,825.00	268,825.00	831,902.50
2028	865,312.50	301,245.00	200,000	67,975.00	267,975.00	832,042.50
2029	875,392.50	305,805.00	205,000	63,975.00	268,975.00	838,562.50
2030	874,507.50	305,045.00	205,000	61,925.00	266,925.00	836,387.50
2031	882,597.50	308,755.00	215,000	59,362.50	274,362.50	848,205.00
2032	879,857.50	312,125.00	220,000	56,137.50	276,137.50	843,870.00
2033	885,807.50	314,745.00	230,000	51,737.50	281,737.50	852,800.00
2034	885,887.50	312,005.00	230,000	47,137.50	277,137.50	851,020.00
2035	889,555.00	313,865.00	235,000	42,537.50	277,537.50	853,227.50
2036	897,320.00	320,355.00	245,000	37,837.50	282,837.50	859,802.50
2037	903,361.25	321,045.00	250,000	32,937.50	282,937.50	865,253.75
2038	898,305.00	321,355.00	255,000	27,937.50	282,937.50	859,887.50
2039	901,470.00	321,020.00	260,000	22,837.50	282,837.50	863,287.50
2040	903,470.00	325,295.00	270,000	17,637.50	287,637.50	865,812.50
2041	909,310.00	323,985.00	275,000	11,900.00	286,900.00	872,225.00
2042	908,810.00	327,285.00	285,000	6,056.25	291,056.25	872,581.25
2043	586,943.75	-	-	-	-	586,943.75
2044	71,400.00	-	-	-	-	71,400.00
Total	$ 19,678,958.75	$ 6,570,075.00	$ 4,620,000	$ 1,153,975.00	$ 5,773,975.00	$ 18,882,858.75

(a) Excludes the March 1, 2021 debt service payment in the amount of $231,687.92.

Average Annual Debt Service Requirements (2022-2044) $799,894
Maximum Annual Debt Service Requirement (2042).. $872,581

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…………………………………	$ 1,672,657,125	2/28/2021	0.03%	$ 501,797
Harris County Department of Education…….	20,185,000	2/28/2021	0.03%	6,056
Harris County Flood Control District……….	334,270,000	2/28/2021	0.03%	100,281
Harris County Hospital District………………	81,540,000	2/28/2021	0.03%	24,462
Lone Star College System……………………	518,505,000	2/28/2021	0.07%	362,954
Port of Houston Authority……………………	492,439,397	2/28/2021	0.03%	147,732
Tomball ISD…………………………………	564,985,000	2/28/2021	1.40%	7,909,790
Total Estimated Overlapping Debt………………………………………………………………				$ 9,053,073
The District's Total Direct Debt (a)……………………………………………………………				13,720,000
Total Direct and Estimated Overlapping Debt…………………………………………………				$ 22,773,073
Direct and Estimated Overlapping Debt as a Percentage of:				
2020 Certified Taxable Assessed Valuation of $172,422,450……………………………………				13.21%

(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 (see "Estimated Overlapping Debt" above), 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 taxing jurisdictions overlapping the District and the 2020 tax rate of 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)………………………….	$ 0.60419
Harris County Emergency Services District No. 8……………..	0.09700
Harris County Emergency Services District No. 15……………	0.04881
Lone Star College System………………………………………	0.10780
Tomball ISD……………………………………………………	1.29000
Total Overlapping Tax Rate……………………………………	$ 2.14780
The District……………………………………………………	0.65000
Total Tax Rate…………………………………………………	$ 2.79780

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 remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds. See "Historical Tax Rate Distribution" 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 10, 2014, and voters of the District authorized, among other things, the Board to levy an unlimited maintenance tax. 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" and "Historical Tax Rate Distribution" herein.

Historical Tax Rate Distribution

	2020	2019	2018	2017	2016
Debt Service	$ 0.465 (a)	$ 0.475	$ 0.465	$ 0.230	$ 0.405
Maintenance and Operations	0.185	0.175	0.185	0.420	0.245
Total	$ 0.650	$ 0.650	$ 0.650	$ 0.650	$ 0.650

(a) Consists of $0.415 for water, sewer and drainage debt and $0.05 for road debt.

Historical Tax Collections

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

Tax Year	Net Certified Taxable Valuation (a)	Tax Rate	Total Tax Levy	Total Collections as of March 31, 2021 (b) Amount	Percent
2016	$ 59,455,654	$ 0.65	$ 386,462	$ 386,462	100.00%
2017	86,743,891	0.65	563,835	563,835	100.00%
2018	115,649,483	0.65	751,722	751,722	100.00%
2019	140,535,314	0.65	913,480	909,933	99.61%
2020	172,422,450	0.65	1,120,746	1,087,835	97.06%

(a) Certified by the Appraisal District. See "Tax Roll Information" below.
(b) Represents unaudited collections as of February 28, 2021.

Tax Roll Information

The District's 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 2016 through 2020 Certified Taxable Assessed Valuations. Taxes are levied on taxable value certified by the Appraisal District as of January 1 of each year.

	Certified Taxable Assessed Valuation				
	2020	2019	2018	2017	2016
Land	$50,417,507	$47,890,197	$43,985,777	$39,014,642	$34,050,241
Improvements	129,494,121	100,343,114	76,077,390	55,178,892	31,044,421
Personal Property	241,805	402,346	385,812	44,273	528
Exemptions	(7,730,983)	(8,100,343)	(4,799,496)	(7,493,916)	(5,639,536)
Total Taxable Value	$172,422,450	$140,535,314	$115,649,483	$86,743,891	$59,455,654

Principal Taxpayers

The following table represents the ten 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 $172,422,450, which represents ownership as of January 1, 2020.

Taxpayer	2020 Certified Taxable Assessed Valuation	% of 2020 Certified Taxable Assessed Valuation
Willow Creek Telge L.L.C. (a)	$ 5,349,368	3.10%
Individual	2,010,097	1.17%
SJS Group of Companies Inc.	1,972,341	1.14%
Individual	1,778,361	1.03%
Individual	1,756,160	1.02%
Individual	1,748,162	1.01%
Individual	1,677,877	0.97%
Individual	1,635,066	0.95%
Individual	1,608,968	0.93%
Individual	1,600,679	0.93%
Total	$ 21,137,079	12.26%

(a) See "THE DEVELOPER."

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of taxable assessed valuation which would be required to meet average annual and maximum annual debt service requirements if no growth in the District's tax base occurred beyond the 2020 Certified Taxable Assessed Valuation of $172,422,450. 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 taxable values in the District, collection of ninety-five percent (95%) of taxes levied, the sale of no additional bonds, and no other funds available for the payment of debt service. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements," "Tax Roll Information" in this section and "INVESTMENT CONSIDERATIONS—Possible Impact on District Tax Rates."

Average Annual Debt Service Requirement (2022-2044)	$799,894
$0.49 Tax Rate on 2020 Certified Taxable Assessed Valuation	$802,627
Maximum Annual Debt Service Requirement (2042)	$872,581
$0.54 Tax Rate on 2020 Certified Taxable Assessed Valuation	$884,527

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal of and interest on the Bonds, the Remaining Outstanding Bonds, and any additional bonds payable from taxes which the District may hereafter issue (see "INVESTMENT CONSIDERATIONS—Future Debt") and to pay the expenses of assessing and collecting such taxes. The District agrees in the Bond Order to levy such a tax from year-to-year as described more fully herein under "THE BONDS—Source and Security of Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and for the payment of certain contractual obligations. See "TAX DATA—Debt Service Tax" and "—Maintenance Tax."

Property Tax Code and County-Wide Appraisal District

The Texas Property Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with 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 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").

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons sixty-five (65) years of age or older and of certain disabled persons to the extent deemed advisable by the Board. The District may be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the previous election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $3,000 and $12,000 of taxable valuation depending upon the disability rating of the veteran claiming the exemption, and qualifying surviving spouses of persons 65 years of age or older will be entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse. A veteran who receives a disability rating of 100% is entitled to an exemption for the full amount of the veteran's residential 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 the residence homestead was donated by a charitable organization. Also, the surviving spouse of a member of the armed forced 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 spouse. The surviving spouse of a first responder who is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the responder's death, and said property was the first responder's residence homestead at the time of death. Such exemption would be transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received. See "TAX DATA."

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by April 30. See "TAX DATA."

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

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code.

Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. In November 1997, Texas voters approved a constitutional amendment to limit increases in the appraised value of residence homesteads to ten percent (10%) annually regardless of the market value of the property. The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its 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. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it as to another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

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

Effective January 1, 2020, Section 11.35 of the Property Tax Code, authorizes a temporary tax exemption for certain damaged property in governor-declared disaster areas. In order to qualify for the exemption, the property must be at least 15% damaged, as determined by the chief appraiser of the appraisal district. Upon a property owner's application for an exemption, the chief appraiser must assign a damage rating of Level I – 15% (minimal damage), Level II – 30% (nonstructural damage), Level III – 60% (significant structural damage), or Level IV – 100% (total loss).

Property owners are entitled to the exemption if the Governor declares the disaster area prior to a taxing unit adopting a tax rate for the year in which the disaster occurs. However, if the disaster declaration occurs on or after the date a taxing unit adopts a tax rate, property owners are only entitled to receive the exemption if the governing body of the taxing unit adopts the exemption within 60 days of the disaster declaration.

The amount of the exemption for qualifying property is determined by multiplying the appraisal value by the level rating percentage, which is then prorated by the number of days from the disaster declaration to December 31 of the tax year in which the disaster is declared as a percentage of total days in the year. The exemption expires on January 1 of the first tax year in which the property is reappraised.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Low Tax Rate Districts: Low Tax Rate Districts that adopt a total tax rate that would impose more than1.08 times the amount of the total tax imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are required to hold a rollback 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 1.08 times the previous year's operation and maintenance tax rate.

Developed Districts: Developed Districts that adopt a total tax rate that would impose more than1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold a rollback election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a 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 are classified as Developing Districts. The qualified voters of these districts, upon the Other District's adoption of a total tax rate that would impose more than 1.08 times the amount of the total tax rate imposed by such district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions, are authorized to petition for an election to reduce the operation and maintenance tax rate. If a rollback election is called and passes, the total tax rate for Developing Districts is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

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

District's Rights in the Event of Tax Delinquencies

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both subject to the restrictions on residential homesteads described above under "Levy and Collection of Taxes." 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, by taxpayer redemption rights or by bankruptcy proceedings which restrict the collection of taxpayer debts. A taxpayer may redeem property within two (2) years for residential and agricultural use property and six (6) months for all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS—General" and "—Tax Collection Limitations and Foreclosure Remedies."

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outlook (COVID-19)

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

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

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

While the potential impact of 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 partially prior to the economic impact of the Pandemic and measures instituted to slow it. Accordingly, they are not indicative of the economic impact of the Pandemic on the District's financial condition.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Extreme Weather Events

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, the 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 Developer and the Engineer, the District's water and drainage system did not sustain any material damage and there was no interruption of water service as a result of Hurricane Harvey. Further, to the best knowledge of the Developer, and the Engineer, no homes within the District experienced structural flooding or other material damage as a result of Hurricane Harvey.

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

Specific Flood Type Risks

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.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of developed lots which are owned by the Developer, individual homeowners and builders. The market value of such properties is related to general economic conditions affecting the demand for properties. Demand for residential lots and the construction of residential dwellings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability, energy prices and the prosperity and demographic characteristics of the urban center toward which the marketing of such properties is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values.

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which Developer is able to obtain financing for development costs. Interest rate levels may affect the ability of the Developer or property owners to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 26 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of the District's taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston or a decline in the nation's real estate and financial markets could adversely affect development and home-building plans in the District and restrain the growth of or reduce the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is approximately 26 miles from downtown Houston, could be affected by competition from other developments, including other more traditional residential developments located in the northwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Developer in the sale of single-family residential lots to homebuyers and custom homebuilders and the timing of the construction of homes within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer or home site owners will be implemented or, if implemented, will be successful. See "THE DEVELOPER—Lot Sales."

Undeveloped Acreage and Vacant Lots

There are approximately 13 developable acres of land within the District that have not been provided with water distribution and stormwater drainage necessary to the construction of new homes and as of January 2021, there were 95 vacant estate lots with no home construction, of which 60 were owned by individuals for future home construction and 5 were owned by custom builders. The District makes no representation as to when or if development of undeveloped acreage will occur or when vacant lots will be sold to a homeowner or when a home may be constructed on a lot. See "THE DISTRICT—Land Use," "THE DEVELOPER—Lot Sales" and "THE SYSTEM."

Landowner Obligation to the District

There are no commitments from or obligations of the Developer, or any landowner, to the District to proceed at any particular rate or according to any specified plan with the development of land or construction of improvements in the District, and there is no restriction on any landowner's right to sell its land. Failure to construct taxable improvements on developed tracts of land or developed lots would restrict the rate of growth of taxable values in the District. The District cannot and does not make any representations that over the life of the Bonds the District will increase or maintain its taxable property. See "THE DEVELOPER—Lot Sales."

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. See "TAXING PROCEDURES—District's Rights in the Event of Tax Delinquencies."

Registered Owners' Remedies and Bankruptcy Limitations

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

Subject to the requirements of Texas law discussed below, a political subdivision such as the District may voluntarily file a petition for relief from creditors under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. Sections 901- 946. The filing of such petition would automatically stay the enforcement of Registered Owner's remedies, including mandamus. The automatic stay would remain in effect until the federal bankruptcy judge hearing the case dismisses the petition, enters an order granting relief from the stay or otherwise allows creditors to proceed against the petitioning political subdivision. A political subdivision such as the District may qualify as a debtor eligible to proceed in a Chapter 9 case only if it is (1) authorized to file for federal bankruptcy protection by applicable state law, (2) is insolvent or unable to meet its debts as they mature, (3) desires to effect a plan to adjust such debts, and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Special districts such as the District must obtain the approval of the TCEQ as a condition to seeking relief under the Federal Bankruptcy Code. The TCEQ is required to investigate the financial condition of a financially troubled district and authorize such district to proceed under federal bankruptcy law only if such district has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

A district may not be forced 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 $36,000,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing water, sewer and stormwater drainage facilities and refunding such bonds, $27,225,000 principal amount of unlimited tax bonds for the purpose of constructing road facilities and refunding such bonds, and $2,460,000 principal amount of unlimited tax bonds for the purpose of acquiring or constructing parks and recreational facilities and refunding such bonds has been authorized by the District's voters. Although the voters have authorized bonds for sewer facilities, the District does not intend to finance such facilities. After issuance of the Bonds, $23,230,000* principal amount of unlimited tax bonds will remain authorized but unissued for water, sewer and stormwater drainage facilities, $25,535,000 principal amount of unlimited tax bonds for road facilities and all of the authorized bonds for parks and recreational facilities will remain 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 has authorized filing of a bond application to the TCEQ in the in the approximate principal amount of $2,965,000. The District expects approval and issuance of the bonds in the third quarter of 2021. See "THE BONDS—Issuance of Additional Debt."

To date, the Developer has advanced certain funds for construction of water and stormwater drainage facilities, roads and parks and recreational facilities which has not been reimbursed. The District currently owes the Developer approximately $2,165,000 for funds advanced to construct water and stormwater drainage facilities, roads and parks and recreational facilities in the District. The District intends to issue additional bonds in the future in order to develop the remainder of undeveloped but developable land (approximately 13 acres). 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. However, the outstanding principal amount of bonds issued to finance parks and recreational facilities may not exceed 1% of the District's certified value. Any bonds issued by the District, however, must be approved by the Attorney General of Texas and the Board of the District and any bonds issued to acquire or construct water and storm drainage facilities and recreational facilities, but not road facilities, must be approved by the TCEQ.

In addition, future changes in health or environmental regulations 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."

Environmental Regulation

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

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

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

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

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

In February 2018, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion in South Coast Air Quality Management District v. EPA, 882 F.3d 1138 (D.C. Cir. 2018) vacating the EPA redesignation substitute rule that provided the basis for the EPA's decision to eliminate the anti-backsliding requirements that had applied in the HGB Area under the 1997 Ozone Standard. The court has not responded to the EPA's April 2018 request for rehearing of the case. To address the uncertainty created by the South Coast court's ruling, the TCEQ has developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the HGB Redesignation Request and Maintenance Plan for the One-Hour and 1997 Eight-Hour Ozone Standards SIP Revision on December 12, 2018. The SIP revision was submitted to the EPA on December 14, 2018 and includes a request that the HGB area be formally redesignated to attainment for the 1997 eight-hour ozone NAAQS. On May 16, 2019, the EPA proposed: a determination that the HGB area has met redesignation criteria and is continuing to attain the one-hour and 1997 eight-hour ozone NAAQS; termination of the anti-backsliding obligations; and approval of the 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.

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

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

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

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

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

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has entered into an agreement with Build America Mutual Assurance Company ("BAM" 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. See "MUNICIPAL BOND INSURANCE."

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim 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) for the Bonds.

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 have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial 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 INSURANCE' and "MUNICIPAL BOND RATING" for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

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.

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 "TAX MATTERS."

Changes in Tax Legislation

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

LEGAL MATTERS

Legal Opinions

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District, payable from the proceeds of an annual ad valorem tax levied without limitation as to rate or amount upon all taxable property within the District except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting rights of creditors of political subdivisions such as the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel to the District ("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. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property located within the District and that interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws subject to the matters described under the caption which follows entitled "TAX MATTERS."

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P. has reviewed the information appearing in this Official Statement under the captions "THE BONDS," "TAXING PROCEDURES," "THE DISTRICT—General," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Opinion

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

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

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

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

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

Federal Income Tax Accounting Treatment of Original Discount Bonds

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

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

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

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

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

Federal Income Tax Accounting Treatment of Premium Bonds

The initial public offering price of certain Bonds (the “Premium Bonds”) is greater than the amount payable on such Bonds at maturity. An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser’s yield to maturity. Purchasers of the Premium Bonds should consult with their own tax advisors with respect to the determination of amortizable bond premium with respect to the Premium Bonds for federal income tax purposes and with respect to the state and local tax consequences of owning Premium Bonds.

Collateral Federal Income Tax Consequence

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

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

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

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

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

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

Future and Proposed Legislation

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

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 for Financial Institutions

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a "financial institution," on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining 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 which is a "financial institution" allocable to tax-exempt obligations, other than "private activity bonds," which 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" or "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 which is subject to federal or state supervision as a financial institution. Notwithstanding the exception to the disallowance of the deduction of interest on indebtedness related to "qualified tax-exempt obligations" provided by Section 265 (b) of the Code, Section 291 of the Code provides that the allowable deduction to a "bank" as defined in Section 585(a)(2) of the Code, for interest on indebtedness incurred or continued to purchase "qualified tax-exempt obligations" shall be reduced by twenty percent (20%) as a "financial institution preference item."

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure or to refrain from such action which 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 (or, in the case of discount bonds, the amount payable at maturity) exceeds $10,000,000, then such obligations might fail to satisfy the $10,000,000 limitation and the obligations would not be "qualified tax-exempt obligations."

MUNICIPAL BOND RATING

It is expected that S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC, ("S&P") and will assign municipal bond ratings of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by Build America Mutual Assurance Company. Moody's Investors Service, Inc. ("Moody's") has assigned an underlying rating of "Baa2" to the Bonds. An explanation of the ratings may be obtained from the company furnishing each rating.

The rating reflects only the view of such organizations and the District makes no representation as to the appropriateness of the rating. There is no assurance that such ratings will continue for any given period of time or that it will not be revised or withdrawn entirely by S&P or Moody's, if in their judgment, circumstances so warrant. Any such revisions or withdrawal of the ratings may have an adverse effect on the market price of the Bonds. See "INVESTMENT CONSIDERATIONS—Risk Factors Related to the Purchase of Municipal Bond Insurance" and "MUNICIPAL BOND INSURANCE."

MUNICIPAL BOND INSURANCE

Municipal Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") 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.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2020 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $485.4 million, $160.7 million and $324.7 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

VERIFICATION OF MATHEMATICAL CALCULATIONS

The accuracy of the mathematical computations of (i) the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Bonds; (ii) the "yield" on the Bonds, prepared by the Underwriter; and (iii) compliance with City of Houston Ordinance No. 97-416 will be verified by Public Finance Partners LLC.

These computations will be based upon information and assumptions supplied by the Underwriter on behalf of the District. Public Finance Partners LLC has restricted its procedures to recalculating the computations provided by the Underwriter and has not evaluated or examined the assumptions or information used in the computations.

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

The financial data and other information contained in this OFFICIAL STATEMENT have 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 such sources, and its inclusion herein is not to be construed as a representation on the part of the District except as described below under "Certification of Official Statement." Furthermore, there is no guarantee that any of the assumptions or estimates contained herein will be realized. The summaries of the agreements, reports, statutes, resolutions, engineering and other related information set forth in this OFFICIAL STATEMENT are included herein subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents for further information.

Financial Advisor

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" has been provided by Bob Leared Interests and is included herein in reliance upon the authority of such individual as an expert 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 Edminster, Hinshaw, Russ and Associates, Inc. d/b/a EHRA, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The District's financial statements for the year ended June 30, 2020, were audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's June 30, 2020, financial statements.

Bookkeeper: The information related to the "unaudited" summary of the District's General Operating Fund as it appears in "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—District Operations" has been provided by F. Matuska Inc., and is included herein in reliance upon the authority of such firm as experts in the tracking and managing the various funds of municipal utility districts.

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 as required by law (but not more than 90 days after the date the District delivers the Bonds).

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreement for the benefit of the Registered Owners and Beneficial Owners. The District is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the District will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events and material events, to the Municipal Securities Rulemaking Board ("MSRB") through its Electronic Municipal Market Access ("EMMA") or any successor to its functions as a repository through the MSRB's system. This information will be publicly available on the MSRB's website at www.emma.msrb.org.

Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB via EMMA. The information to be updated includes all quantitative financial information and operating data with respect to the District of the general type included in this OFFICIAL STATEMENT under the headings titled "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)" (except "Estimated Overlapping Debt" and "Overlapping Taxes"), "TAX DATA" and in "APPENDIX A—Audited Financial Statements." The District will update and provide this information to EMMA within six months after the end of each fiscal year ending in or after 2021.

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

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

Specified Event Notices

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

Availability of Information from the MSRB

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

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

MISCELLANEOUS

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

/s/Christopher C. Hughes
President, Board of Directors

ATTEST:

/s/William L. Shappley, III
Secretary, Board of Directors

APPENDIX A

The information contained in this appendix includes the Annual Audit Report of Harris County Municipal Utility District No. 416 and certain supplemental information for the fiscal year ended June 30, 2020.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 416
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. 416 (the "District"), as of and for the year ended June 30, 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. 416

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 June 30, 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 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 3, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

Management's discussion and analysis of Harris County Municipal Utility District No. 416's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 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 government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

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

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

FUND FINANCIAL STATEMENTS

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has three governmental fund types. The General Fund accounts for property tax revenues and professional and administrative expenditures. The Debt Service Fund accounts for ad valorem taxes and financial resources restricted, committed or assigned for servicing bond debt and the cost of assessing and collecting taxes. The Capital Projects Fund accounts for financial resources restricted, committed or assigned for acquisition or construction of facilities and related costs.

FUND FINANCIAL STATEMENTS (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund financial 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 assists in understanding the differences between these two perspectives.

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets by $2,129,165 as of June 30, 2020. A portion of the District's net position reflects its net investment in capital assets which includes the costs to construct or acquire District infrastructure, less any debt issued to pay for those assets that is still outstanding. A comparative analysis of government-wide changes in net position is presented below:

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 1,866,837	$ 1,778,556	$ 88,281
Intangible Assets (Net of Accumulated Amortization)	1,471,498	1,506,174	(34,676)
Capital Assets (Net of Accumulated Depreciation)	7,081,365	7,233,690	(152,325)
Total Assets	$ 10,419,700	$ 10,518,420	$ (98,720)
Due to Developer	$ 277,901	$ 277,901	$
Bonds Payable	12,109,169	12,333,065	223,896
Other Liabilities	161,795	149,859	(11,936)
Total Liabilities	$ 12,548,865	$ 12,760,825	$ 211,960
Net Position:			
Net Investment in Capital Assets	$ (2,926,217)	$ (2,972,937)	$ 46,720
Restricted	649,745	642,720	7,025
Unrestricted	147,307	87,812	59,495
Total Net Position	$ (2,129,165)	$ (2,242,405)	$ 113,240

The following table provides a summary of the District's operations for the years ended June 30, 2020 and June 30, 2019.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 911,224	$ 755,446	$ 155,778
Other Revenues	25,579	32,655	(7,076)
Total Revenues	$ 936,803	$ 788,101	$ 148,702
Total Expenses	823,563	1,205,323	381,760
Change in Net Position	$ 113,240	$ (417,222)	$ 530,462
Net Position, Beginning of Year	(2,242,405)	(1,825,183)	(417,222)
Net Position, End of Year	$ (2,129,165)	$ (2,242,405)	$ 113,240

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of June 30, 2020, totaled $1,842,595, an increase of $104,883 from the prior year.

The General Fund fund balance increased by $64,952, primarily due to property tax revenues exceeding professional and administrative expenditures.

The Debt Service Fund fund balance increased by $30,106, primarily due to the structure of the District's outstanding bond debt.

The Capital Projects Fund fund balance increased by $9,825.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were $45,206 more than budgeted revenues as a result of higher than anticipated property tax revenues and actual expenditures were $8,294 more than budgeted expenditures as a result of higher than anticipated professional fees.

CAPITAL ASSETS

Capital assets as of June 30, 2020, total $7,081,365 (net of accumulated depreciation) and include land, drainage system, and detention facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 978,477	$ 978,477	$
Capital Assets, Net of Accumulated Depreciation:			
Drainage System/Detention Facilities	6,102,888	6,255,213	(152,325)
Total Net Capital Assets	$ 7,081,365	$ 7,233,690	$ (152,325)

INTANGIBLE ASSETS

The District does not own its water distribution facilities. As water facilities are constructed they are conveyed to Northwest Harris County Municipal Utility District No. 5 for ownership and maintenance (see also Notes 6 and 8).

Intangible Assets At Year-End, Net of Accumulated Amortization

	2020	2019	Change Positive (Negative)
Water Facilities and Connection Fees	$ 1,647,901	$ 1,647,901	$
Less: Accumulated Amortization	176,403	141,727	(34,676)
Total Net Intangible Assets	$ 1,471,498	$ 1,506,174	$ (34,676)

LONG-TERM DEBT ACTIVITY

Bonds payable as of June 30, 2020 totals $12,135,000. The changes in the debt position of the District during the current fiscal year are summarized as follows:

Bond Debt Payable, July 1, 2019	$ 12,360,000
Less: Bond Principal Paid	225,000
Bond Debt Payable, June 30, 2020	$ 12,135,000

The District's Series 2019 Bonds carry an insured rating of "AA" based on insurance issued by Build America Mutual Assurance Company. Consistent with the prior fiscal year, the District's other bonds do not carry insured ratings.

The District has executed a facilities and operating costs reimbursement agreement with the Developer. The agreement calls for the Developer to fund operating costs as needed during the startup period, as well as costs associated with the construction of utilities, roads and recreational facilities until such time as the District can sell bonds. Reimbursement will come from the proceeds of future bond issuances to the extent approved by the Commission. The developer liability at year end totaled $277,901.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Municipal Utility District No. 416, c/o Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, TX 77019.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 370,710	$ 37,383
Investments		761,699
Property Taxes Receivable	957	2,598
Due from Other Funds	10,784	
Intangible Assets (Net of Accumulated Amortization)		
Land		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 382,451	$ 801,680

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 408,093	$	$ 408,093
693,490	1,455,189		1,455,189
	3,555		3,555
	10,784	(10,784)	
		1,471,498	1,471,498
		978,477	978,477
		6,102,888	6,102,888
$ 693,490	$ 1,877,621	$ 8,542,079	$ 10,419,700

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
JUNE 30, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 20,644	$ 43
Accrued Interest Payable		
Due to Developer		
Due to Other Funds		10,784
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 20,644	$ 10,827
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 957	$ 2,598
FUND BALANCES		
Restricted for Authorized Construction	$	$
Restricted for Debt Service		788,255
Unassigned	360,850	
TOTAL FUND BALANCES	$ 360,850	$ 788,255
TOTAL LIABILITIES AND FUND BALANCES	$ 382,451	$ 801,680
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$	$ 20,687	$	$ 20,687
		141,108	141,108
		277,901	277,901
	10,784	(10,784)	
		300,000	300,000
		11,809,169	11,809,169
$ -0-	$ 31,471	$ 12,517,394	$ 12,548,865
$ -0-	$ 3,555	$ (3,555)	$ -0-
$ 693,490	$ 693,490	$ (693,490)	$
	788,255	(788,255)	
	360,850	(360,850)	
$ 693,490	$ 1,842,595	$ (1,842,595)	$ -0-
$ 693,490	$ 1,877,621		
		$ (2,926,217)	$ (2,926,217)
		649,745	649,745
		147,307	147,307
		$ (2,129,165)	$ (2,129,165)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total Fund Balances - Governmental Funds		$ 1,842,595
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Intangible assets are not current financial resources and, therefore, are not reported as assets in the governmental funds.		1,471,498
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		7,081,365
Deferred inflows of resources related to property tax revenues for the 2019 tax levy became part of recognized revenue in the governmental activities of the District.		3,555
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developer	$ (277,901)	
Accrued Interest Payable	(141,108)	
Bonds Payable	(12,109,169)	(12,528,178)
Total Net Position - Governmental Activities		$ (2,129,165)

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

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 250,610	$ 678,325
Penalty and Interest		7,260
Investment and Miscellaneous Revenues	546	7,948
TOTAL REVENUES	$ 251,156	$ 693,533
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 104,868	$ 1,195
Contracted Services	12,220	16,729
Repairs and Maintenance	49,613	
Amortization and Depreciation		
Other	19,503	3,480
Debt Service:		
Bond Principal		225,000
Bond Interest		417,023
TOTAL EXPENDITURES/EXPENSES	$ 186,204	$ 663,427
NET CHANGE IN FUND BALANCES	$ 64,952	$ 30,106
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JULY 1, 2019	295,898	758,149
FUND BALANCES/NET POSITION - JUNE 30, 2020	$ 360,850	$ 788,255

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 928,935	$ (17,711)	$ 911,224
	7,260		7,260
9,825	18,319		18,319
$ 9,825	$ 954,514	$ (17,711)	$ 936,803
$	$ 106,063	$	$ 106,063
	28,949		28,949
	49,613		49,613
		187,001	187,001
	22,983		22,983
	225,000	(225,000)	
	417,023	11,931	428,954
$ -0-	$ 849,631	$ (26,068)	$ 823,563
$ 9,825	$ 104,883	$ (104,883)	$
		113,240	113,240
683,665	1,737,712	(3,980,117)	(2,242,405)
$ 693,490	$ 1,842,595	$ (3,971,760)	$ (2,129,165)

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Governmental Funds	$	104,883
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.		(17,711)
Governmental funds do not account for depreciation and amortization. However, in the Statement of Net Position, capital and intangible assets are depreciated and amortized. The depreciation and amortization expense is recorded in the Statement of Activities.		(187,001)
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.		225,000
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.		(11,931)
Change in Net Position - Governmental Activities	$	113,240

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

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 416 of Harris County, Texas was created effective February 7, 2006, by an Order of the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, roads, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The first Board of Directors meeting was on March 13, 2006.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

The GASB Codification 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, 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.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

Government-Wide Financial Statements

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

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

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated 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 financial statements. The fund financial statements include a Balance Sheet and a 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 – Accounts for property tax revenues and professional and administrative expenditures.

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

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

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. As of June 30, 2020, the Debt Service Fund owed the General Fund $10,784 for maintenance tax collections and paying agent fees.

Capital Assets and Intangible Assets

Capital assets, if acquired, might include property, plant, equipment, and infrastructure assets and are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Developer interest costs are shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. The estimated useful life of drainage and detention facilities is 45 years. The District amortizes the cost of water production facilities and water capacity fees using the straight-line method over a period of 50 years (see also Notes 6 and 8).

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District's Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original 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 has determined that fees of office received by Directors are considered to be wages subject to federal income tax withholding for 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:

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. The District does not have any nonspendable fund balances.

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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

The following is a summary of transactions regarding bonds payable for the year ended June 30, 2020:

	July 1, 2019	Additions	Retirements	June 30, 2020
Bonds Payable	$ 12,360,000	$	$ 225,000	$ 12,135,000
Unamortized Discounts	(26,935)		(1,104)	(25,831)
Bonds Payable, net	$ 12,333,065	$ -0-	$ 223,896	$ 12,109,169

Amount Due Within One Year	$ 300,000
Amount Due After One Year	11,809,169
Bonds Payable, net	$ 12,109,169

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2016	Series 2017	Series 2019
Amounts outstanding – June 30, 2020	$ 4,670,000	$ 4,840,000	$ 2,625,000
Interest Rates	2.15% - 4.00%	2.00% - 4.00%	3.00% - 5.00%
Maturity Dates – Serially Beginning/Ending	September 1, 2020/2042	September 1, 2020/2043	September 1, 2020/2043
Interest Payment Dates	September 1/ March 1	September 1/ March 1	September 1/ March 1
Callable Dates	September 1, 2021*	September 1, 2023*	September 1, 2024*

* The bonds are subject to redemption at the option of the District prior to their maturity in whole, or from time to time in part, on the call date or any date thereafter at a price of par value plus unpaid accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2016 term bonds maturing on September 1, 2029, September 1, 2031 September 1, 2033 September 1, 2035 September 1, 2037, September 1, 2039, and September 1, 2042, can be redeemed at a price equal to par plus accrued interest thereon to the redemption date on September 1, 2028, September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, and September 1, 2040, respectively. Series 2017 term bonds maturing on September 1, 2031, September 1, 2033, September 1, 2035, September 1, 2037, and September 1, 2043, can be redeemed at a price equal to par plus accrued interest thereon to the redemption date on September 1, 2030, September 1, 2032, September 1, 2034, September 1, 2036, and September 1, 2038, respectively. Series 2019 term bonds maturing on September 1, 2033, September 1, 2035, September 1, 2037, September 1, 2039, September 1, 2041, and September 1, 2043, can be redeemed at a price equal to par plus accrued interest thereon to the redemption date on September 1, 2032, September 1, 2034, September 1, 2036, September 1, 2038, September 1, 2040, and September 1, 2042, respectively.

As of June 30, 2020 the District had authorized but unissued bonds in the amount of $23,425,000 for water, sanitary sewer, and stormwater drainage facilities, $2,460,000 for parks and recreational facilities, and $27,225,000 for roads. These authorizations include any amounts issued for refunding purposes.

NOTE 3. LONG-TERM DEBT (Continued)

As of June 30, 2020, the debt service requirements on the bonds outstanding were as follows:

Fiscal Year	Principal	Interest	Total
2021	$ 300,000	$ 419,257	$ 719,257
2022	310,000	410,810	720,810
2023	325,000	401,586	726,586
2024	335,000	391,636	726,636
2025	360,000	380,922	740,922
2026-2030	2,045,000	1,728,956	3,773,956
2031-2035	2,540,000	1,355,929	3,895,929
2036-2040	3,165,000	844,022	4,009,022
2041-2044	2,755,000	200,701	2,955,701
	$ 12,135,000	$ 6,133,819	$ 18,268,819

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 June 30, 2020, the District levied an ad valorem debt service tax rate of $0.475 per $100 of assessed valuation, which resulted in a tax levy of $666,787 on the adjusted taxable valuation of $140,376,069 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.

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

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

The bond orders state 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 certain information repositories. This information, along with the audited annual financial statements, is to be provided within six months after the end of each fiscal year and shall continue to be provided through the life of the bonds.

A portion of the Series 2019 bond proceeds were deposited into the Debt Service Fund and restricted for the payment of bond interest. Transactions for the current year are summarized as follows:

Restricted for Bond Interest – July 1, 2019	$	92,513
Less: Bond Interest Paid – Series 2019		83,350
Restricted for Bond Interest – June 30, 2020	$	9,163

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 $408,093 and the bank balance was $424,146. 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 June 30, 2020, as listed below:

	Cash	
GENERAL FUND	$	370,710
DEBT SERVICE FUND		37,383
TOTAL DEPOSITS	$	408,093

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

As of June 30, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
DEBT SERVICE FUND		
TexPool	$ 761,699	$ 761,699
CAPITAL PROJECTS FUND		
TexPool	693,490	693,490
TOTAL INVESTMENTS	$ 1,455,189	$ 1,455,189

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2020, the District's investment in TexPool was rated "AAAm" by Standard & Poor's. 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 TexPool to have a

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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.

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

NOTE 6. CAPITAL ASSETS AND INTANGIBLE ASSETS

Capital asset activity for the year ended June 30, 2020 is as follows:

	July 1, 2019	Increases	Decreases	June 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 978,477	$ - 0 -	$ - 0 -	$ 978,477
Capital Assets Subject to Depreciation				
Drainage System/Detention Facilities	$ 6,835,890	$ - 0 -	$ - 0 -	$ 6,835,890
Accumulated Depreciation				
Drainage System/Detention Facilities	$ 580,677	$ 152,325	$ - 0 -	$ 733,002
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 6,255,213	$ (152,325)	$ - 0 -	$ 6,102,888
Total Capital Assets, Net of Accumulated Depreciation	$ 7,233,690	$ (152,325)	$ - 0 -	$ 7,081,365

In accordance with the Water Supply Agreement discussed in Note 8, the District's Developer has constructed water facilities within its boundaries and District No. 5 has accepted conveyance of such facilities for operation and maintenance. The District has recognized an intangible asset for the cost of water facilities constructed and conveyed to District No. 5 as well as water plant capacity purchased from District No. 5. Intangible assets, and related amortization expense, are as follows:

	July 1, 2019	Increases	Decreases	June 30, 2020
Water Facilities and Connection Fees	$ 1,647,901	$	$	$ 1,647,901
Less: Accumulated Amortization	141,727	34,676		176,403
Intangible Assets, Net	$ 1,506,174	$ (34,676)	$ - 0 -	$ 1,471,498

NOTE 7. MAINTENANCE TAX

On May 10, 2014, the voters of the District approved the levy and collection of a maintenance tax in an unlimited amount per $100 of assessed valuation of taxable property within the District. The maintenance tax is to be used to pay general and administrative expenditures and for any other lawful purpose. During the current fiscal year, the District levied an ad valorem maintenance tax rate of $0.175 per $100 of assessed valuation, which resulted in a tax levy of $245,658 on the adjusted taxable valuation of $140,376,069 for the 2019 tax year.

NOTE 8. WATER SUPPLY CONTRACTS

On September 13, 2006, the District entered into an emergency water supply agreement with Northwest Harris County Municipal Utility District No. 5 ("District No. 5") to provide a potable water supply to one another in the event of an emergency. The agreement required each district to construct, at its own cost, the water lines necessary to connect the systems and be responsible for maintaining its respective interconnect lines within its boundaries. This agreement was terminated by the Water Supply Agreement.

On February 14, 2007, the District and District No. 5 entered into a Water Facilities Contract. On April 4, 2007, District No. 5 purchased the water well and water plant located in the District for $2,185,150. Pursuant to the Water Facilities Contract, the District held the option to repurchase 50 percent of the capacity within one year for 50 percent of the purchase price plus interest calculated at the rate at which District No. 5 financed the purchase. The District was unable to exercise the option to repurchase and the Water Facilities Contract was subsequently terminated by the Water Supply Agreement.

On August 15, 2013, the District and District No. 5 entered into a Water Supply Agreement. Pursuant to the agreement, the District relinquished any right to the water well and plant located within the District and District No. 5 agreed to provide water service for up to 300 equivalent single-family connections located within the District. The District is responsible for designing and constructing all water distribution facilities and purchases water capacity from District No. 5 at a cost of $1,500 per connection. District No. 5 is responsible for ordinary maintenance and repair costs while the District is responsible for unusual or extraordinary costs. The term of the agreement is 50 years.

NOTE 9. 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 75th 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

NOTE 9. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (Continued)

Subsidence District ("HGSD") pumpage requirements, which mandate that districts within HGSD boundaries, including the District, convert a percentage of their water use to surface water over a period of time.

NOTE 10. UNREIMBURSED COSTS

The District has executed a facilities and operating costs reimbursement agreement with the Developer. The agreement calls for the Developer to fund operating costs as needed during the startup period, as well as costs associated with the construction of utilities, recreational facilities and roads until such time as the District can sell bonds. Reimbursement will come from the proceeds of future bond issues to the extent approved by the Commission.

NOTE 11. 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 from which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and there have been no settlements.

NOTE 12. SUBSEQUENT EVENT - BOND SALE

On August 5, 2020, subsequent to year-end, the District closed on the sale of its $1,690,000 Series 2020 Unlimited Tax Road Bonds. The District used proceeds of the bonds to reimburse the Developers for the remaining costs associated with Holderrieth Road paving and Telge Road paving. Proceeds of the bonds were also used to fund costs associated with land acquisition, engineering related to all projects, stormwater pollution prevention, developer interest, capitalized interest, and to pay for the bond issuance costs

NOTE 13. ECONOMIC 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.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 205,650	$ 250,610	$ 44,960
Investment and Miscellaneous Revenues	300	546	246
TOTAL REVENUES	$ 205,950	$ 251,156	$ 45,206
EXPENDITURES			
Service Operations:			
Professional Fees	$ 97,000	$ 104,868	$ (7,868)
Contracted Services	12,000	12,220	(220)
Repairs and Maintenance	46,720	49,613	(2,893)
Other	22,190	19,503	2,687
TOTAL EXPENDITURES	$ 177,910	$ 186,204	$ (8,294)
NET CHANGE IN FUND BALANCE	$ 28,040	$ 64,952	$ 36,912
FUND BALANCE - JULY 1, 2019	295,898	295,898	
FUND BALANCE - JUNE 30, 2020	$ 323,938	$ 360,850	$ 36,912

See accompanying independent auditor's report.

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HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

JUNE 30, 2020

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
SERVICES AND RATES
FOR THE YEAR ENDED JUNE 30, 2020

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

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

Water service is provided by Northwest Harris County Municipal Utility District No. 5. The District will remain responsible for detention and mitigation basins, amenity lakes, storm sewer and drainage systems.

2. **RETAIL SERVICE PROVIDERS: NOT APPLICABLE**

3. **TOTAL WATER CONSUMPTION DURING THE FISCAL YEAR ROUNDED TO THE NEAREST THOUSAND: NOT APPLICABLE**

4. **STANDBY FEES: NOT APPLICABLE**

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes __X__ No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly _____ Not at all __X__

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

Entirely __X__ Partly _____ Not at all _____

ETJs in which District is located:

Cities of Houston, Texas and Tomball, Texas.

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

Yes _____ No __X__

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2020

PROFESSIONAL FEES:		
Auditing	$	12,250
Engineering		16,606
Legal		76,012
TOTAL PROFESSIONAL FEES	$	104,868
CONTRACTED SERVICES:		
Bookkeeping	$	12,220
REPAIRS AND MAINTENANCE	$	49,613
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	7,913
Dues		675
Election Costs		5,007
Insurance		3,388
Office Supplies and Postage		1,066
Travel and Meetings		1,454
TOTAL ADMINISTRATIVE EXPENDITURES	$	19,503
TOTAL EXPENDITURES	$	186,204

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
INVESTMENTS
JUNE 30, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
DEBT SERVICE FUND					
TexPool	XXXX0003	Varies	Daily	$ 761,699	$ - 0 -
CAPITAL PROJECTS FUND					
TexPool	XXXX0002	Varies	Daily	$ 693,490	$ - 0 -
TOTAL - ALL FUNDS				$ 1,455,189	$ - 0 -

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JULY 1, 2019	$ 6,414		$ 14,852	
Adjustments to Beginning Balance	(505)	$ 5,909	(716)	$ 14,136
Original 2019 Tax Levy	$ 226,233		$ 614,061	
Adjustment to 2019 Tax Levy	19,425	245,658	52,726	$ 666,787
TOTAL TO BE ACCOUNTED FOR		$ 251,567		$ 680,923
TAX COLLECTIONS:				
Prior Years	$ 5,909		$ 14,136	
Current Year	244,701	250,610	664,189	678,325
TAXES RECEIVABLE - JUNE 30, 2020		$ 957		$ 2,598
TAXES RECEIVABLE BY YEAR:				
2019		$ 957		$ 2,598

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED JUNE 30, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	$ 47,725,676	$ 43,985,777	$ 38,173,492	$ 30,939,152
Improvements	100,343,114	76,127,390	55,280,492	31,044,371
Personal Property	402,346	221,129	44,273	528
Exemptions	(8,095,067)	(4,569,068)	(7,142,316)	(5,377,304)
TOTAL PROPERTY VALUATIONS	$ 140,376,069	$ 115,765,228	$ 86,355,941	$ 56,606,747
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.475	$ 0.465	$ 0.23	$ 0.405
Maintenance	0.175	0.185	0.42	0.245
TOTAL TAX RATES PER $100 VALUATION	$ 0.65	$ 0.65	$ 0.65	$ 0.65
ADJUSTED TAX LEVY*	$ 912,445	$ 752,473	$ 561,313	$ 367,944
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.61 %	100.00 %	100.00 %	100.00 %

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

** Maintenance Tax – Voters approved an unlimited tax rate per $100 of assessed valuation on May 10, 2014.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2016		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 120,000	$ 159,665	$ 279,665
2022	125,000	156,937	281,937
2023	130,000	153,908	283,908
2024	135,000	150,560	285,560
2025	145,000	146,847	291,847
2026	150,000	142,790	292,790
2027	155,000	138,443	293,443
2028	165,000	133,720	298,720
2029	170,000	128,525	298,525
2030	180,000	122,925	302,925
2031	185,000	116,900	301,900
2032	195,000	110,440	305,440
2033	205,000	103,435	308,435
2034	215,000	95,875	310,875
2035	220,000	87,935	307,935
2036	230,000	79,610	309,610
2037	245,000	70,700	315,700
2038	255,000	61,200	316,200
2039	265,000	51,188	316,188
2040	275,000	40,658	315,658
2041	290,000	29,640	319,640
2042	300,000	18,135	318,135
2043	315,000	6,142	321,142
2044			
	$ 4,670,000	$ 2,306,178	$ 6,976,178

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2017		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 115,000	$ 169,455	$ 284,455
2022	120,000	166,985	286,985
2023	125,000	164,165	289,165
2024	130,000	160,975	290,975
2025	140,000	157,325	297,325
2026	145,000	153,190	298,190
2027	150,000	148,765	298,765
2028	160,000	144,035	304,035
2029	165,000	138,915	303,915
2030	175,000	133,388	308,388
2031	180,000	127,440	307,440
2032	190,000	121,150	311,150
2033	195,000	114,410	309,410
2034	205,000	107,210	312,210
2035	215,000	99,543	314,543
2036	225,000	91,403	316,403
2037	235,000	82,775	317,775
2038	245,000	73,655	318,655
2039	255,000	63,900	318,900
2040	270,000	53,400	323,400
2041	280,000	42,400	322,400
2042	295,000	30,900	325,900
2043	305,000	18,900	323,900
2044	320,000	6,400	326,400
	$ 4,840,000	$ 2,570,684	$ 7,410,684

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

	SERIES-2019		
Due During Fiscal Years Ending June 30	Principal Due September 1	Interest Due September 1/ March 1	Total
2021	$ 65,000	$ 90,137	$ 155,137
2022	65,000	86,888	151,888
2023	70,000	83,513	153,513
2024	70,000	80,101	150,101
2025	75,000	76,750	151,750
2026	80,000	73,862	153,862
2027	80,000	71,462	151,462
2028	85,000	68,987	153,987
2029	90,000	66,362	156,362
2030	95,000	63,587	158,587
2031	100,000	60,662	160,662
2032	105,000	57,587	162,587
2033	105,000	54,437	159,437
2034	110,000	51,212	161,212
2035	115,000	47,693	162,693
2036	120,000	43,876	163,876
2037	125,000	39,816	164,816
2038	135,000	35,428	170,428
2039	140,000	30,700	170,700
2040	145,000	25,713	170,713
2041	150,000	20,551	170,551
2042	160,000	15,126	175,126
2043	165,000	9,335	174,335
2044	175,000	3,172	178,172
	$ 2,625,000	$ 1,256,957	$ 3,881,957

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
LONG-TERM DEBT SERVICE REQUIREMENTS
JUNE 30, 2020

Due During Fiscal Years Ending June 30	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 300,000	$ 419,257	$ 719,257
2022	310,000	410,810	720,810
2023	325,000	401,586	726,586
2024	335,000	391,636	726,636
2025	360,000	380,922	740,922
2026	375,000	369,842	744,842
2027	385,000	358,670	743,670
2028	410,000	346,742	756,742
2029	425,000	333,802	758,802
2030	450,000	319,900	769,900
2031	465,000	305,002	770,002
2032	490,000	289,177	779,177
2033	505,000	272,282	777,282
2034	530,000	254,297	784,297
2035	550,000	235,171	785,171
2036	575,000	214,889	789,889
2037	605,000	193,291	798,291
2038	635,000	170,283	805,283
2039	660,000	145,788	805,788
2040	690,000	119,771	809,771
2041	720,000	92,591	812,591
2042	755,000	64,161	819,161
2043	785,000	34,377	819,377
2044	495,000	9,572	504,572
	$ 12,135,000	$ 6,133,819	$ 18,268,819

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED JUNE 30, 2020

Description	Original Bonds Issued	Bonds Outstanding July 1, 2019
Harris County Municipal Utility District No. 416 Unlimited Tax Bonds - Series 2016	$ 5,000,000	$ 4,785,000
Harris County Municipal Utility District No. 416 Unlimited Tax Bonds - Series 2017	4,950,000	4,950,000
Harris County Municipal Utility District No. 416 Unlimited Tax Bonds - Series 2019	2,625,000	2,625,000
TOTAL	$ 12,575,000	$ 12,360,000

Bond Authority:	Road Bonds	Water, Sewer and Drainage Tax Bonds	Park and Recreational Facilities Bonds
Amount Authorized by Voters	$ 27,225,000	$ 36,000,000	$ 2,460,000
Amount Issued		12,575,000	
Remaining to be Issued	$ 27,225,000 *	$ 23,425,000 *	$ 2,460,000 *

Debt Service Fund cash and investment balances as of June 30, 2020	$ 799,082
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 761,201

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

* Includes bonds authorized for refunding purposes.

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding June 30, 2020	Paying Agent
$	$ 115,000	$ 162,105	$ 4,670,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	110,000	171,568	4,840,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		83,350	2,625,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ - 0 -	$ 225,000	$ 417,023	$ 12,135,000	

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 250,610	$ 222,067	$ 362,060
Investment and Miscellaneous Revenues	546	453	222
TOTAL REVENUES	$ 251,156	$ 222,520	$ 362,282
EXPENDITURES			
Professional Fees	$ 104,868	$ 130,454	$ 99,342
Contracted Services	12,220	12,260	12,140
Repairs and Maintenance	49,613	11,500	175,000
Other	19,503	17,426	24,632
TOTAL EXPENDITURES	$ 186,204	$ 171,640	$ 311,114
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 64,952	$ 50,880	$ 51,168
OTHER FINANCING SOURCES (USES)			
Developer Advances	$ -0-	$ -0-	$ 119,500
NET CHANGE IN FUND BALANCE	$ 64,952	$ 50,880	$ 170,668
BEGINNING FUND BALANCE (DEFICIT)	295,898	245,018	74,350
ENDING FUND BALANCE	$ 360,850	$ 295,898	$ 245,018

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
$ 134,262	$ 128,573	99.8 %	99.8 %	99.9 %	100.0 %	98.8 %
61	1,607	0.2	0.2	0.1		1.2
$ 134,323	$ 130,180	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 78,354	$ 162,925	41.8 %	58.6 %	27.4 %	58.3 %	125.2 %
10,045	13,731	4.9	5.5	3.4	7.5	10.5
		19.8	5.2	48.3		
16,335	24,708	7.8	7.8	6.8	12.2	19.0
$ 104,734	$ 201,364	74.3 %	77.1 %	85.9 %	78.0 %	154.7 %
$ 29,589	$ (71,184)	25.7 %	22.9 %	14.1 %	22.0 %	(54.7) %
$ - 0 -	$ 140,000					
$ 29,589	$ 68,816					
44,761	(24,055)					
$ 74,350	$ 44,761					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 678,325	$ 537,539	$ 204,738
Penalty and Interest	7,260	7,492	6,235
Investment and Miscellaneous Revenues	7,948	12,085	6,382
TOTAL REVENUES	$ 693,533	$ 557,116	$ 217,355
EXPENDITURES			
Tax Collection Expenditures	$ 19,154	$ 19,168	$ 12,489
Debt Service Principal	225,000	110,000	105,000
Debt Service Interest and Fees	419,273	338,998	201,224
TOTAL EXPENDITURES	$ 663,427	$ 468,166	$ 318,713
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 30,106	$ 88,950	$ (101,358)
OTHER FINANCING SOURCES (USES)			
Proceeds from Issuance of Long-Term Debt	$ - 0 -	$ 92,513	$ 172,530
NET CHANGE IN FUND BALANCE	$ 30,106	$ 181,463	$ 71,172
BEGINNING FUND BALANCE	758,149	576,686	505,514
ENDING FUND BALANCE	$ 788,255	$ 758,149	$ 576,686
TOTAL ACTIVE RETAIL WATER CONNECTIONS	*	*	*
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	**	**	**

* See Note 8

** Wastewater treatment for the District is provided by the individual owners via an onsite aerobic system.

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
$ 221,645	$	97.9 %	96.5 %	94.2 %	96.8 %	%
5,487		1.0	1.3	2.9	2.4	
1,941		1.1	2.2	2.9	0.8	
$ 229,073	$ - 0 -	100.0 %	100.0 %	100.0 %	100.0 %	N/A %
$ 11,211	$	2.8 %	3.4 %	5.7 %	4.9 %	%
		32.4	19.7	48.3		
46,608		60.5	60.8	92.6	20.3	
$ 57,819	$ - 0 -	95.7 %	83.9 %	146.6 %	25.2 %	N/A %
$ 171,254	$ - 0 -	4.3 %	16.1 %	(46.6) %	74.8 %	N/A %
$ 334,260	$ - 0 -					
$ 505,514	$ - 0 -					
$ 505,514	$ - 0 -					
*	*					
**	**					

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2020

District Mailing Address	-	Harris County Municipal Utility District No. 416 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, TX 77019
District Telephone Number	-	(713) 652-6500

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended June 30, 2020	Expense Reimbursements for the year ended June 30, 2020	Title
Christopher C. Hughes	05/18 05/22 (Elected)	$ 1,200	$ 250	President
Richard Godwin	05/18 05/22 (Elected)	$ 1,500	$ 356	Vice President
William L. Shappley, III	05/18 05/22 (Elected)	$ 1,500	$ 331	Secretary
Thomas A. Cook	05/20 05/24 (Elected)	$ 600	$ 74	Director
Reed Tinsley	05/20 05/24 (Elected)	$ 150	$ -0-	Director

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

Submission date of most recent District Registration Form: October 11, 2018

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on July 22, 2013. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 416
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
JUNE 30, 2020

	Date Hired	Fees for the year ended June 30, 2020	Title
Consultants:			
Smith, Murdaugh, Little & Bonham, L.L.P.	04/02/13	$ 81,019	General Counsel
	02/23/16	$ 1,195	Delinquent Tax Attorney
McCall Gibson Swedlund Barfoot PLLC	06/23/15	$ 12,250	Auditor
F. Matuska, Inc.	04/02/13	$ 13,070	Bookkeeper
Edminster, Hinshaw, Russ & Associates, Inc.	04/02/13	$ 16,606	Engineer
Masterson Advisors LLC	04/24/18	$ -0-	Financial Advisor
Fran Matuska	04/02/13	$ -0-	Investment Officer
Bob Leared Interests	04/02/13	$ 10,187	Tax Assessor/ Collector

See accompanying independent auditor's report.

APPENDIX B

Specimen Municipal Bond Insurance Policy

BAM

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

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

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)