**OFFICIAL STATEMENT DATED APRIL 27, 2021**

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

*The District will **not** designate the Bonds as "qualified tax-exempt obligations." See "TAX MATTERS – **Not** Qualified Tax-Exempt Obligations."*

**NEW ISSUE - Book-Entry Only**

**Ratings: S&P Global Ratings (AGM Insured)…. "AA" (stable outlook)**
**Moody's Investors Service, Inc. (AGM Insured) …. "A2" (stable outlook)**
**Moody's Investors Service, Inc. (Underlying)…. "A2"**
**See "BOND INSURANCE" and "RATINGS" herein**

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## (A Political Subdivision of the State of Texas located within Harris County, Texas)

**$9,075,000**
**Unlimited Tax Refunding Bonds**
**Series 2021A (the "Series 2021A Bonds")**

**$3,880,000**
**Unlimited Tax Refunding Bonds**
**Series 2021B (the "Series 2021B Bonds")**

**Dated: June 1, 2021**

**Due: September 1, as shown on the inside cover**

Principal of the above Series 2021A Bonds and Series 2021B Bonds (collectively, the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from June 1, 2021, and is payable on September 1, 2021 (three-month interest payment), and on each March 1 and September 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only.

The Bonds, including the Term Bonds (defined herein), maturing on and after September 1, 2027, are subject to redemption prior to maturity at the option of Harris County Municipal Utility District No. 285 (the "District"), as a whole or in part, on September 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

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 directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS – Book-Entry- Only System."

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

ASSURED GUARANTY® MUNICIPAL

**See Maturity and Pricing Schedule on the inside cover**

The proceeds of the sale of the Bonds, plus certain other lawfully available funds of the District, will be applied to refund certain outstanding bonds of the District and to pay the costs of issuance of the Bonds. See "PLAN OF FINANCING — Use of Bond Proceeds." The Bonds, when issued, constitute valid and legally binding obligations of the District, payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS – Source of Payment."

Neither the State of Texas, the City of Houston, Texas, Harris County, Texas, nor any political subdivision other than the District shall be obligated to pay the principal of and interest on the Bonds. Neither the faith and credit nor the taxing power of the State of Texas, the City of Houston, Texas, or Harris County, Texas, is pledged to the payment of the principal of and interest on the Bonds.

The Bonds are offered subject to prior sale, when, as and if issued by the District, subject among other things to the approval of the Attorney General of Texas and of Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the Underwriters by their counsel, McCall, Parkhurst & Horton L.L.P., Houston, Texas. Delivery of the Bonds in book-entry form through DTC is expected on or about June 8, 2021.

**SAMCO CAPITAL MARKETS** **RBC CAPITAL MARKETS**

## MATURITY SCHEDULE

**CUSIP Prefix (a): 413948**

**SERIES 2021A BONDS**

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (b) | CUSIP Suffix (a) |
|---|---|---|---|---|
| 2021 | $ 75,000 | 3.000% | 0.23% | WU0 |
| 2022 | 25,000 | 3.000 | 0.25 | WV8 |
| 2023 | 585,000 | 3.000 | 0.32 | WW6 |
| 2024 | 600,000 | 3.000 | 0.44 | WX4 |
| 2025 | 620,000 | 4.000 | 0.65 | WY2 |
| 2026 | 645,000 | 3.000 | 0.81 | WZ9 |
| 2027 (c) | 655,000 | 2.000 | 0.99 | XA3 |
| 2028 (c) | 665,000 | 1.000 | 1.30 | XB1 |
| 2029 (c) | 335,000 | 1.000 | 1.45 | XC9 |
| 2030 (c) | 335,000 | 1.375 | 1.65 | XD7 |
| 2031 (c) | 340,000 | 2.000 | 1.58 | XE5 |
| 2032 (c) | 330,000 | 2.000 | 1.70 | XF2 |
| 2033 (c) | 1,905,000 | 2.000 | 1.79 | XG0 |
| 2034 (c) | 1,960,000 | 2.000 | 1.88 | XH8 |

**SERIES 2021B BONDS**

**$2,870,000 Serial Bonds**

| Maturity (September 1) | Principal Amount | Interest Rate | Initial Reoffering Yield (b) | CUSIP Suffix (a) |
|---|---|---|---|---|
| 2021 | $ 40,000 | 3.000% | 0.23% | XJ4 |
| 2022 | 270,000 | 3.000 | 0.25 | XK1 |
| 2023 | 275,000 | 3.000 | 0.32 | XL9 |
| 2024 | 285,000 | 3.000 | 0.44 | XM7 |
| 2025 | 40,000 | 3.000 | 0.65 | XN5 |
| 2026 | 40,000 | 3.000 | 0.81 | XP0 |
| **** | **** | | | |
| 2039 (c) | 620,000 | 2.000 | 2.18 | YC8 |
| 2040 (c) | 630,000 | 2.000 | 2.22 | YD6 |
| 2041 (c) | 670,000 | 2.125 | 2.26 | YE4 |

**$120,000 Term Bonds, Due September 1, 2029(c)(d), CUSIP Suffix XS4 (a), Interest Rate 2.00% (Yield 1.30%)(b)**
**$160,000 Term Bonds, Due September 1, 2033(c)(d), CUSIP Suffix XW5 (a), Interest Rate 2.00% (Yield 1.79%)(b)**
**$115,000 Term Bonds, Due September 1, 2036(c)(d), CUSIP Suffix XZ8 (a), Interest Rate 2.00% (Yield 2.06%)(b)**
**$615,000 Term Bonds, Due September 1, 2038(c)(d), CUSIP Suffix YB0 (a), Interest Rate 2.00% (Yield 2.14%)(b)**

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(a) CUSIP is a registered trademark of the American Bankers Association. CUSIP data is provided by CUSIP Global Services, managed by S&P Global Market Intelligence on behalf of the American Bankers Association. CUSIP numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Bonds. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. Neither the District, the Financial Advisor (as defined herein), nor the Underwriters (as defined herein) take any responsibility for the accuracy of CUSIP numbers.

(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriters. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriters for public offerings, and which subsequently may be changed. Accrued interest from June 1, 2021, is to be added to the price.

(c) Subject to optional redemption as described on the front cover.

(d) Subject to mandatory sinking fund redemption by lot or other customary method of random selection on September 1 in the years and in the amounts set forth herein under the caption "THE BONDS – Redemption Provisions."

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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 does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any 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, orders, resolutions, contracts, audited financial statements, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027 upon payment of duplication costs.

This Official Statement contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions, or matters of opinion, or 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 the Official Statement until delivery of the Bonds to the Underwriters (as defined herein), and thereafter only as described under "OFFICIAL STATEMENT - Updating of Official Statement."

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

Neither the District nor the Underwriters make any representations as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

This Official Statement contains "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, which generally can be identified with words or phrases such as "anticipates," "believes," "could," "estimates," "expects," "foresees," "may," "predict," "should," "will" or other words or phrases of similar import. All statements included in this Official Statement that any person expects or anticipates will, should or may occur in the future are forward-looking statements. These statements are based on assumptions and analyses made in light of experience and perceptions of historical trends, current conditions and expected future developments as well as other factors the District believes are appropriate in the circumstances. However, whether actual results and developments conform with expectations and predictions is subject to a number of risks and uncertainties, including, without limitation, the information discussed under "INVESTMENT CONSIDERATIONS" in this Official Statement, as well as additional factors beyond the District's control. The important investment considerations and assumptions described under that caption and elsewhere herein could cause actual results to differ materially from those expressed in any forward-looking statement. All of the forward-looking statements made in this Official Statement are qualified by these cautionary statements.

Assured Guaranty Municipal Corp. ("AGM" or the "Insurer") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "BOND INSURANCE" and "APPENDIX C - SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY."

## SALE AND DISTRIBUTION OF THE BONDS

### Underwriting

SAMCO Capital Markets, Inc. ("SAMCO") and RBC Capital Markets, LLC ("RBC") (together referred to herein as the "Underwriters") have agreed, pursuant to a Bond Purchase Agreement, to purchase the Series 2021A Bonds from the District for $9,304,015.50 (an amount equal to the principal amount of the Series 2021A Bonds, less an Underwriters' discount of $58,987.50, plus a net original issue premium on the Series 2021A Bonds of $288,003.00), plus accrued interest on the Series 2021A Bonds to the date of delivery.

The Underwriters have agreed, pursuant to a Bond Purchase Agreement, to purchase the Series 2021B Bonds from the District for $3,851,953.60 (an amount equal to the principal amount of the Series 2021B Bonds, less an Underwriters' discount of $25,220.00, less a net original issue discount on the Series 2021B Bonds of $2,826.40), plus accrued interest on the Series 2021B Bonds to the date of delivery.

The obligation of the Underwriters to purchase the Bonds is subject to the conditions contained in the Bond Purchase Agreement. The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriters.

RBC has provided the following information for inclusion in this Official Statement: RBC and its respective affiliates are full-service financial institutions engaged in various activities, that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, RBC and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). RBC and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offerings of the District. RBC and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the District. RBC and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

### Prices and Marketability

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

The District has no control over the 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.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriters after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

### Securities Laws

No registration statement relating to the Bonds has been filed with the United States Securities and Exchange Commission under the Securities Act of 1933, as amended, in reliance upon exemptions provided thereunder. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been registered or qualified under the securities acts of any other jurisdictions. The District assumes no responsibility for registration or qualification of the Bonds under the securities laws of any 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 should not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration or qualification provisions.

## BOND INSURANCE

### Bond Insurance Policy

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

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

### Assured Guaranty Municipal Corp.

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

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

*Current Financial Strength Ratings*

On October 29, 2020, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

On July 16, 2020, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.
On August 13, 2019, Moody's announced it had affirmed AGM's insurance financial strength rating of "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2020.

*Capitalization of AGM*

At December 31, 2020:

- The policyholders' surplus of AGM was approximately $2,864 million.

- The contingency reserves of AGM and its indirect subsidiary Municipal Assurance Corp. ("MAC") (as described below) were approximately $940 million. Such amount includes 100% of AGM's contingency reserve and 60.7% of MAC's contingency reserve.

- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,112 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE"), and (iii) 60.7% of the net unearned premium reserve of MAC.

The policyholders' surplus of AGM and the contingency reserves, net unearned premium reserves and deferred ceding commission income of AGM and MAC were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

*Merger of MAC into AGM*

On April 1, 2021, MAC was merged into AGM, with AGM as the surviving company. Prior to that merger transaction, MAC was an indirect subsidiary of AGM (which indirectly owned 60.7% of MAC) and AGM's affiliate, Assured Guaranty Corp., a Maryland-domiciled insurance company ("AGC") (which indirectly owned 39.3% of MAC). In connection with the merger transaction, AGM and AGC each reassumed the remaining outstanding par they ceded to MAC in 2013, and AGC sold its indirect share of MAC to AGM. All of MAC's direct insured par exposures have become insured obligations of AGM.

*Incorporation of Certain Documents by Reference*

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021).

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

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

*Miscellaneous Matters*

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

## BOND INSURANCE RISK FACTORS

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the Policy for such payments.

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the 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. See “BOND INSURANCE” and “RATINGS” herein.

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 Underwriters have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See “BOND INSURANCE” herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

## RATINGS

The Bonds have received an insured rating of “AA” (stable outlook) from S&P Global Ratings (“S&P”), a business unit of Standard & Poor’s Financial Services LLC and “A2” (stable outlook) from Moody’s Investors Service, Inc. (“Moody’s”) based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by Moody’s Investors Service, Inc. (“Moody’s”) is “A2.”

An explanation of the significance of the foregoing ratings may only be obtained from S&P and Moody's. The foregoing ratings express only the view of S&P and Moody's at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that the ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by S&P and Moody's, if, in any of their judgment, circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P and Moody's. See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS."

## OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement.

## THE BONDS

The Issuer ....................................................... Harris County Municipal Utility District No. 285 (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."

The Issue......................................................... Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds, Series 2021A, in the aggregate principal amount of $9,075,000 (the "Series 2021A Bonds"), and Unlimited Tax Refunding Bonds, Series 2021B, in the aggregate principal amount of $3,880,000 (the "Series 2021B Bonds") are dated June 1, 2021. The Series 2021A Bonds and Series 2021B Bonds are collectively referred to as the "Bonds." Interest accrues from June 1, 2021, and is payable on September 1, 2021(three-month interest payment), and on each March 1 and September 1 thereafter until maturity or prior redemption. The Series 2021A Bonds are issued as serial bonds maturing on September 1 in each of the years 2021 through 2034, both inclusive, in the principal amounts set forth on the inside cover page of this Official Statement. An aggregate of $2,870,000 of the Series 2021B Bonds are issued as serial bonds maturing on September 1 in each of the years 2021 through 2026, both inclusive, and 2039 through 2041, both inclusive, in the principal amounts set forth on the inside cover page of this Official Statement. An aggregate of $1,010,000 of the Series 2021B Bonds are issued as term bonds maturing on September 1 in each of the years 2029, 2033, 2036 and 2038 (collectively, the "Term Bonds"), in the principal amounts set forth on the inside cover page of this Official Statement. The Bonds, including the Term Bonds, scheduled to mature on and after September 1, 2027, are subject to redemption, in whole or in part, prior to their scheduled maturities, on September 1, 2026, or on any date thereafter at the option of the District. Upon redemption, the Bonds will be payable at a price equal to the principal amount of the Bonds, or portions thereof, so called for redemption, plus accrued interest to the date of redemption. In addition to being subject to optional redemption, the Term Bonds are also subject to mandatory sinking fund redemption on September 1 in the years and in the amounts as is more completely described in this Official Statement under the caption "THE BONDS - Redemption Provisions - Mandatory Redemption." The Bonds will be issued pursuant to Bond Resolutions (collectively, the "Bond Resolution") adopted by the Board of Directors of the District. The Bonds are being issued under the authority of Chapters 49 and 54 of the Texas Water Code, as amended, and Chapter 1207 of the Texas Government Code, as amended.

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

Source of Payment........................................ Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates." The Bonds are obligations of the District, and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District.

Other Characteristics .................................. The Bonds are issued in fully registered form, without coupons, in the denomination of $5,000 each, or any integral multiple thereof.

Use of Bond Proceeds .................................. Proceeds of the sale of the Series 2021A Bonds, together with other lawfully available funds of the District, will be applied to refund $8,870,000 in principal amount of the District's Unlimited Tax Refunding Bonds, Series 2014 (the "Series 2014 Refunding Bonds"). Proceeds of the sale of the Series 2021B Bonds will be applied to refund $705,000 in principal amount of the District's Unlimited Tax Refunding Bonds, Series 2011 (the "Series 2011 Refunding Bonds"), and $2,950,000 in principal amount of the District's Unlimited Tax Bonds, Series 2014 (the "Series 2014 Bonds"). The Series 2011 Refunding Bonds, Series 2014 Bonds and Series 2014 Refunding Bonds that are being refunded by the Bonds are hereinafter referred to as the "Refunded Bonds." The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date, at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Escrow Agent"). The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

Payment Record............................................ In addition to the Series 2011 Refunding Bonds, Series 2014 Bonds and Series 2014 Refunding Bonds, the District has issued Unlimited Tax Bonds, Series 1995 (the "Series 1995 Bonds"), Unlimited Tax Bonds, Series 1998 (the "Series 1998 Bonds"), Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds"), Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"), Unlimited Tax Bonds, Series 2003 (the "Series 2003 Bonds"), Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"), Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds") and Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"). The District has also issued Unlimited Tax Refunding Bonds, Series 2004 (the "Series 2004 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2006 (the "Series 2006 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds") Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), and Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such previously issued bonds as the "Prior Bonds." The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the District was $57,295,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the Outstanding Bonds, less the portions thereof previously retired by the District, and less the Refunded Bonds (collectively, the "Remaining Outstanding Bonds") will be $44,770,000, and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $57,725,000. See "DISTRICT DEBT - Debt Service Requirement Schedule." The District financed its share of the cost of the acquisition or construction of components of its water supply and distribution, wastewater collection and treatment, and storm sewer/detention system (collectively, the "System") as is described in this Official Statement under the caption "THE SYSTEM" with portions of the proceeds of the sale of the Prior Bonds. The District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," and "THE SYSTEM."

**Not** Qualified Tax-Exempt Obligations ......... The Bonds will **not** be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended.

| | |
|---|---|
| Authorized But Unissued Bonds.................... | $30,215,000 bonds for water, sewer and drainage facilities and $33,128,223.60 for refunding purposes will remain authorized but unissued after issuance of the Bonds. See "THE BONDS - Authority for Issuance" and - "Issuance of Additional Debt." |
| Municipal Bond Insurance ............................ | Assured Guaranty Municipal Corp. ("AGM"). See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS." |
| Municipal Bond Rating .............................. | S&P Global Ratings (AGM Insured) "AA" (stable outlook). Moody's Investors Service, Inc. (AGM Insured) "A2" (stable outlook). Moody's Investors Service, Inc. (Underlying) "A2." See "BOND INSURANCE" and "RATINGS." |
| Legal Opinions............................................... | Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. See "LEGAL MATTERS." |
| Verification Agent ........................................ | Robert Thomas CPA, LLC. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS." |

## THE DISTRICT

| | |
|---|---|
| Description ..................................................... | Harris County Municipal Utility District No. 285 was created by the Texas Water Commission, now the Texas Commission on Environmental Quality (the "TCEQ"), in 1986, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District contains approximately 1,227.4 acres of land. The District is located entirely within Harris County, Texas, approximately 12 miles east of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction of the City of Houston. The northeast portion of the District is bounded by a regional detention pond to the east, U.S. 90 to the north, Beltway 8 to the west and a power line corridor to the south. The southeast portion of the District is bounded by a power line corridor to the east and north, Beltway 8 to the west, and Wallisville Road to the south. The southwest portion of the District is bounded by Beltway 8 to the east, a power line corridor and pipeline easements to the north, a water canal to the west, and Harris County Fresh Water Supply District No. 51 ("FWSD No. 51") and Harris County Municipal Utility District No. 53 ("MUD No. 53") to the south. The northwest portion of the District is bounded by Beltway 8 to the east, U.S. 90 to the north, Uvalde Road to the west, and a power line corridor and pipeline easements to the south. See "THE DISTRICT - Authority" and - "Description," "AERIAL PHOTOGRAPH OF THE DISTRICT," and "APPENDIX A - LOCATION MAP." |
| Authority......................................................... | The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 and Article III, Section 52 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining |

to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - Authority."

Development, Home Construction And Principal Land Owners ......................

As of March 1, 2021, the District contained a total of 2,453 fully developed single-family residential lots on all 2,453 of which single-family homes have been constructed and sold to home buyers. Such single-family homes have been constructed in Woodforest North, Sections 3, 4, 8 and 10, Plantation at Woodforest, Sections 1 though 6, New Forest, Sections 1 and 2, New Forest West, Sections 1 through 4, Liberty Lakes, Sections 1 through 10 and Carpenters Landing, Sections 1 through 5, 7 and 8 on approximately 570.28 acres located within the District. In addition, a total of 1,512 apartment units and commercial above-ground improvements totaling approximately 1,112,330 square feet of building area have been completed. Commercial improvements totaling approximately 57,489 square feet of building area are currently under construction.

The 480-unit Advenir at Stone Park Apartments have been completed on an approximately 21.5 acre tract located within the District, the 258-unit Advenir at Wynstone Apartments have been completed on an approximately 16.3 acre tract located within the District, the 228-unit The Henry at Liberty Hills Apartments have been completed on an approximately 10.9 acre tract located within the District, the 246-unit Haven at Liberty Hills Apartments have been completed on an approximately 10.2 acre tract located within the District, and the 300-unit NOVU New Forest Apartments have been completed on an approximately 10.6 acre tract located within the District. In addition, the 375-unit Domain Town Center Apartments are currently under construction, with an anticipated completion date of approximately December 2021.

Commercial, office, storage and retail establishments totaling approximately 1,112,330 square feet of building area have been constructed on approximately 113.0 acres located within the District. Such establishments include The Shops at Stone Park, New Forest Crossing Shopping Center, Black Rock Commons, and Liberty Plaza shopping centers, JC Penney, Lowe's Home Improvement, Sears Appliance Store, multiple strip shopping centers and freestanding buildings including restaurants, a 130-bed senior rehabilitation facility, a movie theatre, an office building and two hotels. Commercial improvements totaling approximately 57,489 square feet of building area are currently under construction, with anticipated completion dates between approximately the second quarter of 2021 and the first quarter of 2022.

Multiple tracts aggregating approximately 65.5 acres located within the District that are expected to be utilized for mixed multi-family residential and commercial development are served by trunk underground water distribution, wastewater collection and storm drainage facilities that have been constructed to the perimeter of the tracts. Approximately 36.9 of such acres are owned by FVNA Properties, LLC ("FVNA"), and the remaining tracts are owned by multiple other parties. Since none of the owners of such tracts has any obligation to the District to undertake the construction of above-ground improvements on such tracts, the District cannot represent whether or when any above-ground multi-family residential or commercial improvements might be constructed on such tracts.

A total of approximately 162.2 acres of undeveloped land located within the District are available for future development. Of such undeveloped acres, approximately 108.6 acres are owned by Uvalde Realty Partners, LLC ("URP"). URP is a party related to the developers of Black Rock Commons, the Shops at Stone Park, and Carpenters Landing located within the District. Additionally, approximately 29.6 acres of undeveloped land located within the District are owned by multiple other parties that are also related to the developers of Black Rock Commons, the Shops at Stone Park, and Carpenters Landing. The remaining approximately 23.93 acres of undeveloped land located within the District are owned by FVNA. Although all of such approximately 162.2 acres are expected to be developed for future commercial and multi-family residential usage, none of the owners of any of such land has any obligation to the District to undertake the development of any of such acres, and thus the District cannot represent whether or when any of such acres might be developed. See "FUTURE DEVELOPMENT."

The Galena Park Independent School District owns approximately 151.6 acres located in the District on which the North Shore Middle School, the North Shore Senior High School, a 10,000 seat sports stadium, baseball field, and a 9,000 square foot natatorium have been constructed. Galena Park Independent School District also owns approximately 12.91 acres, which is included in the approximately 37.75 acres that are platted as Woodforest North, Section 4, on which the James B. Havard Elementary School District has been constructed. In addition, the Galena Park Independent School District owns approximately 24.2 acres of undeveloped land located within the District. The YMCA owns approximately 9.3 acres located in the District on which a recreational facility has been constructed. None of the land or improvements owned by the YMCA or the Galena Park Independent School District is subject to taxation by the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Principal Land Owners' Obligations to the District." The remaining acres located within the District are contained within easements, rights-of-way, District wastewater treatment plant sites, detention ponds or are otherwise not available for future development.

The District financed its share of the cost of the construction or acquisition of water supply and distribution, wastewater collection and treatment and storm sewer facilities to serve the 2,453 fully developed single-family residential lots located in Woodforest North, Sections 3, 4, 8 and 10, Plantation at Woodforest, Sections 1 through 6, New Forest, Sections 1 and 2, New Forest West, Sections 1 through 4, Liberty Lakes, Sections 1 through 10 and Carpenters Landing, Sections 1 through 5, 7 and 8, New Forest Town Center, BPI Commercial Development and other unrestricted commercial reserves and other commercial and multi-family residential properties that have been developed within the District; the purchase of surface water capacity from the North Channel Water Authority; Water Plant No. 1, Phase 1; water plant water lines; sanitary sewer trunklines from Beltway 8 to Wastewater Treatment Plant No. 2; storm sewer and sanitary sewer trunkline extensions to serve Liberty Lakes; the District's pro rata share of the cost of the North Channel Water Authority surface water supply system; the expansion of Wastewater Treatment Plant No. 2; costs of construction of Liberty Lakes storm water line and 10-inch trunkline extension; clearing and grubbing to serve New Forest Town Center Tracts A and B, Water Plant No. 1 Phase 3 improvements, Water Plant No. 1 storm pump station and force main, New Forest Center Detention Facilities and land acquisition, Wastewater Treatment Plant No. 2 Lift Station rehabilitation; New Forest Town Center Lift Station and associated land acquisition costs; water and wastewater facilities to serve New Forest Town Center, and related engineering and geotech testing and other facilities with the proceeds of the sale of the Prior Bonds and other available District funds. The District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," and "THE SYSTEM."

Infectious Disease Outbreak (COVID-19) ...

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. As described herein under "INVESTMENT CONSIDERATIONS - Infectious Disease Outbreak (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 conditions 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 and construction 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 necessarily indicative of the economic impact of the Pandemic on the District's financial condition.

## INVESTMENT CONSIDERATIONS

THE BONDS ARE SUBJECT TO CERTAIN INVESTMENT CONSIDERATIONS. PROSPECTIVE PURCHASERS SHOULD REVIEW THE ENTIRE OFFICIAL STATEMENT BEFORE MAKING AN INVESTMENT DECISION, INCLUDING PARTICULARLY THE SECTION OF THE OFFICIAL STATEMENT ENTITLED “INVESTMENT CONSIDERATIONS.”

## SELECTED FINANCIAL INFORMATION
## (UNAUDITED)

| | | | |
|---|---|---|---|
| 2020 Assessed Valuation (As of January 1, 2020) See "TAX DATA" and "TAXING PROCEDURES" | $ | 881,390,836 | (a) |
| Direct Debt: | | | |
| Remaining Outstanding Bonds | $ | 44,770,000 | |
| The Bonds | | 12,955,000 | |
| Total | $ | 57,725,000 | (b) |
| Estimated Overlapping Debt | $ | 54,325,767 | |
| Total Direct and Estimated Overlapping Debt | $ | 112,050,767 | |
| Direct Debt Ratio : as a percentage of 2020 Assessed Valuation | | 6.55 | % |
| Direct and Overlapping Debt Ratio : as a percentage of 2020 Assessed Valuation | | 12.71 | % |
| Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds | $ | 4,468,446 | (c) |
| General Fund Balance as of March 15, 2021 | $ | 8,677,334 | |
| 2020 Tax Rate per $100 of Assessed Valuation | | | |
| The District | | | |
| Debt Service Tax $0.43 | | | |
| Maintenance Tax 0.23 | | | |
| Total | $ | 0.66 | (d) |
| Average Percentage of Total Tax Collections (2010-2019) as of February 28, 2021 | | 99.87 | % |
| Percentage of Tax Collections of 2020 Levy as of February 28, 2021 (In process of collection) | | 95.83 | % |
| Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2021-2043) | $ | 3,471,496 | |
| Maximum Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2036) | $ | 4,058,126 | |
| Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2021-2043) at 95% Tax Collections | | | |
| Based Upon 2020 Assessed Valuation | $ | 0.42 | |

| | | |
|---|---|---|
| Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Remaining Outstanding Bonds (2036) at 95% Tax Collections | | |
| Based Upon 2020 Assessed Valuation | $ | 0.49 |
| Number of Single Family Homes as of March 1, 2021 | | 2,453 |

Commercial, office, storage and retail establishments totaling approximately 1,112,330 square feet of building area have been constructed on approximately 113.0 acres located within the District include the following:

The Shops at Stone Park, New Forest Crossing Shopping Center, Black Rock Commons, and Liberty Plaza shopping centers, JC Penney, Lowe's Home Improvement, Sears Appliance Store, multiple strip shopping centers and freestanding buildings including restaurants, a 130-bed senior rehabilitation facility, a movie theatre, an office building and two hotels. Commercial improvements totaling approximately 57,489 square feet of building area are currently under construction, with anticipated completion dates between approximately the second quarter of 2021 and the first quarter of 2022.

Completed Multi-Family Improvements Located within the District (1,512 Units):

480-unit Advenir at Stone Park Apartments
258-unit Advenir at Wynstone Apartments
228-unit The Henry at Liberty Hills Apartments
246-unit Haven at Liberty Hills
300-unit NOVU New Forest Apartments

Currently Under Construction Multi-Family Improvements Located within the District:

375-unit Domain Town Center Apartments (anticipated completion date of approximately December 2021)

(a) As of January 1, 2020, and comprises the District's 2020 tax roll. All property located in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and "TAXING PROCEDURES."
(b) See "DISTRICT DEBT." In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See "THE BONDS - Issuance of Additional Debt," "FUTURE DEVELOPMENT," "THE SYSTEM" and "INVESTMENT CONSIDERATIONS - Future Debt."
(c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of its debt service requirements on the Outstanding Bonds that were due on March 1, 2021, and the contribution of $5,000 to the refunding of the Refunded Bonds. The District's remaining debt service payments for 2021, which are due on September 1, 2021, total $2,696,671, and consist of the payment of principal of and interest on the Remaining Outstanding Bonds and the Bonds.
(d) The District levied a debt service tax in the amount of $0.43 per $100 of Assessed Valuation for 2020, plus a maintenance tax of $0.23 per $100 of Assessed Valuation. As is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District and the District's 2020 tax rate is $2.941651 as to the portion of the District that lies within the Galena Park Independent School District, $2.797351 as to the portion of the District that lies within the Channelview Independent School District, and $2.985151 as to the portion of the District that lies within the Sheldon Independent School District. Such

aggregate levies are higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but are within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable to the District's. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

**$9,075,000**
**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285**
**UNLIMITED TAX REFUNDING BONDS**
**SERIES 2021A**

**and**

**$3,880,000**
**HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285**
**UNLIMITED TAX REFUNDING BONDS**
**SERIES 2021B**

## INTRODUCTION

This Official Statement provides certain information with respect to the issuance by Harris County Municipal Utility District No. 285 (the "District") of its Unlimited Tax Refunding Bonds, Series 2021A (the "Series 2021A Bonds") and its Unlimited Tax Refunding Bonds, Series 2021B (the "Series 2021B Bonds") (collectively, the "Bonds"). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including particularly Chapters 49 and 54, Texas Water Code, as amended, and Chapter 1207, Texas Government Code, as amended, City of Houston Ordinance No. 97-416, elections held within the District (see "THE BONDS – Authority for Issuance"), and resolutions authorizing issuance of the Bonds (collectively, the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

Included in this Official Statement are descriptions of the Bonds, the plan of financing, and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from Allen Boone Humphries Robinson LLP, Phoenix Tower, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027, upon payment of duplication costs. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

## THE BONDS

### General

The Bonds are dated and bear interest from June 1, 2021, with interest payable on September 1, 2021 (three-month interest payment), and on each March 1 and September 1 thereafter until maturity or prior redemption. The Bonds are issued in fully registered form, without coupons, in the denomination of $5,000 each, or any integral multiple thereof The Series 2021A Bonds are issued as serial bonds maturing on September 1 in each of the years 2021 through 2034, both inclusive, in the principal amounts set forth on the inside cover page of this Official Statement. An aggregate of $2,870,000 of the Series 2021B Bonds are issued as serial bonds maturing on September 1 in each of the years 2021 through 2026, both inclusive, and 2039 through 2041, both inclusive, in the principal amounts set forth on the inside cover page of this Official Statement. An aggregate of $1,010,000 of the Series 2021B Bonds are issued as term bonds maturing on September 1 in each of the years 2029, 2033, 2036 and 2038 (collectively, the "Term Bonds"), in the principal amounts set forth on the inside cover page of this Official Statement. Principal of the Bonds will be payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Paying Agent/Registrar," or "Registrar"). Interest on the Bonds will be payable by check or draft, dated as of the interest payment date, and mailed by the Registrar to Registered Owners as shown on the records of the Registrar ("Registered Owners") at the close of business on the 15th calendar day of the month next preceding the interest payment date (the "Record Date").

**Book-Entry-Only System**

*This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company, New York, New York, ("DTC") while the Bonds are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The District and the Financial Advisor believe the source of such information to be reliable, but neither of the District or the Financial Advisor takes any responsibility for the accuracy or completeness thereof.*

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

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 certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities 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 S&P Global rating of "AA+." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

**Assignments, Transfers and Exchanges**

In the event the Book-Entry-Only System is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration and transfer shall be without expense or service charge to the Registered Owner, except for any tax or other governmental charges required to be paid with respect to such registration and transfer. A Bond may be assigned by the execution of an assignment form on the Bonds or by other instrument of transfer and assignment acceptable to the Registrar. Any Bond may be transferred or exchanged upon its presentment and surrender at the office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Registered Owner or assignee of the owner in not more than three business days after the receipt of the request in proper form to transfer or exchange the Bonds. New Bonds registered and delivered in an exchange or transfer shall be in denominations of $5,000 or any integral multiple thereof for any one maturity and for a like aggregate principal amount or maturity amount as the Bond or Bonds surrendered for exchange or transfer. Neither the District nor the Registrar is required (1) to transfer or exchange any Bond during a period beginning at the opening of business on a Record Date and ending at the close of business on the next succeeding interest payment date, or (2) to transfer or exchange any Bond selected for redemption in whole or in part within thirty (30) calendar days of the redemption date. The District has agreed to replace mutilated, destroyed, lost or stolen Bonds upon surrender of the mutilated Bonds, or receipt of satisfactory evidence of such destruction, loss or theft and receipt by the District and the Registrar of security or indemnity to keep them harmless. The District will require payment of taxes, governmental charges and other expenses in connection with any such replacement.

**Redemption Provisions**

*Mandatory Redemption*

The Term Bonds maturing on September 1 in each of the years 2029, 2033, 2036 and 2038 shall be redeemed, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on September 1 in each of the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below).

**$120,000 Term Bonds Maturing on September 1, 2029**

| Mandatory Redemption Dates | Principal Amount |
|---|---|
| September 1, 2027 | $40,000 |
| September 1, 2028 | 40,000 |
| September 1, 2029 (maturity) | 40,000 |

**$160,000 Term Bonds Maturing on September 1, 2033**

| Mandatory Redemption Dates | Principal Amount |
|---|---|
| September 1, 2030 | $40,000 |
| September 1, 2031 | 40,000 |
| September 1, 2032 | 40,000 |
| September 1, 2033 (maturity) | 40,000 |

**$115,000 Term Bonds Maturing on September 1, 2036**

| Mandatory Redemption Dates | Principal Amount |
|---|---|
| September 1, 2034 | $40,000 |
| September 1, 2035 | 40,000 |
| September 1, 2036 (maturity) | 35,000 |

**$615,000 Term Bonds Maturing on September 1, 2038**

| Mandatory Redemption Dates | Principal Amount |
|---|---|
| September 1, 2037 | $ 35,000 |
| September 1, 2038 (maturity) | 580,000 |

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

*Effects of Redemption*

By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the principal 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.

**Replacement of Registrar**

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

**Authority for Issuance**

District voters authorized the issuance of $20,000,000 unlimited tax refunding bonds at an election held within the District on June 16, 2001. The Bonds constitute the tenth issue of unlimited tax refunding bonds authorized by such election. The District held an election on September 14, 2002, and the issuance of an additional $17,550,000 unlimited tax refunding bonds was authorized, all of which remain authorized and unissued. Following the issuance of the Bonds, an aggregate of $33,128,223.60 in bonds for refunding purposes will remain authorized but unissued. See "Issuance of Additional Debt" below. The Bonds are issued by the District pursuant to the terms and provisions of the Bond Resolution; Article XVI, Section 59 of the Texas Constitution; and Chapters 49 and 54 of the Texas Water Code, as amended; City of Houston Ordinance No. 97-416; and Chapter 1207, Texas Government Code, as amended.

**Payment Record**

In addition to the Series 2011 Refunding Bonds, Series 2014 Bonds and Series 2014 Refunding Bonds, the District has issued Unlimited Tax Bonds, Series 1995 (the "Series 1995 Bonds"), Unlimited Tax Bonds, Series 1998 (the "Series 1998 Bonds"), Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds"), Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"), Unlimited Tax Bonds, Series 2003 (the "Series 2003 Bonds"), Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"), Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds") and Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"). The District has also issued Unlimited Tax Refunding Bonds, Series 2004 (the "Series 2004 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2006 (the "Series 2006 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds") Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), and Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such previously issued bonds as the "Prior Bonds." The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the District was $57,295,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the Outstanding Bonds, less the portions thereof previously retired by the District, and less the Refunded Bonds (collectively, the "Remaining Outstanding Bonds") will be $44,770,000, and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $57,725,000. See "DISTRICT DEBT - Debt Service Requirement Schedule." The District financed its share of the cost of the acquisition or construction of components of its water supply and distribution, wastewater collection and treatment, and storm sewer/detention system (collectively, the "System") as is described in this Official Statement under the caption "THE SYSTEM" with portions of the proceeds of the sale of the Prior Bonds. The District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

**Source of Payment**

The Bonds (together with the Remaining Outstanding Bonds, as defined herein, and such additional tax bonds as may hereafter be issued by the District) are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy a sufficient tax to pay principal of and interest on the Bonds, with full allowance being made for delinquencies, costs of collections, and Registrar fees. Tax proceeds, after deduction for collection costs, will be placed in the debt service fund and used solely to pay principal of and interest on the Bonds, on such additional bonds payable from taxes which may be issued, and Registrar fees.

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

**Issuance of Additional Debt**

The District's voters have authorized the issuance of $101,690,000 unlimited tax bonds for construction of waterworks, wastewater, and drainage facilities (collectively, the "System"), and could authorize additional amounts. $30,215,000 unlimited tax bonds remain authorized but unissued for such purpose. The District may issue additional unlimited tax bonds with the approval of the Texas Commission on Environmental Quality (the "TCEQ") necessary to provide improvements and facilities consistent with the purposes for which the District was created, if the voters of the District authorize such issuance at an election held for such purpose. The District's voters also have authorized a total of $37,550,000 in unlimited tax bonds for refunding purposes. After issuance of the Bonds, the District will be authorized to issue $33,128,223.60 in additional unlimited tax refunding bonds. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and, in the case of unlimited tax bonds, by the TCEQ). In addition to the components of the System the acquisition or construction of which the District has financed with portions of the proceeds of the Prior Bonds, the District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "INVESTMENT CONSIDERATIONS - Future Debt," and "THE SYSTEM."

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) approval of a detailed fire plan by the TCEQ; (b) authorization of the detailed fire plan and bonds for such purposes by the qualified voters in the District; (c) approval of the bonds by the TCEQ; and (d) approval of bonds by the Attorney General of Texas. The Board has not considered authorizing the preparation of a fire plan or calling a fire bond election at this time.

The District also is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) 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 Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

The District is further authorized, consistent with Section 52, Article III of the Texas Constitution, to design, construct, and finance certain road facilities. Before the District could issue bonds to pay for such road facilities, the following actions would be required: (i) authorization of road facilities bonds by the qualified voters in the District; and (ii) approval of the bonds by the Attorney General of the State of Texas.

**No Arbitrage**

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

**Annexation**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District must conform to a City of Houston consent ordinance. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District. However, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District. See "Strategic Partnership" below for a description of the terms of the Strategic Partnership Agreement between the City and the District.

If the District is annexed, the City of Houston will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

**Strategic Partnership**

Pursuant to Section 43.0751 of the Texas Local Government Code, the District has entered into a Strategic Partnership Agreement (the "SPA") with the City, dated December 4, 2007, as amended, pursuant to which the City annexed certain areas within the District into the City for limited purposes (the "Limited Purpose Annexation Area"). The District continues to exercise all powers and functions of a municipal utility district as provided by law. The City imposes its 1% sales and use tax within the Limited Purpose Annexation Area and, as consideration for the District's providing services as detailed in the Agreement, the City remits one-half of its sales tax receipts collected within the Limited Purpose Annexation Area to the District to be used for any lawful purpose. The City agrees it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of the SPA, which is 30 years. Amounts paid to the District under the SPA are not pledged to the payment of the Bonds.

On July 28, 2008, the District entered into an Economic Development Agreement for The Shops at Stone Park (the "Shops") with Ley-Lane Partnership No. 9, L.P. ("Ley-Lane"), which provides that the District will use sales tax revenues actually received from the City pursuant to the SPA and attributable to the Shops to reimburse Ley-Lane for certain development costs of the Shops, including up to two years' interest (the "Reimbursement Amount"). The outstanding Reimbursement Amount, currently estimated to be $4,448,092.06, is payable solely from sales tax revenues actually received by the District from the City and attributable to the Shops, as set forth in the Economic Development Agreement, and the District has no obligations to pay the Reimbursement Amount from property or any other funds or revenues of the District. The Economic Development Agreement term expires at the end of 28 years or upon full payment of the Reimbursement Amount, whichever occurs first.

**Consolidation**

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

**Registered Owners' Remedies**

Pursuant to Texas law, the Bond Resolution provides that, in the event the District defaults in the payment of the principal of or interest on any of the Bonds when due, fails to make payments required by the Bond Resolution into the Debt Service Fund, or defaults in the observance or performance of any of the other covenants, conditions or obligations set forth in the Bond Resolution, any Registered Owner shall be entitled to seek a writ of mandamus from a court of competent jurisdiction compelling and requiring the District to make such payments or to observe and perform such covenants, obligations or conditions. Such right is in addition to other rights the Registered Owners may be provided by the laws of the State of Texas.

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners may seek a writ of mandamus requiring the District to observe and perform its covenants and obligations to levy adequate taxes to make such payments. Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee 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. Even if the Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See "Bankruptcy Limitation to Registered Owners' Rights" below. Certain traditional legal remedies also may not be available.

## Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by 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. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

If the District decides in the future to proceed voluntarily under the Federal Bankruptcy Code, the District would develop and file a plan for the adjustment of its debts and the Bankruptcy Court would confirm the District's plan if: (1) the plan complies with the applicable provisions of the Federal Bankruptcy Code; (2) all payments to be made in connection with the plan are fully disclosed and reasonable; (3) the District is not prohibited by law from taking any action necessary to carry out the plan; (4) administrative expenses are paid in full; and (5) the plan is in the best interests of creditors and is feasible. If such a plan were confirmed by the bankruptcy court, it could, among other things, affect a Registered Owner by reducing or eliminating the amount of indebtedness, deferring or rearranging the debt service schedule, reducing or eliminating the interest rate, modifying or abrogating collateral or security arrangements, substituting (in whole or in part) other securities, and otherwise compromising and modifying the rights and remedies of such Registered Owner's claim against the District.

The District may not be placed into bankruptcy involuntarily.

## 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 Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct 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 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. Because the Bond Resolution does not contractually limit such investments, Registered Owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality of those currently permitted under Texas law.

# PLAN OF FINANCING

## Use of Bond Proceeds

Proceeds of the sale of the Series 2021A Bonds, together with other lawfully available funds of the District, will be applied to refund $8,870,000 in principal amount of the District's Unlimited Tax Refunding Bonds, Series 2014 (the “Series 2014 Refunding Bonds”). Proceeds of the sale of the Series 2021B Bonds will be applied to refund $705,000 in principal amount of the District's Unlimited Tax Refunding Bonds, Series 2011 (the “Series 2011 Refunding Bonds”), and $2,950,000 in principal amount of the District's Unlimited Tax Bonds, Series 2014 (the “Series 2014 Bonds”). The Series 2011 Refunding Bonds, Series 2014 Bonds and Series 2014 Refunding Bonds that are being refunded by the Bonds are hereinafter referred to as the “Refunded Bonds.” The proceeds of the sale of the Bonds will also be used to pay the costs of issuance of the Bonds. The Refunded Bonds will be redeemed on their redemption date, at a price equal to the principal amount thereof plus accrued interest from funds to be deposited with The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the “Escrow Agent”). The sale of the Bonds and the refunding of the Refunded Bonds will (i) reduce the District's debt service payments, and (ii) provide present value savings in the District's debt service.

**The Refunded Bonds**

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Series 2014 Refunding Bonds to be refunded by the Series 2021A Bonds are set forth below.

| Maturity Date | Series 2014 Refunding Bonds |
|---|---|
| 9/1/2023 | $555,000 |
| 9/1/2024 | 570,000 |
| 9/1/2025 | 585,000 |
| 9/1/2026 | 605,000 |
| 9/1/2027 | 620,000 |
| 9/1/2028 | 640,000 |
| 9/1/2029 | 320,000 |
| 9/1/2030 | 330,000 |
| 9/1/2031 | 340,000 |
| 9/1/2032 | 340,000 |
| 9/1/2033 | 1,935,000 |
| 9/1/2034 | 2,030,000 |
| | $8,870,000 |
| Redemption Date: | 9/1/2021 |

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Series 2011 Refunding Bonds and Series 2014 Bonds to be refunded by the Series 2021B Bonds are set forth below.

| Maturity Date | Series 2011 Refunding Bonds | Series 2014 Bonds |
|---|---|---|
| 9/1/2022 | $225,000 | $25,000 |
| 9/1/2023 | 235,000 | 25,000 |
| 9/1/2024 | 245,000 | 25,000 |
| 9/1/2025 | | 25,000 |
| 9/1/2026 | | 25,000 |
| 9/1/2027 | | 25,000 |
| 9/1/2028 | | 25,000 |
| 9/1/2029 | | 25,000 |
| 9/1/2030 | | 25,000 |
| 9/1/2031 | | 25,000 |
| 9/1/2032 | | 25,000 |
| 9/1/2033 | | 25,000 |
| 9/1/2034 | | 25,000 |
| 9/1/2035 | | 25,000 |
| 9/1/2036 | | 25,000 |
| 9/1/2037 | | 25,000 |
| 9/1/2038 | | 575,000 |
| 9/1/2039 | | 625,000 |
| 9/1/2040 | | 650,000 |
| 9/1/2041 | | 700,000 |
| | $705,000 | $2,950,000 |
| Redemption Date: | 9/1/2021 | 9/1/2021 |

Aggregate Principal Amount of Refunded Bonds ...................................................................... $12,525,000

### Escrow Agreement

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

The Bond Resolution provides that the District and the Escrow Agent will enter into escrow agreements (collectively, the "Escrow Agreement"). The Bond Resolution further provides that from the proceeds of the sale of the Bonds, along with certain other legally 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. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS." Such funds will be held by the Escrow Agent in segregated escrow accounts (collectively, the "Escrow Fund") and a portion of such funds will be used to purchase (1) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States; (2) 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 issuer 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; or (3) 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 issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (the "Escrowed Securities"), maturing at such times and amounts as will, together with cash on deposit in the Escrow Fund, be sufficient to pay scheduled payments on the Refunded Bonds to and including their respective redemption dates. Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

### Defeasance of the Refunded Bonds

By the deposit of certain proceeds of the Bonds, the Escrowed Securities, and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, the District will have effected the defeasance of the Refunded Bonds pursuant to the terms of the resolutions authorizing the issuance of the Refunded Bonds. In the opinion of Bond Counsel, as a result of such deposit, and in reliance upon the Verification Report of Robert Thomas CPA, LLP, firm banking and financial arrangements will have been made for the discharge and final payment of the Refunded Bonds pursuant to the Escrow Agreement, and such Refunded Bonds will be deemed under Texas law to be fully paid and no longer outstanding, except for the purpose of being paid from the funds provided therefor in the Escrow Fund.

### The Non-Refunded Bonds (Remaining Outstanding Bonds)

In addition to the Series 2011 Refunding Bonds, Series 2014 Bonds and Series 2014 Refunding Bonds, the District has issued Unlimited Tax Bonds, Series 1995 (the "Series 1995 Bonds"), Unlimited Tax Bonds, Series 1998 (the "Series 1998 Bonds"), Unlimited Tax Bonds, Series 1999 (the "Series 1999 Bonds"), Unlimited Tax Bonds, Series 2001 (the "Series 2001 Bonds"), Unlimited Tax Bonds, Series 2003 (the "Series 2003 Bonds"), Unlimited Tax Bonds, Series 2005 (the "Series 2005 Bonds"), Unlimited Tax Bonds, Series 2007 (the "Series 2007 Bonds"), Unlimited Tax Bonds, Series 2009 (the "Series 2009 Bonds"), Unlimited Tax Bonds, Series 2010 (the "Series 2010 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds"), Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"), Unlimited Tax Bonds, Series 2018 (the "Series 2018 Bonds") and Unlimited Tax Bonds, Series 2019 (the "Series 2019 Bonds"). The District has also issued Unlimited Tax Refunding Bonds, Series 2004 (the "Series 2004 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2006 (the "Series 2006 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2015 (the "Series 2015 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2016 (the "Series 2016 Refunding Bonds") Unlimited Tax Refunding Bonds, Series 2017 (the "Series 2017 Refunding Bonds"), and Unlimited Tax Refunding Bonds, Series 2020 (the "Series 2020 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such previously issued bonds as the "Prior Bonds." The District has never defaulted in the timely payment of principal of or interest on the Prior Bonds. Prior to the issuance of the Bonds, the principal amount of the Prior Bonds that had not been previously retired by the

District was $57,295,000 (the "Outstanding Bonds"). After issuance of the Bonds, the aggregate principal amount of the Outstanding Bonds, less the portions thereof previously retired by the District, and less the Refunded Bonds (collectively, the "Remaining Outstanding Bonds") will be $44,770,000, and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $57,725,000. See "THE BONDS - Issuance of Additional Debt" and "INVESTMENT CONSIDERATIONS - Future Debt."

The principal amounts and maturity dates (or mandatory redemption amounts and dates, as applicable) of the Remaining Outstanding Bonds are as follows:

| Year of Maturity | Series 2011 Refunding Bonds | Series 2013 Refunding Bonds | Series 2014 Bonds | Series 2014 Refunding Bonds | Series 2015 Refunding Bonds | Series 2016 Bonds |
|---|---|---|---|---|---|---|
| 2021 | $355,000 | $175,000 | $25,000 | $35,000 | $1,020,000 | $25,000 |
| 2022 | | | | 540,000 | 690,000 | 25,000 |
| 2023 | | | | | 710,000 | 25,000 |
| 2024 | | | | | 735,000 | 25,000 |
| 2025 | | | | | 765,000 | 25,000 |
| 2026 | | | | | 790,000 | 25,000 |
| 2027 | | | | | 810,000 | 25,000 |
| 2028 | | | | | 845,000 | 25,000 |
| 2029 | | | | | 500,000 | 25,000 |
| 2030 | | | | | | 25,000 |
| 2031 | | | | | | 25,000 |
| 2032 | | | | | | 25,000 |
| 2033 | | | | | | 25,000 |
| 2034 | | | | | | 25,000 |
| 2035 | | | | | | 25,000 |
| 2036 | | | | | | 25,000 |
| 2037 | | | | | | 25,000 |
| 2038 | | | | | | 200,000 |
| 2039 | | | | | | 200,000 |
| 2040 | | | | | | 200,000 |
| 2041 | | | | | | 200,000 |
| 2042 | | | | | | 1,025,000 |
| 2043 | | | | | | 1,100,000 |
| | $355,000 | $175,000 | $25,000 | $575,000 | $6,865,000 | $3,350,000 |

| Year of Maturity | Series 2016 Refunding Bonds | Series 2017 Bonds | Series 2017 Refunding Bonds | Series 2018 Bonds | Series 2019 Bonds | Series 2020 Refunding Bonds |
|---|---|---|---|---|---|---|
| 2021 | $45,000 | $25,000 | $55,000 | $10,000 | | $40,000 |
| 2022 | 45,000 | 25,000 | 80,000 | 25,000 | $25,000 | 225,000 |
| 2023 | 50,000 | 25,000 | 80,000 | 25,000 | 25,000 | 230,000 |
| 2024 | 50,000 | 25,000 | 75,000 | 25,000 | 25,000 | 245,000 |
| 2025 | 50,000 | 25,000 | 75,000 | 25,000 | 25,000 | 515,000 |
| 2026 | 50,000 | 25,000 | 75,000 | 25,000 | 25,000 | 535,000 |
| 2027 | 55,000 | 25,000 | 75,000 | 25,000 | 25,000 | 555,000 |
| 2028 | 55,000 | 25,000 | 75,000 | 25,000 | 25,000 | 560,000 |
| 2029 | 55,000 | 25,000 | 75,000 | 25,000 | 25,000 | 1,295,000 |
| 2030 | 60,000 | 25,000 | 675,000 | 25,000 | 25,000 | 1,325,000 |
| 2031 | 695,000 | 25,000 | 70,000 | 25,000 | 25,000 | 1,350,000 |
| 2032 | 725,000 | 25,000 | 65,000 | 25,000 | 25,000 | 1,390,000 |
| 2033 | 755,000 | 25,000 | 65,000 | 25,000 | 25,000 | |
| 2034 | 775,000 | 25,000 | 65,000 | 25,000 | 25,000 | |
| 2035 | 2,975,000 | 25,000 | 65,000 | 50,000 | 25,000 | |
| 2036 | 3,115,000 | 25,000 | 60,000 | 50,000 | 25,000 | |
| 2037 | | 25,000 | 3,015,000 | 50,000 | 25,000 | |
| 2038 | | 500,000 | | 600,000 | 300,000 | |
| 2039 | | 500,000 | | 625,000 | 400,000 | |
| 2040 | | 500,000 | | 650,000 | 450,000 | |
| 2041 | | 525,000 | | 675,000 | 450,000 | |
| 2042 | | 525,000 | | 700,000 | 450,000 | |
| 2043 | | 525,000 | | 725,000 | 450,000 | |
| | $9,555,000 | $3,500,000 | $4,745,000 | $4,460,000 | $2,900,000 | $8,265,000 |

Total Principal Amount of Non-Refunded Bonds (Remaining Outstanding Bonds) .................................................... $44,770,000

### Sources and Uses of Funds

The proceeds derived from the sale of the Series 2021A Bonds will be applied as follows:

**SOURCES OF FUNDS:**

| | |
|---|---|
| Principal Amount of Bonds | $9,075,000.00 |
| Plus: Accrued Interest | 3,910.40 |
| Net Original Issue Premium on the Bonds | 288,003.00 |
| District Contribution | 5,000.00 |
| Total Sources of Funds | $9,371,913.40 |

**USES OF FUNDS:**

| | |
|---|---|
| Deposit with Escrow Agent | $9,028,537.50 |
| Deposit Accrued Interest to Debt Service Fund | 3,910.40 |
| Expenses: | |
| Underwriter Discount | 58,987.50 |
| Municipal Bond Insurance Premium and Other Issuance Expenses | 280,478.00 |
| Total Uses of Funds | $9,371,913.40 |

The proceeds derived from the sale of the Series 2021B Bonds will be applied as follows:

**SOURCES OF FUNDS:**

| | |
|---|---|
| Principal Amount of Bonds | $3,880,000.00 |
| Plus: Accrued Interest | 1,709.90 |
| Less: Net Original Issue Discount on the Bonds | (2,826.40) |
| Total Sources of Funds | $3,878,883.50 |

**USES OF FUNDS:**

| | |
|---|---|
| Deposit with Escrow Agent | $3,727,537.50 |
| Deposit Accrued Interest to Debt Service Fund | 1,709.90 |
| Expenses: | |
| Underwriter Discount | 25,220.00 |
| Municipal Bond Insurance Premium and Other Issuance Expenses | 124,416.10 |
| Total Uses of Funds | $3,878,883.50 |

## THE DISTRICT

### Authority

The District is a municipal utility district created by an order of the Texas Water Commission, now known as the TCEQ, dated January 8, 1986, after a hearing upon a petition for creation. The creation of the District was confirmed at an election held within the District on April 5, 1986, by a vote of three (3) "For" to none (0) "Against." The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

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

The TCEQ exercises continuing supervisory jurisdiction over the District. In addition, in order to obtain the consent of the City of Houston, within whose extraterritorial jurisdiction the District lies, the District has agreed to observe certain City of Houston requirements. These requirements limit the purposes for which the District may sell bonds; limit the net effective interest rate on such bonds and other terms of such bonds; and require approval by the City of Houston of the District's construction plans and specifications.

**Description**

The District encompasses approximately 1,227.4 acres of land. The District is located entirely within Harris County, Texas, approximately 12 miles east of the central business district of the City of Houston, Texas. The District is located entirely within the extraterritorial jurisdiction of the City of Houston. The northeast portion of the District is bounded by a regional detention pond to the east, U.S. 90 to the north, Beltway 8 to the west and a power line corridor to the south. The southeast portion of the District is bounded by a power line corridor to the east and north, Beltway 8 to the west, and Wallisville Road to the south. The southwest portion of the District is bounded by Beltway 8 to the east, a power line corridor and pipeline easements to the north, a water canal to the west, and Harris County Fresh Water Supply District No. 51 ("FWSD No. 51") and Harris County Municipal Utility District No. 53 ("MUD No. 53") to the south. The northwest portion of the District is bounded by Beltway 8 to the east, U.S. 90 to the north, Uvalde Road to the west, and a power line corridor and pipeline easements to the south. See "AERIAL PHOTOGRAPH OF THE DISTRICT" and "APPENDIX A - LOCATION MAP."

**Management of the District**

The District is governed by the Board of Directors, consisting of five directors. The Board of Directors has control over and management supervision of all affairs of the District. Directors serve four-year staggered terms, and elections are held within the District in May in even numbered years. The current members and officers of the Board, along with their respective terms of office, are listed below. All of the Directors currently reside within the District.

| Name | Position | Term Expires in May |
|---|---|---|
| Walter A. Knowles, Jr. | President | 2022 |
| Jerry L. Allen | Vice President | 2024 |
| Trina N. Francis | Assistant Vice President | 2022 |
| Rosario R. Garza | Secretary | 2022 |
| Vacant | Assistant Secretary | 2024 |

The District does not have a general manager or any other employee, but has contracted for services, as follows.

Tax Assessor/Collector - The District's Tax Assessor/Collector is Wheeler & Associates, Inc., Houston, Texas. According to Wheeler & Associates, Inc., it presently serves as tax assessor/collector for 129 taxing jurisdictions. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Harris County Appraisal District and bills and collects such levy.

Bookkeeper - The District's bookkeeper is Myrtle Cruz, Inc. Such firm acts as bookkeeper for approximately 372 utility districts.

Utility System Operator - The District's operator is Municipal District Services, L.L.C. Such firm acts as operator for approximately 53 utility districts.

Auditor - As required by Section 49.191 of the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audit is filed with the TCEQ. The District's current auditor is McCall Gibson Swedlund Barfoot PLLC. A copy of the District's audit for the fiscal year ended March 31, 2020, is included as "APPENDIX B" to this Official Statement.

Engineer - The engineer for the District is LJA Engineering, Inc. (the "Engineer").

Bond Counsel and General Counsel - Allen Boone Humphries Robinson LLP, Houston, Texas ("Bond Counsel") serves as Bond Counsel to the District. The fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds. In addition, Allen Boone Humphries Robinson LLP serves as general counsel to the District on matters other than the issuance of bonds.

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the "Financial Advisor") to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United States Securities and Exchange Commission (the "SEC") and the Municipal Securities Rulemaking Board (the "MSRB"). Rathmann & Associates, L.P.'s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.'s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.'s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company search.html.

## DEVELOPMENT, HOME CONSTRUCTION AND PRINCIPAL LAND OWNERS

### Role of the Developer

In general, the activities of a developer in a municipal utility district such as the District include purchasing the land within the District, designing the subdivision, designing the utilities and streets to be constructed in the subdivision, designing any community facilities to be built, defining a marketing program and building schedule, securing necessary governmental approvals and permits for development, arranging for the construction of roads and the installation of utilities (including, in some cases, water, wastewater, and drainage facilities pursuant to the rules of the TCEQ, as well as gas, telephone, and electric service) and selling improved lots and commercial reserves to builders, developers, or other third parties. In most instances, the developer will be required to pay up to thirty percent of the cost of constructing certain of the water, wastewater and drainage facilities in a utility district pursuant to the rules of the TCEQ, although the District was granted an exemption from such developer participation requirement with respect to the facilities financed with the proceeds of the Prior Bonds on the basis of qualification for such exemption under the rules of the TCEQ. The relative success or failure of a developer to perform such activities in development of the property within a municipal utility district may have a profound effect on the security of the unlimited tax bonds issued by a district. A developer is generally under no obligation to a district to develop the property which it owns in a district. Furthermore, there is no restriction on a developer's right to sell any or all of the land which it owns within a district. In addition, a developer is ordinarily a major taxpayer within a municipal utility district during the development phase of the property.

### Development, Home Construction and Principal Land Owners

As of March 1, 2021, the District contained a total of 2,453 fully developed single-family residential lots on all 2,453 of which single-family homes have been constructed and all of which have been sold to home buyers. Such single-family homes have been constructed in Woodforest North, Sections 3, 4, 8 and 10, Plantation at Woodforest, Sections 1 through 6, New Forest, Sections 1 and 2, New Forest West, Sections 1 through 4, Liberty Lakes, Sections 1 through 10, and Carpenters Landing, Sections 1 through 5, 7 and 8 on approximately 570.28 acres located within the District. In addition, a total of 1,512 apartment units and commercial above-ground improvements totaling approximately 1,112,330 square feet of building area have been completed. Commercial improvements totaling approximately 57,489 square feet of building area are currently under construction.

The 480-unit Advenir at Stone Park Apartments have been completed on an approximately 21.6 acre tract located within the District, the 258-unit Advenir at Wynstone Apartments have been completed on an approximately 16.3 acre tract located within the District, the 228-unit The Henry at Liberty Hills Apartments have been completed on an approximately 10.8 acre tract located within the District, the 246-unit Haven at Liberty Hills Apartments have been completed on an approximately 10.2 acre tract located within the District, and the 300-unit NOVU New Forest Apartments have been completed on an approximately 10.6 acre tract located within the District. In addition, the 375-unit Domain Town Center Apartments are currently under construction, with an anticipated completion date of approximately December 2021.

Commercial, office, storage and retail establishments totaling approximately 1,112,330 square feet of building area have been constructed on approximately 113.0 acres located within the District. Such establishments include The Shops at Stone Park, New Forest Crossing Shopping Center, Black Rock Commons, and Liberty Plaza shopping centers, JC Penney, Lowe's Home Improvement, Sears Appliance Store, multiple strip shopping centers and freestanding buildings including restaurants, a 130-bed senior rehabilitation facility, a movie theatre, an office building, and two hotels. Commercial improvements totaling approximately 57,489 square feet of building area are currently under construction, with anticipated completion dates between approximately the second quarter of 2021 and the first quarter of 2022.

Multiple tracts aggregating approximately 65.5 acres located within the District that are expected to be utilized for mixed multi-family residential and commercial development are served by trunk underground water distribution, wastewater collection and storm drainage facilities that have been constructed to the perimeter of the tracts. Approximately 36.9 of such acres are owned by FVNA, and the remaining tracts are owned by multiple other parties. Since none of the owners of such tracts has any obligation to the District to undertake the construction of above-ground improvements on such tracts, the District cannot represent whether or when any above-ground multi-family residential or commercial improvements might be constructed on such tracts.

A total of approximately 162.2 acres of undeveloped land located within the District are available for future development. Of such undeveloped acres, approximately 108.6 acres are owned by URP. URP is a party related to the developers of Black Rock Commons, the Shops at Stone Park, and Carpenters Landing located within the District. Additionally, approximately 29.6 acres of undeveloped land located within the District are owned by multiple other parties that are also related to the developers of Black Rock Commons, the Shops at Stone Park, and Carpenters Landing. The remaining approximately 23.93 acres of undeveloped land located within the District are owned by FVNA. Although all of such approximately 162.2 acres are expected to be developed for future commercial and multi-family residential usage, none of the owners of any of such land has any obligation to the District to undertake the development of any of such acres, and thus the District cannot represent whether or when any of such acres might be developed. See "FUTURE DEVELOPMENT."

The Galena Park Independent School District owns approximately 151.6 acres located in the District on which the North Shore Middle School, the North Shore Senior High School, a 10,000 seat sports stadium, baseball field, and a 9,000 square foot natatorium have been constructed. Galena Park Independent School District also owns approximately 12.91 acres, which is included in the approximately 37.75 acres that are platted as Woodforest North, Section 4, on which the James B. Havard Elementary School District has been constructed. In addition, the Galena Park Independent School District owns approximately 24.2 acres of undeveloped land located within the District. The YMCA owns approximately 9.3 acres located in the District on which a recreational facility has been constructed. None of the land or improvements owned by the YMCA or the Galena Park Independent School District is subject to taxation by the District. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments - Principal Land Owners' Obligations to the District." The remaining acres located within the District are contained within easements, rights-of-way, District wastewater treatment plant sites, detention ponds or are otherwise not available for future development.

The District financed its share of the cost of the construction or acquisition of water supply and distribution, wastewater collection and treatment and storm sewer facilities to serve the 2,453 fully developed single-family residential lots located in Woodforest North, Sections 3, 4, 8 and 10, Plantation at Woodforest, Sections 1 through 6, New Forest, Sections 1 and 2, New Forest West, Sections 1 through 4, Liberty Lakes, Sections 1 through 10, and Carpenters Landing, Sections 1 through 5, 7 and 8, New Forest Town Center, BPI Commercial Development and other unrestricted commercial reserves and other commercial and multi-family residential properties that have been developed within the District; the purchase of surface water capacity from the North Channel Water Authority; Water Plant No. 1, Phase 1; water plant water lines; sanitary sewer trunklines from Beltway 8 to Wastewater Treatment Plant No. 2; storm sewer and sanitary sewer trunkline extensions to serve Liberty Lakes; the District's pro rata share of the cost of the North Channel Water Authority surface water supply system; the expansion of Wastewater Treatment Plant No. 2; costs of construction of Liberty Lakes storm water line and 10-inch trunkline extension; clearing and grubbing to serve New Forest Town Center Tracts A and B, Water Plant No. 1 Phase 3 improvements, Water Plant No. 1 storm pump station and force main, New Forest Center Detention Facilities and land acquisition, Wastewater Treatment Plant No. 2 Lift Station rehabilitation; New Forest Town Center Lift Station and associated land acquisition costs; water and wastewater facilities to serve New Forest Town Center, and related engineering and geotech testing and other facilities with the proceeds of the sale of the Prior Bonds and other available District funds. The District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS - Future Debt."

## FUTURE DEVELOPMENT

Multiple tracts aggregating approximately 65.5 acres located within the District that are expected to be utilized for mixed multi-family residential and commercial development are served by trunk underground water distribution, wastewater collection and storm drainage facilities that have been constructed to the perimeter of the tracts. Approximately 36.9 of such acres are owned by FVNA Properties, LLC, and the remaining tracts are owned by multiple other parties. Since none of the owners of such tracts has any obligation to the District to undertake the construction of above-ground improvements on such tracts, the District cannot represent whether or when any above-ground multi-family residential or commercial improvements might be constructed on such tracts.

A total of approximately 162.2 acres of undeveloped land located within the District are available for future development. Of such undeveloped acres, approximately 108.6 acres are owned by URP. URP is a party related to the developers of Black Rock Commons, the Shops at Stone Park, and Carpenters Landing located within the District. Additionally, approximately 29.6 acres of undeveloped land located within the District are owned by multiple other parties that are also related to the developers of Black Rock Commons, the Shops at Stone Park, and Carpenters Landing. The remaining approximately 23.93 acres of land located within the District are owned by FVNA. Although all of such approximately 162.2 acres are expected to be developed for future commercial and multi-family residential usage, none of the owners of any of such land has any obligation to the District to undertake the development of any of such acres, and thus the District cannot represent whether or when any of such acres might be developed. See "FUTURE DEVELOPMENT."

The Galena Park Independent School District owns approximately 24.2 acres of undeveloped land located within the District. Such acreage is not subject to taxation by the District.

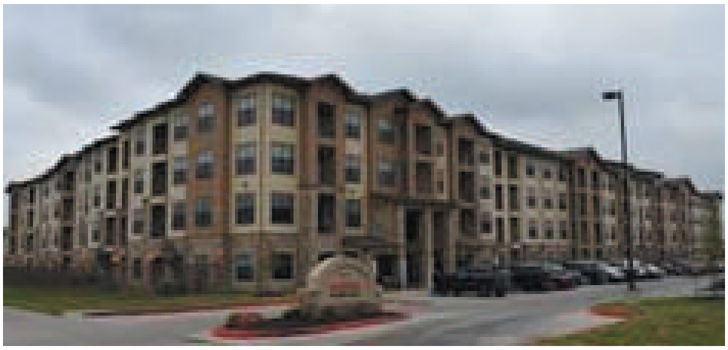
See "DEVELOPMENT, HOME CONSTRUCTION AND PRINCIPAL LAND OWNERS."

Although the aforementioned undeveloped acres may be developed in the future, the initiation of any new development in the District in addition to the existing development described in this Official Statement will be dependent on several factors, including, to a great extent, the general and other economic conditions which would affect any party's ability to develop and sell lots and/or other property and of any home builder to sell completed homes or of commercial or multi-family residential developers to initiate new commercial or multi-family residential development projects or to construct new commercial or multi-family residential above-ground improvements in the District as is described in this Official Statement under the caption "INVESTMENT CONSIDERATIONS." If any undeveloped portion of the District is eventually developed, additions to the District's water, wastewater, and drainage systems required to service such undeveloped acreage may be financed by future issues (if any) of the District's bonds and developer contributions, if any, as required by the TCEQ. The District's Engineer estimates that the $30,215,000 authorized bonds which remain unissued after the sale of the Bonds will be adequate to finance the construction of such facilities to provide service to all of the developable, undeveloped portions of the District. See "THE BONDS - Issuance of Additional Debt." In addition to the components of the System the acquisition or construction of which the District has financed with portions of the proceeds of the Prior Bonds, the District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt,” “THE SYSTEM,” and “INVESTMENT CONSIDERATIONS - Future Debt.”

**AERIAL PHOTOGRAPH OF THE DISTRICT**
**(taken March 2021)**

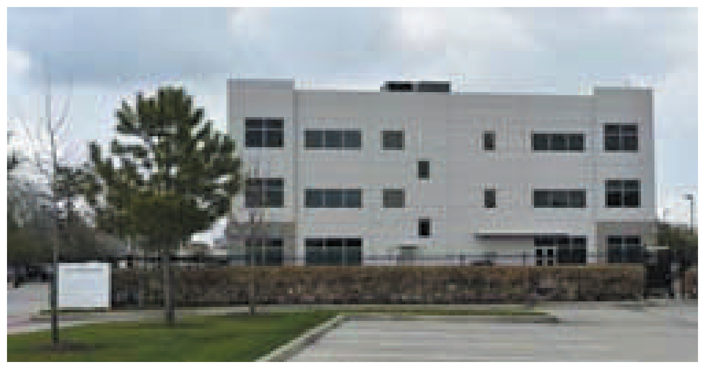
**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT**
**(taken March 2021)**

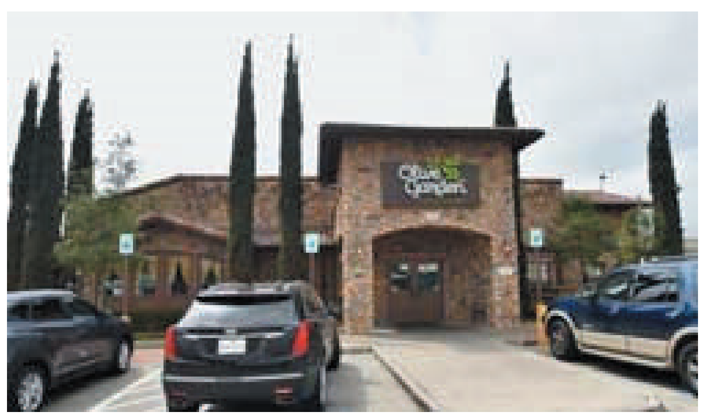
**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT**
**(taken March 2021)**



**PHOTOGRAPHS TAKEN WITHIN THE DISTRICT**
**(taken March 2021)**





## DISTRICT DEBT

### General

The following tables and calculations relate to the Bonds and the Remaining Outstanding Bonds. After issuance of the Bonds, the aggregate principal amount of the Outstanding Bonds, less the Refunded Bonds, will be $44,770,000 (the "Remaining Outstanding Bonds"), and the aggregate principal amount of the District's bonded indebtedness, including the Bonds, will be $57,725,000. The District is empowered to incur debt to be paid from revenues raised by taxation against all taxable property located within the District, and various other political subdivisions of government that overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

| | | | | |
|---|---|---|---|---|
| 2020 Assessed Valuation ...... (As of January 1, 2020) See "TAX DATA" and "TAXING PROCEDURES" | | $ | 881,390,836 | (a) |
| Direct Debt: | | | | |
| Remaining Outstanding Bonds ...... | | $ | 44,770,000 | |
| The Bonds ...... | | | 12,955,000 | |
| Total ...... | | $ | 57,725,000 | (b) |
| Estimated Overlapping Debt ...... | | $ | 54,325,767 | |
| Total Direct and Estimated Overlapping Debt ...... | | $ | 112,050,767 | |
| Direct Debt Ratio : as a percentage of 2020 Assessed Valuation ...... | | | 6.55 | % |
| Direct and Overlapping Debt Ratio : as a percentage of 2020 Assessed Valuation ...... | | | 12.71 | % |
| Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds ...... | | $ | 4,468,446 | (c) |
| General Fund Balance as of March 15, 2021 ...... | | $ | 8,677,334 | |
| 2020 Tax Rate per $100 of Assessed Valuation | | | | |
| The District | | | | |
| Debt Service Tax ...... | $0.43 | | | |
| Maintenance Tax ...... | 0.23 | | | |
| Total ...... | | $ | $0.66 | (d) |
| Average Percentage of Total Tax Collections (2010-2019) as of February 28, 2021 ...... | | | 99.87 | % |
| Percentage of Tax Collections of 2020 Levy as of February 28, 2021 (In process of collection) ...... | | | 95.83 | % |

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(a) As of January 1, 2020, and comprises the District's 2020 tax roll. All property located in the District is valued on the tax rolls by the Harris County Appraisal District (the "Appraisal District") at 100% of assessed value as of January 1 of each year. The District's tax roll is certified by the Harris County Appraisal Review Board (the "Appraisal Review Board"). See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) In addition to the components of the System that the District has financed with the proceeds of the Prior Bonds, the District expects to finance the acquisition or construction of additional components of the System with the proceeds of bonds, if any, to be issued by the District in the future. See “THE BONDS - Issuance of Additional Debt” “FUTURE DEVELOPMENT,” “THE SYSTEM” and “INVESTMENT CONSIDERATIONS - Future Debt.”

(c) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the Debt Service Fund. Such fund balance reflects the timely payment by the District of the its debt service requirements on the Outstanding Bonds that were due on March 1, 2021, and the contribution of $5,000 to the refunding of the Refunded Bonds. The District’s remaining debt service payments for 2021, which are due on September 1, 2021, total $2,696,671, and consist of the payment of and interest on the Remaining Outstanding Bonds and the Bonds.

(d) The District levied a debt service tax in the amount of $0.43 per $100 of Assessed Valuation for 2020, plus a maintenance tax of $0.23 per $100 of Assessed Valuation. As is described in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District and the District's 2020 tax rate is $2.941651 as to the portion of the District that lies within the Galena Park Independent School District, $2.797351 as to the portion of the District that lies within the Channelview Independent School District, and $2.985151 as to the portion of the District that lies within the Sheldon Independent School District. Such aggregate levies are higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but are within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable to the District's. See “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

**Estimated Direct and Overlapping Debt Statement**

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

| | Debt as of | Estimated Overlapping | |
|---|---|---|---|
| Taxing Jurisdiction | March 1, 2021 | Percent | Amount |
| Harris County | $1,672,657,125 | 0.1744% | $2,916,934 |
| Harris County Department of Education | 20,185,000 | 0.1744% | 35,200 |
| Harris County Flood Control District | 334,270,000 | 0.1744% | 582,931 |
| Harris County Hospital District | 81,540,000 | 0.1744% | 142,197 |
| Port of Houston Authority | 492,439,397 | 0.1744% | 858,761 |
| San Jacinto Community College District | 533,514,484 | 1.3525% | 7,215,692 |
| Galena Park Independent School District | 365,498,149 | 5.2538% | 19,202,451 |
| Sheldon Independent School District | 378,569,996 | 4.1234% | 15,609,881 |
| Channelview Independent School District | 300,985,000 | 2.5788% | 7,761,720 |
| | | | |
| Total Estimated Overlapping Debt | | | $54,325,767 |
| Total Direct Debt (the Bonds and the Remaining Outstanding Bonds) | | | 57,725,000 |
| Total Direct and Estimated Overlapping Debt | | | $112,050,767 |

**Debt Ratios**

| | % of 2020 Assessed Valuation |
|---|---|
| Direct Debt | 6.55% |
| Direct and Estimated Overlapping Debt | 12.71% |

Under Texas law, ad valorem taxes levied by each taxing authority other than the District create a lien that is on a parity with the lien in favor of the District on all taxable property within the District. In addition to the ad valorem taxes required to retire the foregoing direct and overlapping debt, the various taxing authorities mentioned above are also authorized by Texas law to assess, levy, and collect ad valorem taxes for operation, maintenance, administration, and/or general revenue purposes. Certain of the jurisdictions have in the past levied such taxes. The District has the power to assess, levy, and collect ad valorem taxes for operations and maintenance purposes, and such taxes have been authorized by the duly qualified voters of the District. The District has levied a maintenance tax of $0.23 per $100 of Assessed Valuation in 2020. See "TAX DATA - Maintenance Tax."

### Debt Service Requirement Schedule

The following schedule sets forth the debt service requirements for the Outstanding Bonds, less the debt service requirements for the Refunded Bonds, plus the principal and interest requirements of the Bonds.

| | | | Plus: The Bonds | | | | |
|---|---|---|---|---|---|---|---|
| | | | Series 2021A | | Series 2021B | | |
| Year Ending December 31 | Current Total Debt Service | Less: Debt Service on Refunded Bonds | Principal | Interest | Principal | Interest | Current Total New Debt Service Requirements |
| 2021 | $3,670,969 | $231,075 | $75,000 | $50,277 | $40,000 | $21,984 | $3,627,155 |
| 2022 | 3,742,756 | 712,150 | 25,000 | 198,856 | 270,000 | 86,738 | 3,611,200 |
| 2023 | 3,737,119 | 1,267,150 | 585,000 | 198,106 | 275,000 | 78,638 | 3,606,713 |
| 2024 | 3,734,475 | 1,267,875 | 600,000 | 180,556 | 285,000 | 70,388 | 3,602,544 |
| 2025 | 3,737,506 | 1,009,975 | 620,000 | 162,556 | 40,000 | 61,838 | 3,611,925 |
| 2026 | 3,732,438 | 1,011,425 | 645,000 | 137,756 | 40,000 | 60,638 | 3,604,407 |
| 2027 | 3,731,106 | 1,007,463 | 655,000 | 118,406 | 40,000* | 59,438 | 3,596,487 |
| 2028 | 3,728,200 | 1,008,050 | 665,000 | 105,306 | 40,000* | 58,638 | 3,589,094 |
| 2029 | 3,732,606 | 667,238 | 335,000 | 98,656 | 40,000* | 57,838 | 3,596,862 |
| 2030 | 3,814,863 | 663,625 | 335,000 | 95,306 | 40,000* | 57,038 | 3,678,582 |
| 2031 | 3,806,981 | 659,519 | 340,000 | 90,700 | 40,000* | 56,238 | 3,674,400 |
| 2032 | 3,805,250 | 645,013 | 330,000 | 83,900 | 40,000* | 55,438 | 3,669,575 |
| 2033 | 3,970,281 | 2,225,506 | 1,905,000 | 77,300 | 40,000* | 54,638 | 3,821,713 |
| 2034 | 3,978,413 | 2,242,200 | 1,960,000 | 39,200 | 40,000* | 53,838 | 3,829,251 |
| 2035 | 4,062,050 | 130,000 | | | 40,000* | 53,038 | 4,025,088 |
| 2036 | 4,099,888 | 129,000 | | | 35,000* | 52,238 | 4,058,126 |
| 2037 | 3,838,725 | 128,000 | | | 35,000* | 51,538 | 3,797,263 |
| 2038 | 2,722,813 | 677,000 | | | 580,000* | 50,838 | 2,676,651 |
| 2039 | 2,818,938 | 704,000 | | | 620,000 | 39,238 | 2,774,176 |
| 2040 | 2,834,438 | 704,000 | | | 630,000 | 26,838 | 2,787,276 |
| 2041 | 2,845,813 | 728,000 | | | 670,000 | 14,238 | 2,802,051 |
| 2042 | 2,900,906 | | | | | | 2,900,906 |
| 2043 | 2,902,969 | | | | | | 2,902,969 |
| | $81,949,503 | $17,818,264 | $9,075,000 | $1,636,881 | $3,880,000 | $1,121,294 | $79,844,414 |

Average Annual Requirements: (2021-2043) .......................................................................... $3,471,496
Maximum Annual Requirement: (2036) .................................................................................. $4,058,126

* Represents mandatory sinking fund payments on Term Bonds.

## TAX DATA

### Debt Service Tax

All taxable property within the District is subject to the assessment, levy and collection by the District of an annual ad valorem tax, without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Remaining Outstanding Bonds and the Bonds (see "TAXING PROCEDURES"). The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds (see "THE BONDS" and "INVESTMENT CONSIDERATIONS"). The District has levied a debt service tax for 2020 at a rate of $0.43 per $100 of Assessed Valuation. See - "Tax Rate Distribution" below.

### Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements, if such maintenance tax is authorized by a vote of the District's electorate. On January 19, 1991, the District voters authorized the levy of such a maintenance tax in an amount not to exceed $0.95 per $100 of Assessed Valuation. Such tax is levied in addition to taxes which the District is authorized to levy for paying principal of and interest on the Remaining Outstanding Bonds, the Bonds and any tax-supported bonds which may be issued in the future. The District has levied a maintenance tax of $0.23 per $100 of Assessed Valuation for 2020. See "Tax Rate Distribution" below.

### Tax Rate Limitation

| | |
|---|---|
| Debt Service: | Unlimited (no legal limit as to rate or amount). |
| Maintenance: | $0.95 per $100 Assessed Valuation. |

### Historical Values and Tax Collection History

| | | | | % Collections | |
|---|---|---|---|---|---|
| Tax Year | Assessed Valuation | Tax Rate(a) | Adjusted Levy | Current & Prior Years(b) | Year Ended 9/30 |
| 2010 | $415,841,175 | $0.930 | $3,866,407 | 99.93% | 2011 |
| 2011 | 428,521,643 | $0.945 | 4,048,547 | 99.95 | 2012 |
| 2012 | 430,855,754 | $0.980 | 4,221,692 | 99.96 | 2013 |
| 2013 | 475,566,365 | $0.960 | 4,564,003 | 99.95 | 2014 |
| 2014 | 520,458,710 | $0.900 | 4,683,052 | 99.96 | 2015 |
| 2015 | 569,930,014 | $0.810 | 4,616,420 | 99.89 | 2016 |
| 2016 | 643,556,377 | $0.740 | 4,762,305 | 99.90 | 2017 |
| 2017 | 698,998,065 | $0.720 | 5,032,702 | 99.86 | 2018 |
| 2018 | 752,141,329 | $0.710 | 5,340,191 | 99.80 | 2019 |
| 2019 | 822,451,533 | $0.690 | 5,674,903 | 99.46 | 2020 |
| 2020 | 881,390,836 | $0.660 | 5,817,166 | 95.83(c) | 2021 |

(a) Per $100 of Assessed Valuation.
(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through February 28, 2021. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.
(c) As of February 28, 2021. In process of collection.

**Tax Rate Distribution**

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Debt Service | $0.43 | $0.46 | $0.48 | $0.49 | $0.50 |
| Maintenance | 0.23 | 0.23 | 0.23 | 0.23 | 0.24 |
| Total | $0.66 | $0.69 | $0.71 | $0.72 | $0.74 |

**Analysis of Tax Base**

The following table illustrates the composition of property located within the District during the past five years.

| Type of Property | 2020 Assessed Valuation | % | 2019 Assessed Valuation | % | 2018 Assessed Valuation | % |
|---|---|---|---|---|---|---|
| Land | $260,153,919 | 29.52% | $242,167,666 | 29.44% | $167,366,400 | 22.25% |
| Improvements | 667,786,290 | 75.77% | 627,477,638 | 76.29% | 607,578,973 | 80.78% |
| Personal Property | 41,049,838 | 4.66% | 41,408,050 | 5.03% | 40,127,125 | 5.34% |
| Agriculture | 1,429 | 0.00% | 1,429 | 0.00% | 1,429 | 0.00% |
| Exemptions | (87,600,640) | -9.94% | (88,603,250) | -10.77% | (62,932,598) | -8.37% |
| TOTAL | $881,390,836 | 100.00% | $822,451,533 | 100.00% | $752,141,329 | 100.00% |

| Type of Property | 2017 Assessed Valuation | % | 2016 Assessed Valuation | % |
|---|---|---|---|---|
| Land | $144,178,980 | 20.63% | $137,051,818 | 21.30% |
| Improvements | 576,071,507 | 82.41% | 524,803,106 | 81.55% |
| Personal Property | 41,225,705 | 5.90% | 43,003,682 | 6.68% |
| Agriculture | 19,550 | 0.00% | 19,550 | 0.00% |
| Exemptions | (62,497,677) | -8.94% | (61,321,779) | -9.53% |
| TOTAL | $698,998,065 | 100.00% | $643,556,377 | 100.00% |

**Principal 2020 Taxpayers**

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the Assessed Valuation of such property as of January 1, 2020. The information reflects the composition of the Appraisal District's record of property ownership as of January 1, 2020.

| Taxpayer | Type of Property | Assessed Valuation 2020 Tax Roll | % of 2020 Tax Roll |
|---|---|---|---|
| Advenir Stone Park LLC* | Land and Improvements | $44,990,244 | 5.10% |
| New Forest Houston 2020 LLC | Land and Improvements | 39,240,981 | 4.45% |
| Ley Lane Partnership No. 9, L.P. | Land and Improvements | 26,598,454 | 3.02% |
| Haven at Liberty Hills, L.P. | Land and Improvements | 26,392,695 | 2.99% |
| Elysian at Liberty Hills Apartments, L.P. | Land and Improvements | 19,500,000 | 2.21% |
| SIR Properties Trust | Land and Improvements | 18,771,376 | 2.13% |
| Inland Western Houston New Forest, L.P. | Land and Improvements | 18,362,317 | 2.08% |
| Advenir Wynstone THG LLC* | Land and Improvements | 14,035,195 | 1.59% |
| FVNA Properties Ltd. | Land and Improvements | 12,612,284 | 1.43% |
| Karissa Court Property LLC | Land and Improvements | 10,335,956 | 1.17% |
| | | $230,839,502 | 26.19% |

* Related parties.

**Tax Exemption**

The District adopted a residential homestead exemption for persons 65 or older or disabled in the amount of $20,000 of appraised value, and did not grant a general residential homestead exemption, for tax year 2020. For tax year 2021, the District has adopted a residential homestead exemption for persons 65 or older or disabled in the amount of $25,000 of appraised value, and a general residential homestead exemption of 3% of appraised value. See "TAXING PROCEDURES."

**Tax Rate Calculations**

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District's tax base occurs beyond the 2020 Assessed Valuation. The calculations assume collection of 95% of taxes levied, no use of funds on hand, and the sale of no bonds by the District other than the Prior Bonds and the Bonds.

Average Annual Debt Service Requirements (2021-2043) ........................................................... $3,471,496

Tax Rate of $0.42 on the 2020 Assessed Valuation ($881,390,836) produces .............................. $3,516,749

Maximum Annual Debt Service Requirement (2036) .................................................................. $4,058,126

Tax Rate of $0.49 on the 2020 Assessed Valuation ($881,390,836) produces .............................. $4,102,874

The District levied a debt service tax of $0.43 per $100 of Assessed Valuation for 2020, plus a maintenance tax of $0.23 per $100 of Assessed Valuation. As the above table indicates, the 2020 debt service tax rate is sufficient to pay the average annual debt service requirement, but is not sufficient to pay the maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2020 Assessed Valuation, assuming the District will have a tax collection rate of 95%, no use of District funds on hand other than tax collections for such purpose, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments." However, as is illustrated above under the caption "Historical Values and Tax Collection History," the District had collected an average of 99.87% of its 2010 through 2019 tax levies as of February 28, 2021, and 95.83% of its 2020 tax levy as of such date. In addition, the District's Debt Service Fund balance is estimated to be

$4,468,446 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds. See "APPENDIX B – ANNUAL FINANCIAL REPORT." Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2020 - $0.43 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

**Estimated Overlapping Taxes**

Property located within the District is subject to taxation by several taxing authorities in addition to the District. Set forth below is a compilation of all 2020 taxes levied upon property located within the District and the District's 2020 tax rate. Under Texas law, ad valorem taxes levied by each taxing authority other than the District entitled to levy taxes against property located within the District create a lien which is on a parity with the tax lien of the District. In addition to the ad valorem taxes required to make the debt service payments on bonded indebtedness of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are 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 the 2020 taxes per $100 of assessed valuation levied by such jurisdictions for the portion of the District that lies within Galena Park Independent School District, the portion of the District that lies within Sheldon Independent School District and the portion of the District that lies within Channelview Independent School District, plus the District's 2020 tax rate. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions or any other charges made by entities other than political subdivisions.

**Portion of the District That Lies Within Galena Park Independent School District**

| Taxing Jurisdiction | 2020 Tax Rate Per $100 of A.V. |
|---|---|
| The District (i) | $0.660000 |
| Harris County | 0.391160 |
| Harris County Department of Education | 0.004993 |
| Harris County Flood Control District | 0.031420 |
| Harris County Hospital District | 0.166710 |
| Port of Houston Authority | 0.009910 |
| San Jacinto Community College District | 0.169358 |
| Galena Park Independent School District | 1.458100 |
| Harris County Emergency Services District No. 60 (ii) | 0.050000 |
| Total Tax Rate | $2.941651 |

**Portion of the District That Lies Within Sheldon Independent School District**

| Taxing Jurisdiction | 2020 Tax Rate Per $100 of A.V. |
|---|---|
| The District (i) | $0.660000 |
| Harris County | 0.391160 |
| Harris County Department of Education | 0.004993 |
| Harris County Flood Control District | 0.031420 |
| Harris County Hospital District | 0.166710 |
| Port of Houston Authority | 0.009910 |
| San Jacinto Community College District | 0.169358 |
| Sheldon Independent School District | 1.501600 |
| Harris County Emergency Services District No. 60 (ii) | 0.050000 |
| Total Tax Rate | $2.985151 |

**Portion of the District That Lies Within Channelview Independent School District**

| Taxing Jurisdiction | 2020 Tax Rate Per $100 of A.V. |
|---|---|
| The District (i) | $0.660000 |
| Harris County | 0.391160 |
| Harris County Department of Education | 0.004993 |
| Harris County Flood Control District | 0.031420 |
| Harris County Hospital District | 0.166710 |
| Port of Houston Authority | 0.009910 |
| San Jacinto Community College District | 0.169358 |
| Channelview Independent School District | 1.313800 |
| Harris County Emergency Services District No. 60 (ii) | 0.050000 |
| Total Tax Rate | $2.797351 |

(i) The District has levied a total tax rate of $0.66 per $100 of Assessed Valuation for 2020, consisting of debt service and maintenance taxes of $0.43 and $0.23 per $100 of Assessed Valuation, respectively.

(ii) A portion of the District is located within Harris County Emergency Services District No. 2, which levied a 2020 tax of $0.03 per $100 of Assessed Valuation, a portion of the District is located within Harris County Emergency Services District No. 6, which levied a 2020 tax of $0.026 per $100 of Assessed Valuation and a portion of the District is located within Harris County Emergency Services District No. 12, which levied a 2020 tax of $0.05 per $100 of Assessed Valuation. No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

## 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 Resolution to levy such a tax from year to year as described more fully above under “THE BONDS - Source of Payment.” Under Texas law, the Board may also levy and collect annual ad valorem taxes for the operation and maintenance of the District and the System and for the payment of certain contractual obligations. See “TAX DATA - Maintenance Tax” and - “Tax Rate Distribution.”

## Property Tax Code and County-wide Appraisal District

Title 1 of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here.

The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Harris County Appraisal District (the "Appraisal District") has the responsibility of appraising property for all taxing units within Harris County, including the District. Such appraisal values will be subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board").

The Property Tax Code provides that the governing body of a taxing unit located within an area declared to be a disaster area by the governor of the State of Texas may authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster. For reappraised property, the taxes are prorated for the year in which the disaster occurred. The taxing unit assesses taxes prior to the date the disaster occurred based upon market value as of January 1 of that year. Beginning on the date of the disaster and for the remainder of the year, the taxing unit assesses taxes on the reappraised market value of the property.

## Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually-owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and certain disabled persons to the extent deemed advisable by the Board. The District may be required to offer such an exemption if a majority of voters approve it at an election. The District would be required to call such an election upon petition by twenty percent (20%) of the number of qualified voters who voted in the preceding election. The District is authorized by statute to disregard exemptions for the disabled and elderly if granting the exemption would impair the District's obligation to pay tax supported debt incurred prior to adoption of the exemption by the District. Furthermore, the District must grant exemptions to disabled veterans, or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of between $5,000 and $12,000 of taxable valuation depending on the disability rating of the veteran. A veteran who receives a disability rating of 100%, and, under certain circumstances, the surviving spouse of such veteran, is entitled to the exemption for the full amount of the residential homestead. 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 forces who was killed in action is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse. The surviving spouse of a first responder who was killed or fatally injured in the line of duty is, subject to certain conditions, also entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and, subject to certain conditions, an exemption up to the same amount to be transferred to a subsequent residence homestead of the surviving spouse.

**Residential Homestead Exemptions:** The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District did not grant a general residential homestead exemption for the 2020 tax year. For the 2021 tax year, the District has granted a general residential homestead exemption of 3% of the appraised value of residential homesteads. See “TAX DATA - Exemptions.”

**Freeport Goods Exemption**: 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 for all prior and subsequent years.

### Tax Abatement

Harris County or the City of Houston may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City of Houston, Harris County, and the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. Each taxing jurisdiction has discretion to determine the 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. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. 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 of 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 for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (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 years. It is not known what frequency of reappraisals 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 to formally include such values on its appraisal roll. The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

### District and Taxpayer Remedies

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

The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

### Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon: a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 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. 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, which may be rejected by taxing units. The District's tax collector is required to enter into an installment payment agreement with any person who is delinquent on the payment of tax on a residence homestead for payment of tax, penalties and interest, if the person requests an installment agreement and has not entered into an installment agreement with the collector in the preceding 24 months. The installment agreement must provide for payments to be made in monthly installments and must extend for a period of at least 12 months and no more than 36 months. Additionally, the owner of a residential homestead property who is (i) sixty-five (65) years of age or older, (ii) disabled, or (iii) a disabled veteran, is entitled by law to pay current taxes on a residential homestead in installments without penalty or to defer the payment of taxes during the time of ownership. In the instance of tax deferral, a tax lien remains on the property and interest continue to accrue during the period of deferral.

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

**Rollback of Operation and Maintenance Tax Rate**

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

*Special Taxing Units*

Special Taxing Units that adopt a total tax rate that would impose more 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 an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Special Taxing Unit is the current year's debt service and contract tax rate plus 1.08 times the previous year's operation and maintenance tax rate.

*Developed Districts*

Developed Districts that adopt a total tax rate that would impose more 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 an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus 1.035 times the previous year's operation and maintenance tax rate plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a Special Taxing Unit and a Developed District, the district will be subject to the operation and maintenance tax threshold applicable to Special Taxing Units.

*Developing Districts*

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

### *The District*

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

**Additional Penalties**

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

**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 taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each local taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. See "INVESTMENT CONSIDERATIONS -Tax Collection Limitations."

## THE SYSTEM

**Regulation**

Construction and operation of the District's System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of several federal, state and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of Harris County, and, in some instances, the Harris County Flood Control District, the TCEQ, and the U.S. Army Corps of Engineers. Harris County and the City of Houston also exercise regulatory jurisdiction over the District's System.

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment and storm drainage facilities (collectively, the "System") have been designed in accordance with the criteria of various regulatory agencies including the City of Houston, Harris County, and the TCEQ. The construction and installation of the facilities must be made in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The District financed its share of the cost of the construction or acquisition of water supply and distribution, wastewater collection and treatment and storm sewer facilities to serve the fully developed single-family residential lots located in Woodforest North, Sections 3, 4, 8 and 10, Plantation at Woodforest, Sections 1 through 6, New Forest, Sections 1 and 2, New Forest West, Sections 1 through 4, Liberty Lakes, Sections 1 through 10, and Carpenters Landing, Sections 1 through 5, 7 and 8, New Forest Town Center, BPI Realty commercial development, other unrestricted commercial reserves and other commercial and multi-family residential properties that have been developed within the District; the purchase of surface water capacity from the North Channel Water Authority; Water Plant No. 1, Phase 1; water plant water lines; sanitary sewer trunklines from Beltway 8 to Wastewater Treatment Plant No. 2; storm sewer and sanitary sewer trunkline extensions to serve Liberty Lakes; the District's pro rata share of the cost of the North Channel Water Authority surface water supply system; the expansion of Wastewater Treatment Plant No. 2, Liberty Lakes storm water line and 10-inch trunkline extension; clearing and grubbing to serve New Forest Town Center Tracts A and B Water Plant No. 1 Phase 3 improvements, Water Plant No. 1 storm pump station and force main, New Forest Center Detention Facilities and land acquisition, Wastewater Treatment Plant No. 2 Lift Station rehabilitation; New Forest Town Center Lift Station and associated land acquisition costs; water and wastewater facilities to serve New Forest Town Center, and related engineering and geotech testing and other facilities with the proceeds of the sale of the Prior Bonds and other and other facilities with the proceeds of the sale of the Prior Bonds and other lawfully available District funds. The District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt," and "INVESTMENT CONSIDERATIONS - Future Debt." The total number of equivalent single-family connections ("ESFC") projected for the District at the full development of its approximately 1,227.4 acres is approximately 6,300 with a total estimated population of approximately 16,500 people. Descriptions of certain portions of the District's System follow. The System currently provides service to the 2,453 single-family residential lots and the residences constructed thereon and the commercial and multi-family residential projects which have been developed within the District as is described in this Official Statement under the caption "DEVELOPMENT, HOME CONSTRUCTION AND PRINCIPAL LAND OWNERS." The descriptions which follow are based upon information supplied by the District's Engineer.

**Water Supply**

Through an agreement dated May 1, 1997, that was supplemented on August 8, 2007, and again as of December 16, 2013, the District's water supply is provided by Harris County Fresh Water Supply District No. 51 ("FWSD No. 51"). A portion of the proceeds of the sale of the Prior Bonds was used to fund a portion of the cost of an expansion of FWSD No. 51's water plant facilities to provide permanent water supply to the District. The agreement allocates to the District 1,769,160 gallons-per-day ("gpd") average daily flow ("adf") in capacity from FWSD No. 51's three water plants. FWSD No. 51's water supply facilities include water wells with an aggregate capacity of 4,800 gallons-per-minute ("gpm"), a 300,000 gallon elevated storage tank, ground storage tanks aggregating 3,732,000 gallons, 130,000 gallons of hydropneumatic tank capacity, and booster pumps with total capacity of 16,800 gpm. Based on TCEQ criteria, these facilities can serve approximately 8,000 ESFCs. Based on 360 gpd per ESFC, the District will be able to serve 4,914 ESFCs with the aforementioned 1,769,160 gpd adf allocation.

The Harris Galveston Subsidence District ("HGSD"), a governmental entity with regulatory jurisdiction over the District, mandated that a region, including the District, secure 80% of its water supply from surface water sources, rather than groundwater sources. The North Channel Water Authority (the "NCWA") completed the first phase of the North Channel Surface Water Project in September, 1994, to purchase and convey surface water from the City of Houston to entities within the region, including the District. Most of the water supplied to the District from FWSD No. 51's water plant facilities is surface water delivered through the North Channel Surface Water Project. As a participant in the NCWA plan, the District complies with the HGSD mandate. The District's initial purchased share of the North Channel Surface Water Project was 700,000 gpd adf pursuant to the District's contract with the NCWA dated June 6, 1991. The District has financed an additional 1,156,000 gpd adf from the NCWA pursuant to a restatement of its contract with the NCWA dated March 1, 2001, and supplemented on December 8, 2010. See "Contract for Surface Water Conversion Plan" below.

According to the District's Engineer, with the purchase of such additional water supply from the NCWA, the limited adf as stipulated by the agreement with FWSD No. 51, and with the addition of the District's Water Plant No. 1 (Phase 1), the construction of which is complete, and which the District financed with a portion of the proceeds of the sale of Prior Bonds, the District will be able to provide service to a total of 5,123 ESFCs, including the 2,453 single-family residential lots which have been developed in the District to date, 519 ESFCs for commercial tracts which have been developed in the District to date, 690 ESFCs for multi-family development, 296 ESFCs for the Galena Park Independent School District, and 19 ESFCs for the YMCA.

**Contract for Surface Water Conversion Plan**

On June 6, 1991, the District entered into a Regional Water Supply Contract with the NCWA agreeing to participate in a plan whereby the NCWA constructed distribution lines to convey surface water to the participants and purchased treated surface water from the City of Houston, enabling NCWA participants to meet the requirements of the HGSD for conversion to an 80% surface water supply instead of solely a water well supply. The NCWA's plan also anticipates possible additional acquisitions of surface water and construction of additional water distribution lines in the future that will enable the District to remain in compliance with HGSD requirements through the year 2020. The NCWA surface water system was completed in 1994. The NCWA is the owner and operator of the surface water system.

On January 11, 1993, the District executed the First Amendment to the Regional Water Supply Contract extending the time the NCWA had to issue its Initial Bonds from within one year of June 6, 1991, to within three years of June 6, 1991. This amendment was retroactive to June 6, 1991.

On March 11, 1993, the District executed the Second Amendment to the Regional Water Supply Contract requiring the District, if necessary, to use maintenance tax revenues to supplement its system revenues to pay operating costs related to its water and sewer system so that system revenues will be sufficient to pay the District's obligation under this contract. However, maintenance or any other ad valorem tax revenue shall never be pledged by the District to meet these obligations.

The NCWA issued revenue bonds for the purpose of financing a portion of the capital costs of the initial project. The District chose to contribute cash for its pro rata share of such capital costs in lieu of participating in the bond financing. In addition, the District will pay its pro rata share of any special project facilities. In return for its contract share of the capital costs of the North Channel Surface Water Project, the District acquired an initial share of 700,000 gpd adf capacity in NCWA's surface water distribution system.

On March 1, 2001, the District executed the First Restated Regional Water Supply Contract, whereby the District financed an additional 1,156,000 gpd adf from the NCWA. This contract remains in effect until December 31, 2040, and thereafter from year to year until NCWA's revenue bonds are retired.

**Wastewater Treatment**

Currently, the District owns and operates a 600,000 gpd wastewater treatment plant and a 1,500,000 gpd wastewater treatment plant, which are capable of serving approximately 7,000 ESFCs, including the 2,453 single-family residential lots which have been developed in the District to date, 519 ESFCs for commercial tracts which have been developed in the District to date, 690 ESFCs for multi-family development, 296 ESFCs for the Galena Park Independent School District, and 19 ESFCs for the YMCA.

**Storm Water Drainage**

Storm water drainage for a portion of the District is provided by an internal network of underground drainage facilities which outfall into a Harris County Flood Control District channel, which flows into Carpenters Bayou, then to the San Jacinto River (downstream of Lake Houston), and eventually to Galveston Bay. Storm water drainage for the remainder of the District located east of the freshwater canal will be provided by an internal network of underground drainage facilities which outfall directly into Carpenters Bayou. Drainage for portions of the District west of the canal are provided by underground drainage outfalling into a detention pond, then Big Gulch Creek, then Greens Bayou.

**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 Federal Emergency Management Agency ("FEMA") Flood Insurance Rate Map Nos. 48201C0710M and 48201C0720M, dated January 1, 2017, approximately 87 acres within the District are located in the designated 100-year flood plain. Over the past several years, the District's Engineer has submitted Letters of Map Change, which FEMA approved. Approximately 12 acres remain in the effective 100-year flood plain. According to the District's Engineer, approximately 9 of such acres are currently undeveloped. The remaining approximately 3 acres that lie within the effective 100-year flood plain are located within the Wastewater Treatment Plant No. 2 site.

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 on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

## INVESTMENT CONSIDERATIONS

### General

The Bonds, which are obligations solely of the District and not of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any political subdivision or agency other than the District, are secured by the proceeds an annual ad valorem tax, levied without legal limit as to rate or amount, upon all taxable property within the District. The ultimate security for payment of the principal of and interest on the Bonds depends upon the District's ability to collect from the property owners within the District taxes levied against all taxable property located within the District, or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representation that over the life of the Bonds the taxable property within the District will maintain a value sufficient to justify continued payment of taxes by property owners or that there will be a market for any property if the District forecloses on property to enforce its tax lien. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing industry, not only due to general economic conditions, but also due to the particular factors discussed below. Further, the collection of delinquent taxes owed the District, and the enforcement by a Registered Owner of the District's obligation to collect sufficient taxes may be costly and lengthy processes. See "Tax Collection Limitations" and "Registered Owners' Remedies and Bankruptcy" below and "THE BONDS - Source of Payment" and - "Registered Owners' Remedies."

### Factors Affecting Taxable Values and Tax Payments

**Economic Factors:** A substantial percentage of the assessed valuation of the property located within the District is attributable to the current market value of (i) single-family residences that have been constructed within the District and (ii) the apartments and commercial buildings that have been constructed within the District. The market value of such homes is related to general economic conditions affecting the demand for residences. Demand for lots of this type and the construction of residential dwellings thereon and the construction of apartments and commercial buildings can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability and cost and the prosperity and demographic characteristics of the urban area toward which the marketing of lots, homes, apartments and commercial enterprises is directed. Further declines in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing. See "Potential Effects of Oil Price Fluctuations in the Houston Area" below. Decreased levels of construction of new apartments or commercial buildings and significant vacancy rates of apartments or commercial buildings located within the District would restrict the growth of property values in the District. Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Although development in the District has occurred as is described in this Official Statement under the caption "DEVELOPMENT, HOME CONSTRUCTION AND PRINCIPAL LAND OWNERS," the District cannot predict the pace or magnitude of any future residential or commercial development or home construction or the construction of future apartments or commercial buildings in the District other than that which has occurred to date. Moreover, the District makes no representation as to the occupancy levels of any commercial or multi-family residential properties that have been or might be constructed within the District or that any projects the development and construction of which might be initiated within the District will be completed.

**National Economy**: The housing and building industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, availability of mortgage and development funds, employment levels and general economic conditions. Although development of the District has occurred as described in this Official Statement under the caption "DEVELOPMENT, HOME CONSTRUCTION AND PRINCIPAL LAND OWNERS" the District cannot predict the pace or magnitude of any future development, home construction or the construction of future commercial or multifamily improvements in the District in the District other than that which has occurred to date. See "FUTURE DEVELOPMENT." The District cannot predict what impact, if any, a downturn in the local housing markets or in the national housing and financial markets may have on the Houston market generally and the District specifically.

**Credit Markets and Liquidity in the Financial Markets**: Interest rates and the availability of mortgage and development funding have a direct impact on single-family, apartment and commercial development activity and the construction of homes, apartments and commercial buildings, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale and at which apartment and commercial developers are able to finance new apartments or commercial buildings. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District, of homebuilders to initiate the construction of new homes for sale and of apartment and commercial developers to initiate the construction of new apartments or commercial buildings. 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 development and/or home construction or the construction of new apartments or commercial buildings within the District. In addition, since the District is located approximately 12 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District 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 and continued decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans or the construction of new apartments or commercial buildings in the District and restrain the growth of the District's property tax base.

**Principal Land Owners' Obligations to the District**: The ability of any principal land owner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. The ten largest District taxpayers as reflected on the District's 2020 tax roll own land and improvements the aggregate 2020 Assessed Valuation of which comprises approximately 26.19% of the District's 2020 tax roll. The single largest component of the District's 2020 tax roll consists of land and improvements owned by Advenir Stone Park L.L.C. ("ASP"), the 2020 Assessed Valuation of which comprises approximately 5.10% of the District's 2020 tax roll. A party related to ASP, Advenir Wynstone THG, LLC ("AWTHG"), owns land and improvements the 2020 Assessed Valuation of which comprises approximately 1.59% of the District's 2020 tax roll. Therefore, the property owned by ASP and AWTHG together comprises approximately 6.69% of the District's 2020 tax roll. The second largest single component of the District's 2020 tax roll consists of land and improvements owned by New Forest Houston 2020, LLC. The 2020 Assessed Valuation of such property comprises approximately 4.45% of the District's total 2020 Assessed Valuation. See "DEVELOPMENT, HOME CONSTRUCTION AND PRINCIPAL LANDOWNERS" and "TAX DATA - Principal 2020 Taxpayers." No other party owns land located within the District the assessed valuation of which in 2020 comprises more than 3.02% of the District's 2020 tax roll. The District cannot represent that its tax base will in the future be (i) distributed among a significantly larger number of taxpayers, or (ii) less concentrated in property owned by a relatively small number of property owners, than it is currently. Failure by one or more of the District's principal property owners to make full and timely payments of taxes due may have an adverse affect on the investment quality or security of the Bonds. In addition, Lowe's Home Improvement and JC Penney are large scale retailers with large buildings in the District. JC Penney filed for bankruptcy on May 15, 2020 and announced the closing of numerous stores. Should either entity vacate its building, such building may be difficult to re-lease or re-purpose and there could be a resulting decrease in the assessed value thereof. The District has not covenanted in the Bond Resolution, nor is it required by Texas law, to maintain any particular balance in the Debt Service Fund or any other fund to allow for such delinquencies. If any one or more of the principal District taxpayers did not pay taxes due, the District might need to levy additional taxes or use other debt service funds available to meet its debt service requirements.

As is described in this Official Statement under the caption "DEVELOPMENT, HOME CONSTRUCTION AND PRINCIPAL LAND OWNERS," no party is under any obligation to the District to develop any of the currently undeveloped land located in the District, and the District cannot represent when, or whether, any development activity other than that which has been completed or commenced in the District to date will be undertaken. Multiple tracts aggregating approximately 65.5 acres located within the District that are expected to be utilized for mixed multi-family residential and commercial development are served by trunk underground water distribution, wastewater collection and storm drainage facilities that have been constructed to the perimeter of the tracts. Approximately 36.9 of such acres are owned by FVNA Properties, LLC ("FVNA"), and the remaining tracts are owned by multiple other parties. Since none of the owners of such tracts has any obligation to the District to undertake the construction of above-ground improvements on such tracts, the District cannot represent whether or when any above-ground multi-family residential or commercial improvements might be constructed on such tracts.

A total of approximately 162.2 acres of undeveloped land located within the District are available for future development. Of such undeveloped acres, approximately 108.6 acres are owned by Uvalde Realty Partners, L.P. ("URP"). URP is a party related to the developers of Black Rock Commons, the Shops at Stone Park, and Carpenters Landing located within the District. Additionally, approximately 29.6 acres of undeveloped land located within the District are owned by multiple other parties that are also related to the developers of Black Rock Commons, the Shops at Stone Park, and Carpenters Landing. The remaining approximately 23.93 acres of land located within the District are owned by FVNA. Although all of such approximately 162.2 acres are expected to be developed for future commercial and multi-family residential usage, none of the owners of any of such land has any obligation to the District to undertake the development of any of such acres, and thus the District cannot represent whether or when any of such acres might be developed. See "FUTURE DEVELOPMENT." As a consequence of all of the factors that are discussed above in this Official Statement under the caption "INVESTMENT CONSIDERATIONS," the District can make no representation about the probability of future residential or commercial development, if any, or the rate of future home construction activity or the construction of above-ground commercial or multi-family residential improvements in the District. Moreover, the District makes no representation as to the occupancy levels of any commercial or multi-family residential properties that have been or might be constructed within the District.

**Maximum Impact on District Tax Rates**

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. The 2020 Assessed Valuation of property located within the District (see "TAX DATA") is $881,390,836. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds will be $4,058,126 (2036) and the average annual debt service requirements will be $3,471,496 (2021 through 2043, inclusive). Assuming no increase to nor decrease from the 2020 Assessed Valuation, the issuance of no additional bonds by the District, and no use of other legally available District funds, tax rates of $0.49 and $0.42 per $100 of assessed valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively, on the Bonds and the Remaining Outstanding Bonds. See "TAX DATA - Tax Rate Calculations." The District levied a debt service tax of $0.43 per $100 of Assessed Valuation plus a maintenance tax of $0.23 per $100 of Assessed Valuation for 2020. Therefore, the 2020 debt service tax rate is sufficient to pay the average annual debt service requirement, but is not sufficient to pay the maximum annual debt service requirement on the Bonds and the Remaining Outstanding Bonds given taxable values in the District at the level of the 2020 Assessed Valuation, assuming a tax collection rate of 95%, no use of funds on hand, and the issuance of no additional bonds by the District. However, as is illustrated in this Official Statement under the caption "TAX DATA - Historical Values and Tax Collection History," as of February 28, 2021, the District has collected an average of 99.87% of its tax for the period 2010 through 2019, and its 2020 levy, which is in the process of collection, was

95.83% collected as of such date. Moreover, the District's Debt Service Fund balance is estimated to be $4,468,446 as of the date of delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds. See “APPENDIX B - ANNUAL FINANCIAL REPORT.” Therefore, the District anticipates that it will be able to meet the debt service requirements on the Bonds and the Remaining Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District levied for 2020 - $0.43 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See “TAX PROCEDURES.” In addition to the components of the System the acquisition or construction of which the District has financed with portions of the proceeds of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds, the District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt,” “THE SYSTEM,” and “Future Debt” below.

As is described in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District and the District's 2020 tax rate is $2.941651 as to the portion of the District that lies within the Galena Park Independent School District, $2.797351 as to the portion of the District that lies within the Channelview Independent School District, and $2.985151 as to the portion of the District that lies within the Sheldon Independent School District. Such aggregate levies are higher than the aggregate of the tax levies of some municipal utility districts located in the greater Houston metropolitan area, but are within the range of the aggregate tax levies of municipal utility districts in the Houston metropolitan area which are in stages of development comparable to the District's.

Increases in the District's tax rate to substantially higher levels than the combined rate of $0.66 per $100 of assessed valuation which the District levied for 2020 may have an adverse impact upon future development of the District, the sale and construction of homes within the District, the construction and occupancy levels of apartments or commercial above-ground improvements within the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process.

One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. See “THE BONDS - Registered Owners' Remedies,” “TAX DATA - Estimated Overlapping Taxes” and “TAX PROCEDURES.”

### Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other state and local taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District's ability to collect ad valorem taxes through such foreclosure may be impaired by (i) cumbersome, time-consuming, and expensive collection procedures, (ii) a bankruptcy court's stay of tax collection procedures against a taxpayer, (iii) market conditions limiting the proceeds from a foreclosure sale of taxable property, or (iv) the taxpayer's right to redeem the property within two years of foreclosure. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding.

### Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not 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. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgement for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a 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 in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. In this regard, should the District file a petition for protection from creditors under federal bankruptcy laws, a suit seeking the remedy of mandamus would be automatically stayed and could not be pursued unless authorized by a federal bankruptcy judge. See "THE BONDS - Registered Owners' Remedies."

The District may not be placed into bankruptcy involuntarily.

### The Effect of the Financial Institutions Act of 1989 on Tax Collections of the District

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

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

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

### Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over the trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made for the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the bid and asked spread of other bonds generally bought, sold, or traded in the secondary market. See "SALE AND DISTRIBUTION OF THE BONDS."

**Future Debt**

The District has the right to issue the remaining $30,215,000 authorized but unissued bonds for waterworks, wastewater and drainage facilities and $33,128,223.60 for refunding purposes (see "THE BONDS - Issuance of Additional Debt"), and such additional bonds as may hereafter be approved by both the Board and voters of the District. The issuance of such $30,215,000 in bonds for waterworks, wastewater and drainage facilities is also subject to TCEQ authorization. In addition to the components of the System the acquisition or construction of which the District has financed with portions of the proceeds of the Prior Bonds, the District expects to finance its share of the cost of acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt" and "THE SYSTEM."

The District's Engineer estimates that the aforementioned $30,215,000 authorized bonds which remain unissued will be adequate to finance the construction of all water, wastewater and drainage facilities to provide service to all of the currently undeveloped portions of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

**Competitive Nature of Houston Residential Housing and Commercial Development and Construction Markets**

The single-family and multi-family residential housing and commercial development industries in the Houston area are very competitive, and the District can give no assurance that any single-family residential lot development or homebuilding programs or any multi-family residential projects will be initiated in the District in addition to the single-family residential lot development and homebuilding programs and multi-family residential projects that have been undertaken in the District to date, or that any commercial development or construction of future above-ground commercial improvements will be undertaken in the District in addition to the commercial development projects and construction of above-ground commercial improvements that have been undertaken in the District to date as are described in this Official Statement under the caption "DEVELOPMENT, HOME CONSTRUCTION AND PRINCIPAL LAND OWNERS." The respective competitive positions of any developer(s) or home builder(s) which might attempt future single-family residential lot development or homebuilding programs in the District in the sale of developed single-family residential lots or in the construction and sale of single-family residential units and of any multi-family residential or commercial developer(s) which might undertake future multi-family residential or commercial development projects or the construction of new apartments or above-ground commercial improvements are affected by most of the factors discussed in this section, and such single-family residential lot development, multi-family residential and/or commercial development projects and the construction of single-family residential units, multi-family residential projects and/or commercial above-ground improvements are directly related to tax revenues received by the District and the growth and maintenance of taxable values in the District.

**Continuing Compliance with Certain Covenants**

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

**Approval of the Bonds**

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

## Environmental Regulations

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

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

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

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

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 developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners adopted the request and maintenance plan for the 1997 one-hour and eight-hour standards on December 12, 2018. On May 16, 2019, the EPA proposed a determination that the HGB Area has met the redesignation criteria and continues to attain the 1997 one-hour and eight-hour standards, the termination of the anti-backsliding obligations, and approval of the proposed maintenance plan.

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

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

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

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

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

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

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

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

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

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

On September 12, 2019, the EPA and USACE finalized a rule repealing the CWR, thus reinstating the regulatory text that existed prior to the adoption of the CWR. This repeal 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.

**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, including the District, has experienced multiple storms exceeding a 0.2% probability (i.e. "500 year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 26, 2017, and brought historic levels of rainfall during the successive four days. According to the District's Operator during Hurricane Harvey, the District's System did not sustain any material damage and there was no interruption of water and sewer service. Further, according to the District's Operator and Engineer, although the District experienced street flooding, there was no apparent material wind or water damage to homes within the District.

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.

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

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

**Infectious Disease Outbreak (COVID-19)**

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

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to the Pandemic preparedness and mitigation. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on (nor accessed through) such website of the Governor is incorporated by reference, either expressly or by implication, into this Official Statement.

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 conditions and financial markets worldwide and within Texas and the Houston area. Stock values and oil prices, in the U.S. and globally, have seen significant declines attributed in part to Pandemic 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 construction activity within the District. The Bonds are secured by an unlimited ad valorem tax, and a reduction in property values may require an increase in the ad valorem tax rate required to pay the Bonds as well as the District's share of operations and maintenance expenses payable from ad valorem taxes.

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

### 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 construction 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.

### Changes in Tax Legislation

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

## LEGAL MATTERS

### Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and legally binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Bond Counsel for the District, to a like effect and to the effect that, under existing law, interest on the Bonds is excludable from gross income for federal tax purposes and interest on the Bonds is not subject to the alternative minimum tax on individuals. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

Bond Counsel has reviewed the information appearing in this Official Statement under “THE BONDS,” except for the information under the subheading “Book-Entry-Only System,” “PLAN OF FINANCING - The Refunded Bonds,” “Escrow Agreement,” and “Defeasance of the Refunded Bonds,” “THE DISTRICT - Management of the District - Bond Counsel and General Counsel,” “TAXING PROCEDURES,” “LEGAL MATTERS - Legal Opinions”, “TAX MATTERS” and “CONTINUING DISCLOSURE OF INFORMATION” solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law and the provisions of the documents referred to therein. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has either conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Allen Boone Humphries Robinson LLP also serves as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold, and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds. Certain legal matters will be passed upon for the Underwriters by McCall Parkhurst & Horton L.L.P., Houston, Texas. McCall Parkhurst & Horton L.L.P. has acted as Disclosure Counsel for the District on certain previous new money financings.

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

### No-Litigation Certificate

The District will furnish the Underwriters a certificate, executed by the President and Secretary of the Board, and dated as of the date of delivery of the Bonds, that, to their knowledge, no litigation is pending or threatened affecting the validity of the Bonds, or the levy and/or collection of taxes for the payment thereof, or the organization or boundaries of the District, or the title of the officers thereof to their respective offices.

### No Material Adverse Change

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

## TAX MATTERS

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

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

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

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

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

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

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

**Tax Accounting Treatment of Original Issue Discount Bonds**

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

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

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

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

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

### Not Qualified Tax-Exempt Obligations

The Bonds will **not** be designated as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code.

## VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC, a firm of independent certified public accountants, will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with the Statement on Standards for Consulting Services established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrowed Securities, to pay, when due or upon early redemption, the principal of, interest on and related call premium requirements, if any, of the Refunded Bonds; (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes; and (c) the mathematical computations related to certain requirements of City of Houston Ordinance No. 97-416.

Robert Thomas CPA, LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Robert Thomas CPA, LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel. Robert Thomas CPA, LLC was not engaged to perform audit or attest services under AICPA auditing or attestation standards or to provide any form of attest report or opinion under such standards in conjunction with this engagement.

## OFFICIAL STATEMENT

### General

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

The District's audited financial statements for the fiscal year ended March 31, 2020, were prepared by McCall Gibson Swedlund Barfoot PLLC, and have been included herein as "APPENDIX B." McCall Gibson Swedlund Barfoot PLLC, has consented to the publication of such financial statements in this Official Statement.

## Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled "THE DISTRICT," "DEVELOPEMENT, HOME CONSTRUCTION AND PRINCIPAL LANDOWNERS" (excluding building square footage), "FUTURE DEVELOPMENT" and "THE SYSTEM" has been provided by LJA Engineering, Inc. and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned "DISTRICT DEBT" and "TAX DATA" was provided by Wheeler & Associates, Inc. and the Appraisal District. Such information has been included herein in reliance upon the authority of Wheeler & Associates, Inc. as an expert in the field of tax collection and the Appraisal District's authority as an expert in the field of tax assessing.

## Certification as to Official Statement

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

## Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriters are no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the "SEC"), the District learns, or is notified by the Underwriters, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriters elect to terminate its obligation to purchase the Bonds, the District will promptly prepare and supply to the Underwriters an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriters; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

# CONTINUING DISCLOSURE OF INFORMATION

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

## Annual Reports

The District will provide certain updated financial information and operating data annually to the MSRB. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT" (except for "Estimated Overlapping Debt"), "TAX DATA," and in "APPENDIX B." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2021. The District will provide the updated information to the MSRB or any successor to its functions as a repository.

The District may provide updated information in full text or may incorporate by reference certain other publicly available documents, as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements if it commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six-month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Resolution 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 fiscal year end is currently March 31. Accordingly, it must provide updated information by September 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify the MSRB of the change.

**Event Notices**

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

The District has agreed to provide the foregoing information only to the MSRB. Investors will be able to access, without charge from the MSRB, continuing disclosure information filed with the MSRB at www.emma.msrb.org.

**Limitations and Amendments**

The District has agreed to update information and to provide notices of certain 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 to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the District, 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 holders of a majority in aggregate principal amount of the Bonds consent to the amendment or any person unaffiliated with the District (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The District may amend or repeal the agreement in the Bond Resolution if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid or unenforceable, but only to the extent that its right to do so would not prevent the 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 all continuing disclosure agreements made by it in accordance with the Rule.

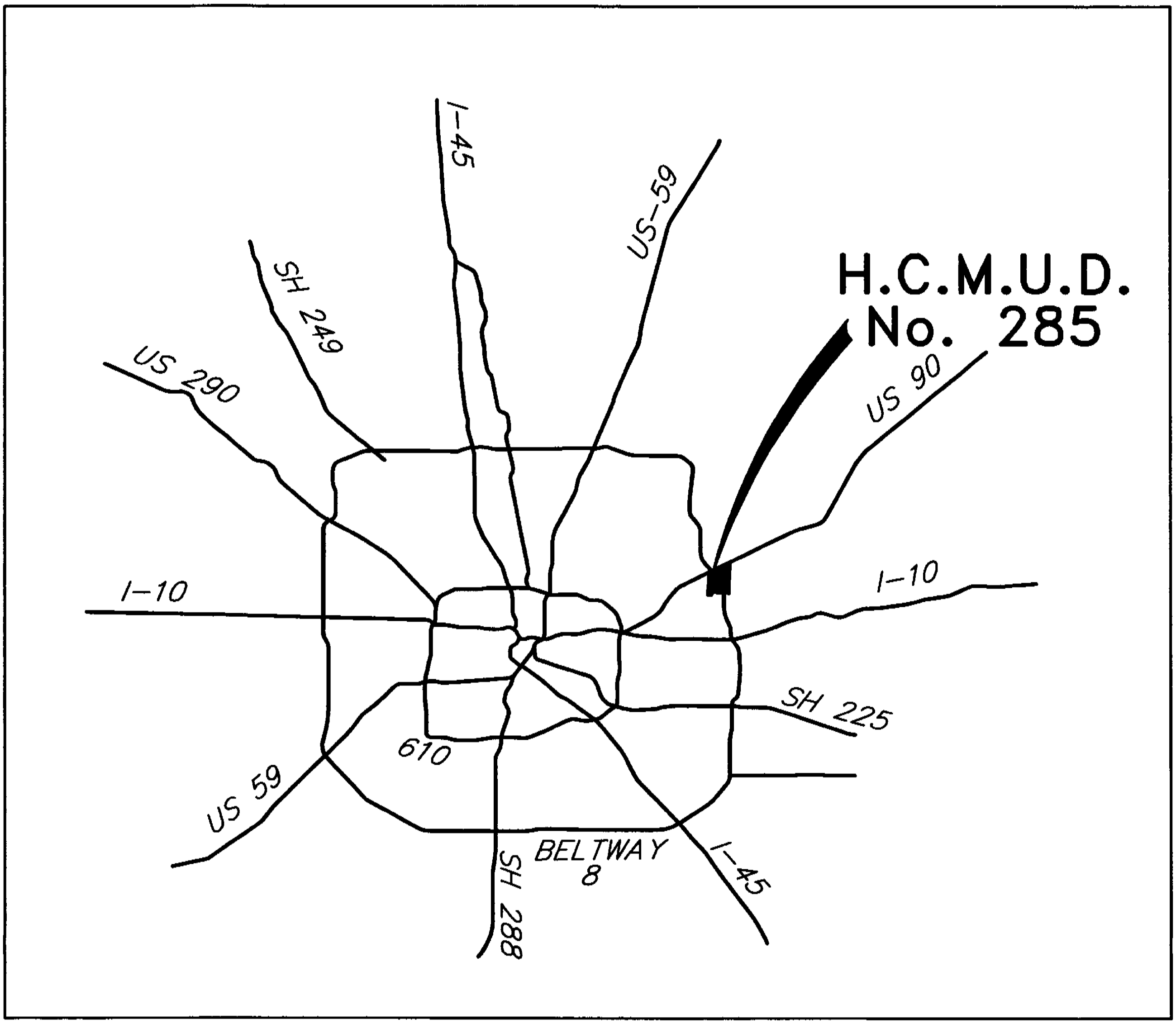
This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 285 as of the date shown on the first page hereof.

/s/ Walter A. Knowles, Jr.
President, Board of Directors
Harris County Municipal Utility District No. 285

ATTEST:

/s/ Rosario R. Garza
Secretary, Board of Directors
Harris County Municipal Utility District No. 285

**APPENDIX A**
**LOCATION MAP**




HARRIS COUNTY AREA MAP

LOCATION MAP
OF
HARRIS COUNTY M.U.D
No. 285
HARRIS COUNTY, TEXAS
APRIL 2007

JONES & CARTER, INC.
ENGINEERS • PLANNERS • SURVEYORS
6335 Gulfton Dr., Suite 100 Houston, Texas 77081 (713) 777-5337

# APPENDIX B

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

## HARRIS COUNTY, TEXAS

## ANNUAL FINANCIAL REPORT

## MARCH 31, 2020

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

## HARRIS COUNTY, TEXAS

## ANNUAL FINANCIAL REPORT

## MARCH 31, 2020

**McCALL GIBSON SWEDLUND BARFOOT PLLC**
Certified Public Accountants

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

## HARRIS COUNTY, TEXAS

## ANNUAL FINANCIAL REPORT

## MARCH 31, 2020

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

**_McCALL GIBSON SWEDLUND BARFOOT PLLC_**
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*Austin, Texas 78759*
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# INDEPENDENT AUDITOR'S REPORT

Board of Directors
Harris County Municipal
Utility District No. 285
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. 285 (the "District"), as of and for the year ended March 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as 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. 285

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

**Other Matters**

*Required Supplementary Information*

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

July 20, 2020

Management's discussion and analysis of Harris County Municipal Utility District No. 285's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended March 31, 2020. Please read it in conjunction with the District's financial statements.

## USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The basic financial statements include: (1) combined fund financial statements and government-wide financial statements and (2) notes to the financial statements. The combined fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Fund 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 like 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 the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

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

## FUND FINANCIAL STATEMENTS

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

**FUND FINANCIAL STATEMENTS** (Continued)

Governmental funds are reported in each of the financial statements. The focus in the fund 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 Fund Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

## NOTES TO THE FINANCIAL STATEMENTS

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

## OTHER INFORMATION

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities by $4,810,011 as of March 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment as well as water, wastewater and drainage facilities less any debt used to acquire those assets that is still outstanding).

The following is a comparative analysis of government-wide changes in net position:

## GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

| | Summary of Changes in the Statement of Net Position | | |
|---|---|---|---|
| | 2020 | 2019 | Change Positive (Negative) |
| Current and Other Assets | $ 16,806,884 | $ 15,593,070 | $ 1,213,814 |
| Capital Assets (Net of Accumulated Depreciation) | 46,870,439 | 45,775,638 | 1,094,801 |
| Total Assets | $ 63,677,323 | $ 61,368,708 | $ 2,308,615 |
| Deferred Outflows of Resources | $ 1,295,075 | $ 1,404,168 | $ (109,093) |
| Due to Developers | $ 149,730 | $ 91,617 | $ (58,113) |
| Long-Term Liabilities | 57,158,199 | 55,988,321 | (1,169,878) |
| Other Liabilities | 2,854,458 | 3,123,178 | 268,720 |
| Total Liabilities | $ 60,162,387 | $ 59,203,116 | $ (959,271) |
| Net Position: | | | |
| Net Investment in Capital Assets | $ (10,369,919) | $ (10,177,241) | $ (192,678) |
| Restricted | 6,504,574 | 6,193,097 | 311,477 |
| Unrestricted | 8,675,356 | 7,553,904 | 1,121,452 |
| Total Net Position | $ 4,810,011 | $ 3,569,760 | $ 1,240,251 |

The following table provides a summary of the District's operations for the years ended March 31, 2020, and March 31, 2019.

| | Summary of Changes in the Statement of Activities | | |
|---|---|---|---|
| | 2020 | 2019 | Change Positive (Negative) |
| Revenues: | | | |
| Property Taxes | $ 5,744,608 | $ 5,377,995 | $ 366,613 |
| Sales Tax Receipts | 860,229 | 892,830 | (32,601) |
| Charges for Services | 2,576,236 | 2,458,789 | 117,447 |
| Other Revenues | 392,382 | 251,019 | 141,363 |
| Total Revenues | $ 9,573,455 | $ 8,980,633 | $ 592,822 |
| Expenses for Services | (8,059,965) | (7,840,255) | (219,710) |
| Economic Development Grant | (273,239) | (303,718) | 30,479 |
| Change in Net Position | $ 1,240,251 | $ 836,660 | $ 403,591 |
| Net Position, Beginning of Year | 3,569,760 | 2,733,100 | 836,660 |
| Net Position, End of Year | $ 4,810,011 | $ 3,569,760 | $ 1,240,251 |

### FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of March 31, 2020, were $15,346,921, an increase of $1,529,125 from the prior year.

The General Fund fund balance increased by $1,138,999, primarily due to revenues and a transfer from the Capital Projects Fund exceeding expenditures.

The Debt Service Fund fund balance increased by $295,521, primarily due to the structure of the District's outstanding debt.

The Capital Projects Fund fund balance increased by $94,605, primarily due to bond proceeds received from sale of Series 2019 bonds.

### GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors amended the budget during the fiscal year to decrease budgeted capital outlay costs. Actual revenues were $571,306 more than budgeted revenues primarily due to higher than anticipated property and sales tax, tap connection and inspection revenue as well as investment revenues. Actual expenditures were $984,565 less than budgeted expenditures primarily due to less repairs and maintenance and capital outlay costs than budgeted.

### CAPITAL ASSETS

Capital assets as of March 31, 2020, total $46,870,439 (net of accumulated depreciation) and include land, buildings and equipment as well as the water, wastewater and drainage systems.

Significant capital asset events during the current fiscal year included the following:

Construction in Progress:

- 14-Acre Uvalde Tract – Drainage Analysis
- Various Water Plant No. 1 Improvements

Completed Projects/Purchases:

- Wastewater Treatment Plant No. 2 – Improvements, Phase 2
- New Forest Town Center Water, Wastewater and Drainage Facilities
- Wastewater Treatment Plant No. 2 Lift Station Rehabilitation
- Installation of new Blower No. 4 at Wastewater Treatment Plant No. 1
- Installation of new Lift Pump No. 2 at Wastewater Treatment Plant No. 1
- Sanitary/Storm Sewer – Beltway 8/US90 – Reserve A and B

## CAPITAL ASSETS (Continued)

Capital Assets At Year-End, Net of Accumulated Depreciation

| | 2020 | 2019 | Change Positive (Negative) |
|---|---|---|---|
| Capital Assets Not Being Depreciated: | | | |
| Land and Land Improvements | $ 3,003,817 | $ 2,996,477 | $ 7,340 |
| Construction in Progress | 193,694 | 6,755,642 | (6,561,948) |
| Capital Assets, Net of Accumulated Depreciation: | | | |
| Water System | 9,360,752 | 8,673,542 | 687,210 |
| Wastewater System | 21,007,685 | 13,662,243 | 7,345,442 |
| Drainage System | 10,687,822 | 10,957,998 | (270,176) |
| Capacity Interest in North Channel Water Authority Distribution System | 1,655,186 | 1,728,147 | (72,961) |
| Capacity Interest in Harris County FWSD No. 51 Water Plants | 961,483 | 1,001,589 | (40,106) |
| Total Net Capital Assets | $ 46,870,439 | $ 45,775,638 | $ 1,094,801 |

Additional information on the District's capital assets can be found in Note 6 of this report.

## LONG-TERM DEBT ACTIVITY

At the end of the current fiscal year, the District had total long-term debt payable of $58,745,000. The changes in the debt position of the District during the fiscal year ended March 31, 2020, are summarized as follows:

| | |
|---|---|
| Bond Debt Payable, April 1, 2019 | $ 57,510,000 |
| Add: Bond Sale - Series 2019 | 2,900,000 |
| Less: Bond Principal Paid | 1,665,000 |
| Bond Debt Payable, March 31, 2020 | $ 58,745,000 |

**LONG-TERM DEBT ACTIVITY** (Continued)

The District's bonds issued prior to March 31, 2017 have an underlying rating of "BBB+" from S&P Global Ratings ("S&P"). The Series 2017, Series 2017 Refunding, Series 2018 and Series 2019 bonds have an underlying rate of "A2" from Moody's Investors Service.

The Series 2011 Refunding, Series 2013 Refunding, Series 2014, Series 2016 Refunding and Series 2017 Refunding bonds carry an insured rating of "AA" from S&P by virtue of bond insurance issued by Assured Guaranty Municipal Corporation ("AGMC").

The Series 2014 Refunding, Series 2015 Refunding, Series 2016, Series 2017, Series 2018 and Series 2019 bonds carry an insured rating of "AA" from S&P by virtue of bond insurance issued by Build America Mutual Assurance Company ("BAM").

## 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. 285, c/o Allen Boone Humphries Robinson LLP, 3200 Southwest Freeway, Suite 2600, Houston, TX 77027.

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# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## STATEMENT OF NET POSITION AND
## GOVERNMENTAL FUNDS BALANCE SHEET
## MARCH 31, 2020

| | General Fund | Debt Service Fund |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 2,877,722 | $ 3,355,122 |
| Investments | 5,932,190 | 3,146,269 |
| Receivables: | | |
| Property Taxes | 62,894 | 134,994 |
| Sales Tax Receipts | 177,507 | |
| Penalty and Interest on Delinquent Taxes | | |
| Service Accounts (Net of Allowance for Doubtful Accounts of $1,500) | 172,715 | |
| Accrued Interest | 18,849 | 36,765 |
| Builder Damages | | |
| Other | 7,556 | |
| Due from Other Funds | 4,053 | 11,394 |
| Prepaid Costs | 65,803 | |
| Advance for Water Plant Operations | 20,739 | |
| Land | | |
| Construction in Progress | | |
| Capital Assets (Net of Accumulated Depreciation) | | |
| **TOTAL ASSETS** | $ 9,340,028 | $ 6,684,544 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | |
| Deferred Charges on Refunding Bonds | $ -0- | $ -0- |
| **TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | $ 9,340,028 | $ 6,684,544 |

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

| Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|
| $ 494,115 | $ 6,726,959 | $ | $ 6,726,959 |
| 184 | 9,078,643 | | 9,078,643 |
| | 197,888 | | 197,888 |
| | 177,507 | | 177,507 |
| | | 30,870 | 30,870 |
| | 172,715 | | 172,715 |
| | 55,614 | | 55,614 |
| 570 | 570 | | 570 |
| | 7,556 | | 7,556 |
| | 15,447 | (15,447) | |
| | 65,803 | 272,020 | 337,823 |
| | 20,739 | | 20,739 |
| | | 3,003,817 | 3,003,817 |
| | | 193,694 | 193,694 |
| | | 43,672,928 | 43,672,928 |
| $ 494,869 | $ 16,519,441 | $ 47,157,882 | $ 63,677,323 |
| $ -0- | $ -0- | $ 1,295,075 | $ 1,295,075 |
| $ 494,869 | $ 16,519,441 | $ 48,452,957 | $ 64,972,398 |

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

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
## MARCH 31, 2020

| | General Fund | Debt Service Fund |
|---|---|---|
| **LIABILITIES** | | |
| Accounts Payable | $ 241,193 | $ 702 |
| Accrued Interest Payable | | |
| Due to Other Governments | 161,017 | |
| Due to Developers | | |
| Due to Other Funds | 3,894 | 3,880 |
| Due to Taxpayers | | 13,479 |
| Security Deposits | 530,588 | |
| Accrued Bond Interest Received at Time of Sale | | 4,282 |
| Long-Term Liabilities: | | |
| Due Within One Year | | |
| Due After One Year | | |
| **TOTAL LIABILITIES** | $ 936,692 | $ 22,343 |
| | | |
| **DEFERRED INFLOWS OF RESOURCES** | | |
| Property Taxes | $ 62,894 | $ 134,994 |
| | | |
| **FUND BALANCES** | | |
| Nonspendable: | | |
| Prepaid Costs | $ 65,803 | $ |
| Advance for Water Plant Operations | 20,739 | |
| Restricted for Authorized Construction | | |
| Restricted for Debt Service | | 6,527,207 |
| Unassigned | 8,253,900 | |
| **TOTAL FUND BALANCES** | $ 8,340,442 | $ 6,527,207 |
| | | |
| **TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES** | $ 9,340,028 | $ 6,684,544 |
| | | |
| **NET POSITION** | | |
| Net Investment in Capital Assets | | |
| Restricted for Debt Service | | |
| Unrestricted | | |
| **TOTAL NET POSITION** | | |

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

| Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|
| $ 4,700 | $ 246,595 | $ | $ 246,595 |
| | | 192,779 | 192,779 |
| | 161,017 | | 161,017 |
| 3,224 | 3,224 | 146,506 | 149,730 |
| 7,673 | 15,447 | (15,447) | |
| | 13,479 | | 13,479 |
| | 530,588 | | 530,588 |
| | 4,282 | (4,282) | |
| | | 1,710,000 | 1,710,000 |
| | | 57,158,199 | 57,158,199 |
| $ 15,597 | $ 974,632 | $ 59,187,755 | $ 60,162,387 |
| $ -0- | $ 197,888 | $ (197,888) | $ -0- |
| $ | $ 65,803 | $ (65,803) | $ |
| | 20,739 | (20,739) | |
| 479,272 | 479,272 | (479,272) | |
| | 6,527,207 | (6,527,207) | |
| | 8,253,900 | (8,253,900) | |
| $ 479,272 | $ 15,346,921 | $ (15,346,921) | $ -0- |
| $ 494,869 | $ 16,519,441 | | |
| | | $ (10,369,919) | $ (10,369,919) |
| | | 6,504,574 | 6,504,574 |
| | | 8,675,356 | 8,675,356 |
| | | $ 4,810,011 | $ 4,810,011 |

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

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
## MARCH 31, 2020

| | | | |
|---|---|---|---|
| Total Fund Balances - Governmental Funds | | $ | 15,346,921 |
| Amounts reported for governmental activities in the Statement of Net Position are different because: | | | |
| Bond insurance premiums paid at closing are amortized over the term of the refunding bonds. | | | 272,020 |
| Land, construction in progress and capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. | | | 46,870,439 |
| The difference between the net carrying amount of the refunded bonds and the reacquisition price is recorded as a deferred outflow of resources in the governmental activities and systematically charged to interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter. | | | 1,295,075 |
| Deferred inflows of resources related to tax revenues and uncollected penalty and interest revenues on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District. | | | 228,758 |
| Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of: | | | |
| Due to Developers | $ (146,506) | | |
| Accrued Interest Payable | (188,497) | | |
| Bonds Payable | (58,868,199) | | (59,203,202) |
| Total Net Position - Governmental Activities | | $ | 4,810,011 |

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

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# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED MARCH 31, 2020

| | General Fund | Debt Service Fund |
|---|---|---|
| **REVENUES** | | |
| Property Taxes | $ 1,912,003 | $ 3,826,555 |
| Sales Tax Receipts | 860,229 | |
| Water Service | 1,180,018 | |
| Wastewater Service | 1,107,891 | |
| Tap Connection and Inspection Fees | 194,847 | |
| Penalty and Interest | 47,640 | 39,968 |
| Investment and Miscellaneous Revenues | 166,491 | 224,586 |
| **TOTAL REVENUES** | $ 5,469,119 | $ 4,091,109 |
| **EXPENDITURES/EXPENSES** | | |
| Service Operations: | | |
| Professional Fees | $ 244,256 | $ 16,745 |
| Contracted Services | 1,010,917 | 95,123 |
| Purchased Water Service | 996,982 | |
| Utilities | 215,677 | |
| Repairs and Maintenance | 990,918 | |
| Depreciation | | |
| Other | 602,624 | 21,050 |
| Capital Outlay | 6,882 | |
| Developer Interest | | |
| Economic Development Grant | 273,239 | |
| Debt Service: | | |
| Bond Principal | | 1,665,000 |
| Bond Interest | | 1,997,670 |
| Bond Issuance Costs | | |
| **TOTAL EXPENDITURES/EXPENSES** | $ 4,341,495 | $ 3,795,588 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | $ 1,127,624 | $ 295,521 |
| **OTHER FINANCING SOURCES (USES)** | | |
| Transfers In (Out) | $ 11,375 | $ |
| Long-Term Debt Issued | | |
| **TOTAL OTHER FINANCING SOURCES (USES)** | $ 11,375 | $ -0- |
| **NET CHANGE IN FUND BALANCES** | $ 1,138,999 | $ 295,521 |
| **CHANGE IN NET POSITION** | | |
| **FUND BALANCES/NET POSITION - APRIL 1, 2019** | 7,201,443 | 6,231,686 |
| **FUND BALANCES/NET POSITION - MARCH 31, 2020** | $ 8,340,442 | $ 6,527,207 |

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

| Capital Projects Fund | Total | Adjustments | Statement of Activities |
|---|---|---|---|
| $ | $ 5,738,558 | $ 6,050 | $ 5,744,608 |
| | 860,229 | | 860,229 |
| | 1,180,018 | | 1,180,018 |
| | 1,107,891 | | 1,107,891 |
| | 194,847 | | 194,847 |
| | 87,608 | 5,872 | 93,480 |
| 1,305 | 392,382 | | 392,382 |
| $ 1,305 | $ 9,561,533 | $ 11,922 | $ 9,573,455 |
| | | | |
| $ 10,000 | $ 271,001 | $ | $ 271,001 |
| | 1,106,040 | | 1,106,040 |
| | 996,982 | | 996,982 |
| | 215,677 | | 215,677 |
| | 990,918 | 829 | 991,747 |
| | | 1,378,083 | 1,378,083 |
| 216 | 623,890 | | 623,890 |
| 2,408,718 | 2,415,600 | (2,415,600) | |
| 87,674 | 87,674 | | 87,674 |
| | 273,239 | | 273,239 |
| | | | |
| | 1,665,000 | (1,665,000) | |
| | 1,997,670 | 102,484 | 2,100,154 |
| 288,717 | 288,717 | | 288,717 |
| $ 2,795,325 | $ 10,932,408 | $ (2,599,204) | $ 8,333,204 |
| | | | |
| $ (2,794,020) | $ (1,370,875) | $ 1,370,875 | $ -0- |
| | | | |
| $ (11,375) | $ | $ | $ |
| 2,900,000 | 2,900,000 | (2,900,000) | |
| $ 2,888,625 | $ 2,900,000 | $ (2,900,000) | $ -0- |
| $ 94,605 | $ 1,529,125 | $ (1,529,125) | $ |
| | | 1,240,251 | 1,240,251 |
| | | | |
| 384,667 | 13,817,796 | (10,248,036) | 3,569,760 |
| | | | |
| $ 479,272 | $ 15,346,921 | $ (10,536,910) | $ 4,810,011 |

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

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED MARCH 31, 2020

| | |
|---|---|
| Net Change in Fund Balances - Governmental Funds | $ 1,529,125 |
| Amounts reported for governmental activities in the Statement of Activities are different because: | |
| Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied. | 6,050 |
| Governmental funds report delinquent tax penalty and interest when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed. | 5,872 |
| Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities. | (1,378,083) |
| Governmental funds report capital costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities. | 2,414,771 |
| Governmental funds report principal payments on long-term debt as expenditures. However, in the government-wide financial statements, principal payments decrease long-term liabilities and the Statement of Activities is not affected. | 1,665,000 |
| Governmental funds report interest payments on long-term debt as expenditures. However, in the government-wide financial statements, interest is accrued on the long-term debt through fiscal year-end. | (102,484) |
| Governmental funds report bond proceeds as other financing sources. However, in the government-wide financial statements, issued debt increases long-term liabilities in the Statement of Net Position. | (2,900,000) |
| Change in Net Position - Governmental Activities | $ 1,240,251 |

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

## NOTE 1. CREATION OF DISTRICT

Harris County Municipal Utility District No. 285, located in Harris County, Texas (the "District"), was created by an Order of the Texas Water Commission, now known as the Texas Commission on Environmental Quality (the "Commission"), effective January 8, 1986. Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, sanitary sewer service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and subject to approval of the Commission, the City of Houston, and the District voters, to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on February 18, 1986 and the first bonds were sold on February 28, 1995.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining if 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").

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

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

### 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.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

Government-Wide Financial Statements (Continued)

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total 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 Governmental Funds Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances.

Governmental Funds

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

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

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

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

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues 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.

## NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. The District chose to early implement GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements.

Assets are capitalized, including infrastructure assets, if they have an original cost of $5,000 or more and a useful life of two years or more. Depreciation is calculated on each class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

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

## 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 amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund – presents the original and revised 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 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, liabilities, and deferred inflows and outflows of resources 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 Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

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

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

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

## 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 District's bonds payable at March 31, 2020, consist of the following unlimited tax bonds:

| | Refunding Series 2011 | Refunding Series 2013 |
|---|---|---|
| Amount Outstanding – March 31, 2020 | $ 1,400,000 | $ 8,345,000 |
| Interest Rates | 4.00% | 3.00% - 4.00% |
| Maturity Dates – Serially Beginning/Ending | September 1, 2020/2024 | September 1, 2020/2032 |
| Interest Payment Dates | March 1/ September 1 | March 1/ September 1 |
| Callable Dates | September 1, 2021* | September 1, 2020* |

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2011 Refunding term bonds maturing on September 1, 2024, are scheduled for mandatory redemption beginning September 1, 2023.

**NOTE 3. LONG-TERM DEBT** (Continued)

| | Series 2014 | Series 2014 Refunding | Series 2015 Refunding |
|---|---|---|---|
| Amount Outstanding – March 31, 2020 | $ 3,000,000 | $ 9,580,000 | $ 7,525,000 |
| Interest Rates | 3.25% - 4.00% | 2.30% - 4.00% | 2.00% - 3.00% |
| Maturity Dates – Beginning/Ending | September 1, 2020/2041 | September 1, 2020/2034 | September 1, 2020/2029 |
| Interest Payment Dates | March 1/ September 1 | March 1/ September 1 | March 1/ September 1 |
| Callable Dates | September 1, 2021* | September 1, 2021* | September 1, 2022* |

| | Series 2016 | Series 2016 Refunding | Series 2017 |
|---|---|---|---|
| Amount Outstanding – March 31, 2020 | $ 3,375,000 | $ 9,600,000 | $ 3,525,000 |
| Interest Rates | 3.25% - 4.50% | 2.50% - 3.00% | 3.25% - 3.75% |
| Maturity Dates - Beginning/Ending | September 1, 2020/2043 | September 1, 2020/2036 | September 1, 2020/2043 |
| Interest Payment Dates | March 1/ September 1 | March 1/ September 1 | March 1/ September 1 |
| Callable Dates | September 1, 2023* | September 1, 2023* | September 1, 2024* |

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2014 term bonds maturing September 1, 2029, September 1, 2033 and September 1, 2038 are scheduled for mandatory redemption beginning September 1, 2026, September 1, 2030 and September 1, 2034, respectively. The Series 2014 Refunding term bonds maturing on September 1, 2019 and September 1, 2022 are scheduled for mandatory redemption beginning September 1, 2016 and September 1, 2021, respectively. The Series 2016 term bonds maturing on September 1, 2035 and September 1, 2038 are scheduled for mandatory redemption beginning September 1, 2031 and September 1, 2036, respectively. The Series 2016 Refunding term bonds maturing on September 1, 2027, September 1, 2030 and September 1, 2036 are scheduled for mandatory redemption beginning September 1, 2024, September 1, 2028 and September 1, 2033, respectively. The Series 2017 term bonds maturing on September 1, 2032 and September 1, 2037 are scheduled for mandatory redemption beginning September 1, 2027 and September 1, 2033, respectively.

**NOTE 3. LONG-TERM DEBT** (Continued)

| | Series 2017 Refunding | Series 2018 | Series 2019 |
|---|---|---|---|
| Amount Outstanding – March 31, 2020 | $ 5,035,000 | $ 4,460,000 | $ 2,900,000 |
| Interest Rates | 2.00% - 4.00% | 4.00% - 5.00% | 2.00% - 3.00% |
| Maturity Dates - Beginning/Ending | September 1, 2020/2037 | September 1, 2021/2043 | September 1, 2022/2043 |
| Interest Payment Dates | March 1/ September 1 | March 1/ September 1 | March 1/ September 1 |
| Callable Dates | September 1, 2024* | September 1, 2023* | September 1, 2024* |

* Or any date thereafter, callable at par plus accrued interest to the date fixed for redemption, in whole or in part, at the option of the District. The Series 2017 Refunding term bonds maturing on September 1, 2028, September 1, 2030 and September 1, 2037 are scheduled for mandatory redemption beginning September 1, 2025, September 1, 2029 and September 1, 2031, respectively. The Series 2018 term bonds maturing on September 1, 2038, are scheduled for mandatory redemption beginning September 1, 2033. The Series 2019 term bonds maturing on September 1, 2037, September 1, 2039, September 1, 2041 and September 1, 2043 are scheduled for mandatory redemption beginning September 1, 2030, September 1, 2038, September 1, 2040 and September 1, 2042, respectively.

The following is a summary of transactions regarding the changes in long-term liabilities for the year ended March 31, 2020:

| | April 1, 2019 | Additions | Retirements | March 31, 2020 |
|---|---|---|---|---|
| Bonds Payable | $ 57,510,000 | $ 2,900,000 | $ 1,665,000 | $ 58,745,000 |
| Unamortized Discounts | (491,068) | | (27,808) | (463,260) |
| Unamortized Premiums | 634,389 | | 47,930 | 586,459 |
| Bonds Payable, Net | $ 57,653,321 | $ 2,900,000 | $ 1,685,122 | $ 58,868,199 |

| | |
|---|---|
| Amount Due Within One Year | $ 1,710,000 |
| Amount Due After One Year | 57,158,199 |
| Bonds Payable, Net | $ 58,868,199 |

**NOTE 3. LONG-TERM DEBT** (Continued)

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

| Fiscal Year | Principal | Interest | Total |
|---|---|---|---|
| 2021 | $ 1,710,000 | $ 2,020,339 | $ 3,730,339 |
| 2022 | 1,770,000 | 1,951,800 | 3,721,800 |
| 2023 | 1,890,000 | 1,899,901 | 3,789,901 |
| 2024 | 1,940,000 | 1,841,809 | 3,781,809 |
| 2025 | 1,995,000 | 1,780,804 | 3,775,804 |
| 2026-2030 | 11,020,000 | 7,856,622 | 18,876,622 |
| 2031-2035 | 13,715,000 | 5,673,125 | 19,388,125 |
| 2036-2040 | 14,205,000 | 3,093,605 | 17,298,605 |
| 2041-2044 | 10,500,000 | 791,908 | 11,291,908 |
| | $ 58,745,000 | $ 26,909,913 | $ 85,654,913 |

As of March 31, 2020, the District had authorized but unissued bonds in the amount of $30,215,000 for utility facilities and $34,403,700 for refunding bonds.

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 the rate or amount.

During the year ended March 31, 2020, the District levied an ad valorem debt service tax at the rate of $0.46 per $100 of assessed valuation, which resulted in a tax levy of $3,868,456 on the adjusted taxable valuation of $840,970,547 for the 2019 tax year. The bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes; see Note 7 for maintenance tax levy.

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

On November 20, 2019, the District closed on its $2,900,000 Series 2019 Unlimited Tax Bonds to finance the District’s cost of construction of the Wastewater Treatment Plant No. 2 Lift Station rehabilitation; New Forest Town Center Lift Station and associated land acquisition costs; water and wastewater facilities to serve New Forest Town Center and related engineering and geotechnical testing. Additional proceeds were also used to pay issuance costs of the bonds.

## NOTE 4. SIGNIFICANT BOND RESOLUTIONS AND LEGAL REQUIREMENTS

The bond resolutions state that any profits realized from or interest accruing on investments shall belong to the fund from which the monies for such investments were taken; provided, however, that at the discretion of the Board of Directors, the profits realized from and interest accruing on investments made from any fund may be transferred to the Debt Service Fund.

The bond resolutions state that the District is required to provide to the Municipal Securities Rulemaking Board (the "MSRB") through its Electronic Municipal Market Access system ("EMMA") continuing disclosure of certain annual financial information and operating data with respect to the District. The information, along with the audited annual financial statements, must be filed within six months after the end of each fiscal year of the District.

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 each five-year anniversary of each use.

## 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 $9,660,789 and the bank balance was $9,563,785. The District was not exposed to custodial credit risk at year-end.

**NOTE 5. DEPOSITS AND INVESTMENTS** (Continued)

Deposits (Continued)

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at March 31, 2020, as listed below:

| | Cash | Certificates of Deposit | Total |
|---|---|---|---|
| GENERAL FUND | $ 2,877,722 | $ 1,003,491 | $ 3,881,213 |
| DEBT SERVICE FUND | 3,355,122 | 1,930,339 | 5,285,461 |
| CAPITAL PROJECTS FUND | 494,115 | | 494,115 |
| TOTAL DEPOSITS | $ 6,726,959 | $ 2,933,830 | $ 9,660,789 |

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 Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool. Certificates of deposits are valued at acquisition cost at the date of purchase.

**NOTE 5. DEPOSITS AND INVESTMENTS** (Continued)

Investments (Continued)

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

| Fund and Investment Type | Fair Value | Maturities in Years: Less Than 1 | 1-5 | 6-10 |
|---|---|---|---|---|
| GENERAL FUND | | | | |
| TexPool | $ 4,928,699 | $ 4,928,699 | $ | $ |
| Certificates of Deposit | 1,003,491 | 1,003,491 | | |
| DEBT SERVICE FUND | | | | |
| TexPool | 1,215,930 | 1,215,930 | | |
| Certificates of Deposit | 1,930,339 | 1,930,339 | | |
| CAPITAL PROJECTS FUND | | | | |
| TexPool | 184 | 184 | | |
| TOTAL INVESTMENTS | $ 9,078,643 | $ 9,078,643 | $ - 0 - | $ - 0 - |

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

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

Restrictions

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

## NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2020:

| | April 1, 2019 | Increases | Decreases | March 31, 2020 |
|---|---|---|---|---|
| **Capital Assets Not Being Depreciated** | | | | |
| Land and Land Improvements | $ 2,996,477 | $ 7,340 | $ | $ 3,003,817 |
| Construction in Progress | 6,755,642 | 2,472,884 | 9,034,832 | 193,694 |
| **Total Capital Assets Not Being Depreciated** | $ 9,752,119 | $ 2,480,224 | $ 9,034,832 | $ 3,197,511 |
| **Capital Assets Subject to Depreciation** | | | | |
| Water System | $ 11,749,377 | $ 1,010,258 | $ | $ 12,759,635 |
| Wastewater System | 21,132,446 | 7,978,829 | | 29,111,275 |
| Drainage System | 13,832,245 | 38,405 | | 13,870,650 |
| Capacity Interest in North Channel Water Authority Distribution System | 2,862,700 | | | 2,862,700 |
| Capacity Interest in Harris County FWSD No. 51 Water Plants | 1,741,218 | | | 1,741,218 |
| **Total Capital Assets Subject to Depreciation** | $ 51,317,986 | $ 9,027,492 | $ - 0 - | $ 60,345,478 |
| **Accumulated Depreciation** | | | | |
| Water System | $ 3,075,835 | $ 323,048 | $ | $ 3,398,883 |
| Wastewater System | 7,470,203 | 633,387 | | 8,103,590 |
| Drainage System | 2,874,247 | 308,581 | | 3,182,828 |
| Capacity Interest in North Channel Water Authority Distribution System | 1,134,553 | 72,961 | | 1,207,514 |
| Capacity Interest in Harris County FWSD No. 51 Water Plants | 739,629 | 40,106 | | 779,735 |
| **Total Accumulated Depreciation** | $ 15,294,467 | $ 1,378,083 | $ - 0 - | $ 16,672,550 |
| **Total Depreciable Capital Assets, Net of Accumulated Depreciation** | $ 36,023,519 | $ 7,649,409 | $ - 0 - | $ 43,672,928 |
| **Total Capital Assets, Net of Accumulated Depreciation** | $ 45,775,638 | $ 10,129,633 | $ 9,034,832 | $ 46,870,439 |

The District has financed drainage facilities which have been conveyed to other entities for maintenance.

## NOTE 7. MAINTENANCE TAX

On January 19, 1991, the voters of the District approved the levy and collection of a maintenance tax not to exceed $0.95 per $100 of assessed valuation of taxable property within the District. During the year ended March 31, 2020, the District levied an ad valorem maintenance tax at the rate of $0.23 per $100 of assessed valuation, which resulted in a tax levy of $1,934,228 on the adjusted taxable valuation of $840,970,547 for the 2019 tax year. This maintenance tax is deposited to the General Fund and used to pay expenditures of operating the District's waterworks and sanitary sewer systems.

## NOTE 8. DEVELOPER REIMBURSEMENT AGREEMENTS

The District has entered into various agreements with developers to finance the cost of construction of facilities to serve customers within the District. The cost basis of projects funded by the developers and the related liability are not recorded in the government-wide financial statements until the project is completed and ready for use and the District operates or maintains the facility. Amounts reported by the developers, if any, are estimates. Actual amounts will vary.

The total liability recorded to the developers at March 31, 2020, was $149,730. Reimbursement for the projects is subject to approval by the Commission and future bond sales.

| Projects: | Due to Developers March 31, 2020 |
|---|---|
| **Fund Financials:** | |
| N500 Excavation | $ 3,224 |
| **Entity Wide:** | |
| Engineering | 11,315 |
| N500 Excavation | 14,709 |
| Trunkline Extension from Beltway 8 to Wastewater Treatment Plant No. 2 | 62,369 |
| Sanitary/Storm Sewer - Beltway 8/US 90 - Reserve A & B | 58,113 |
| | $ 149,730 |

## NOTE 9. CONTRACT FOR SURFACE WATER CONVERSION PLAN

On June 6, 1991, the District entered into a Regional Water Supply Contract with the North Channel Water Authority (the “Authority”) agreeing to participate in a plan whereby the Authority would construct distribution lines to convey surface water to the participants and would initially purchase treated surface water from the City of Houston, Texas. This enables the District to meet the requirements of the Harris-Galveston Subsidence District (“HGSD”) for conversion to 80 percent surface water. The Authority’s plan also anticipated possible additional acquisitions of surface water and construction of additional water distribution lines in the future that will enable the District to remain in compliance with HGSD requirements through the year 2020. The Authority shall be the owner and operator of the system.

**NOTE 9. CONTRACT FOR SURFACE WATER CONVERSION PLAN** (Continued)

The Authority issued $7,670,000 of Series 1993 revenue bonds for the purpose of financing the capital costs of the initial project. The District chose to contribute cash in lieu of participating in the bond financing. In return for its contract share of the capital costs of the system, the District acquired 700,000 gallons per day capacity in the first phase of the Authority's surface water distribution system.

On January 11, 1993, the District executed the First Amendment to the Regional Water Supply Contract extending the time the Authority has to issue its Initial Bonds from within one year of June 6, 1991, to within three years of June 6, 1991. This amendment was retroactive to June 6, 1991.

On March 11, 1993, the District executed the Second Amendment to the Regional Water Supply Contract requiring the District, if necessary, to use maintenance tax revenue to supplement its system revenue to pay operating costs related to its water and sewer system so that system revenues will be sufficient to pay the District's obligations under this contract. However, maintenance or any other ad valorem tax revenue shall never be pledged to meet these obligations. Beginning January 1, 1995, the participants are billed quarterly for their pro rata share of operating costs.

On January 9, 1996, the District executed the Third Amendment to the Regional Water Supply Contract to include in operating costs any amounts paid to the HGSD or any other entity or person for the purchase of ground water withdrawal credits.

Connection of the participants to the surface water supply system was completed in December 1996. The cost of water from the Authority is $1.50 per 1,000 gallons.

On June 9, 1998, the District executed a letter agreement with the Authority to add a participant and revise capacity ownership.

On March 1, 2001, the District executed the First Restated Water Supply Contract with the Authority to include financing and construction of an expansion project. The District entered into a Financing and Reimbursement Agreement with New Forest Properties, L.P. (the "Developer"), whereby the Developer agreed to pay portions of the expansion project costs directly to the Authority, if necessary. The District agreed to pay the costs from existing funds and bond proceeds, if available. The District agreed to reimburse the Developer from a future bond sale subject to annexation of property and other terms and conditions of the agreement.

By letter agreement dated November 17, 2004, the District and the Authority agreed to increase the District's share of the proposed expansion project in order to provide capacity for additional developers within the District. Those developers agreed to each advance funds or a letter of credit to the District to secure the developers' obligations to fund their respective pro rata shares of such increased capacity. The District agreed to reimburse the developers from future bond sales, subject to the satisfaction of certain regulatory and financial conditions.

## NOTE 9. CONTRACT FOR SURFACE WATER CONVERSION PLAN (Continued)

During the fiscal year ended March 31, 2007, the District paid $2,480,538 to the Authority for the current amount due for the expansion project. Of these funds, $1,579,855 was paid from the Capital Projects Fund for Ley Development Company's portion of the expansion project. $900,683 was paid using funds collected from KB Home Lone Star, LP and FVNA Properties, Ltd. KB Home Lone Star, LP was reimbursed from the Series 2009 bond issue. FVNA Properties Ltd. was reimbursed from the Series 2010 bond issue.

## NOTE 10. WATER SUPPLY CONTRACT

The District approved a Joint Water Supply Contract dated May 1, 1997 with Harris County Fresh Water Supply District No. 51 ("District No. 51"). The contract provides for District No. 51 to sell 700,000 gallons per day of capacity in its water plants to the District. In exchange for the capacity, the District was solely responsible for the design and construction of certain water plant modifications. The District was also responsible for the construction of an interconnect and water line extension to connect to District No. 51's water system.

On August 8, 2007, the District executed a supplement to this contract to provide for the expansion of the initial water plants and the allocation of costs associated with the construction, operation, and maintenance. In addition, District No. 51 wanted to supplement the existing contract to provide for the interim lease of capacity to the District in the initial water plants until construction of the first expansion was completed.

The District was solely responsible for the construction costs of the first expansion on property owned by the District. The District owns legal title to the first expansion for the benefit of the District and District No. 51 (after any initial operation period). After the first expansion, the water plants have capacity to serve 3,530,000 gpd. The first expansion was completed in November 2010. The water plants will be operated by District No. 51 pursuant to terms of the existing contract.

Effective as of December 16, 2013, the District executed a second supplement to this contract to provide for the addition of a 1,200 gpm booster pump. The District was solely responsible for the costs of the booster pump addition, after which the water plants will have capacity to serve 3,919,160 gpd.

District No. 51 is responsible for the operation and maintenance of the facilities and holds title to all capacity in the facilities for the benefit of both districts. Operating costs are billed monthly based upon the total number of gallons supplied to the District during the month, based upon the combined meter reading of all meters in the District, times 1.10, plus the amount of water lost in the District due to any line breakage in the District during the month divided by the total number of gallons produced by the water plants during the month. Each District pays its pro rata share of an operating reserve based upon three months' average operating costs. The term of the contract is 40 years.

## NOTE 10. WATER SUPPLY CONTRACT (Continued)

The District began purchasing water from District No. 51 in June 1999, at which time a Special Revenue Fund was established by District No. 51. The District advanced $20,739 to District No. 51 for its pro rata share of the operating reserve. During the current fiscal year, the District recorded expenditures of $996,982 for water purchased from District No. 51. Of these expenditures, $158,403 is recorded as a payable at fiscal year-end.

The following summary financial data on the joint water plant operations is presented for the fiscal year ended June 30, 2019. Separate financial statements are not issued on the joint venture.

| | Joint Venture |
|---|---|
| Total Assets | $ 427,051 |
| Total Liabilities | 198,901 |
| Total Fund Balance | $ 228,150 |
| | |
| Total Revenues | $ 2,471,100 |
| Total Expenditures | 2,471,100 |
| Net Change in Fund Balance | $ - 0 - |
| Fund Balance - July 1, 2018 | 228,150 |
| Fund Balance - June 30, 2019 | $ 228,150 |

## NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; error and omissions; and natural disasters for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three fiscal years.

## NOTE 12. INTERFUND BALANCES AND TRANSFERS

At March 31, 2020, the Capital Projects Fund owed the Debt Service Fund $7,500 for arbitrage rebate report costs. The General Fund owed the Debt Service Fund $3,894 for excess refunding bond proceeds and recorded a receivable from the Capital Projects Fund of $173. The Debt Service Fund (Tax Account) owed the General Fund $3,880 for maintenance tax collections. This is a timing difference.

During the current fiscal year, the Capital Projects Fund transferred $11,375 to the General Fund to reimburse for WWTP No. 2, lift station rehabilitation project costs and bond issuance costs related to the Series 2019 bond sale, which were paid in the prior year.

## NOTE 13. ECONOMIC DEVELOPMENT AGREEMENT

On July 28, 2008, the District entered into an economic development agreement for The Shops at Stone Park (the "Agreement”) to provide a performance-based Economic Development Grant (“grant”) to Ley-Lane Partnership No. 9 to defray a portion of the costs incurred to develop and construct a multi-tenant commercial and retail development to be known as The Shops at Stone Park. The District is authorized to use the money it receives under a strategic partnership agreement (“SPA”) with the City of Houston for this purpose. The amount of the grant will be equal to the actual costs to construct the project improvements, defined in the Agreement, as verified by the District’s auditor, plus interest costs limited to two years at the net effective interest rate of the District’s most recent bond issue. The District’s auditor prepared a report dated April 13, 2010, which reflects a total grant amount of $7,422,259. The grant shall be paid solely from sales tax receipts collected on the property. The District shall pay the grant in quarterly installments beginning on January 15, 2010. Grant payments shall cease 28 years from the effective date of the Agreement or upon full payment of the grant, whichever occurs first. The District has paid $2,718,412 to the developer, of which $273,239 was paid during the current fiscal year.

## NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT

Effective December 13, 2010, the District entered into a Second Amended and Restated Strategic Partnership Agreement with the City of Houston, Texas (the “City”). The agreement provides that in accordance with Subchapter F of Chapter 43 of the Local Government Code, the City shall annex a tract of land defined as the “Tract” for the limited purposes of applying the City’s Planning, Zoning, Health, and Safety Ordinances within the Tract. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District.

All taxable property within the District shall not be liable for any present or future debts of the City, and current and future taxes levied by the City shall not be levied on taxable property within the District. Upon the limited-purpose annexation of the Tract, the City’s municipal courts have jurisdiction to adjudicate cases filed under the most current section of the Fire Code and criminal cases filed under the Planning, Zoning, Health and Safety Ordinances and State laws. Provisions of the Regulatory Plan adopted by the City are applicable to the Tract of land within the District. The District’s assets, liabilities, indebtedness, and obligations remain the responsibility of the District during the period preceding full-purpose annexation.

After the Tract was annexed for limited purposes by the City, the qualified voters of the Tract may vote in City elections pursuant to Local Government Code. The City is responsible for notifying the voters within the Tract. The City has imposed a Sales and Use Tax within the boundaries of the Tract subsequent to the District’s limited-purpose annexation of the Tract. The Sales and Use Tax is imposed on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under future amendments to Chapter 321 of the Tax Code.

## NOTE 14. STRATEGIC PARTNERSHIP AGREEMENT (Continued)

The City agrees to pay to the District an amount equal to one-half of all Sales and Use Tax receipts generated within the boundaries of the Tract. The City agrees to deliver to the District its share of the sales tax receipts within 30 days of the City receiving the funds from the State Comptroller's office.

The City agrees that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this agreement. The term of this agreement is 30 years from the effective date of the agreement. During the current year, the District recorded $860,229 in sales tax receipts, of which $177,507 was receivable at year-end.

## NOTE 15. SUBSEQUENT EVENT – REFUNDING BOND SALE

Subsequent to year end, on June 24, 2020, the District closed on the sale of its $8,350,000 Unlimited Tax Refunding Bonds, Series 2020. Proceeds were used to refund: $8,005,000 of the Series 2013 Refunding Bonds with interest rates of 3.00% - 4.00% and maturity dates of 2022 - 2032. The refunding resulted in a gross debt service savings of $979,825 and net present value savings of $839,633.

## NOTE 16. AGREED ORDER

The District received an Agreed Order from the Commission on November 29, 2017 and revised on June 19, 2018, for failure to comply with permitted effluent limitations, in violation of Texas Water Code Section 305.125(1), and Texas Pollutant Discharge Elimination System ("TPDES") Permit No. WQ0012716001, Interim Effluent Limitation and Monitoring Requirements Nos. 1 and 2. The District was assessed a penalty of $13,750 by the Commission. The Commission agreed to offset the penalty by the District's completion of a Supplemental Environmental Project for aeration equipment repairs. The Agreed Order was executed by the Commission on February 19, 2019.

## NOTE 17. APPLICATION FOR APPROVAL OF ROAD POWERS

On October 21, 2019, the District approved a resolution authorizing application to the Commission for approval of road powers and petition to the Commission for the acquisition of road powers. As of the date of this report, the application has not been approved by the Commission.

## NOTE 18. 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.

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# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

## REQUIRED SUPPLEMENTARY INFORMATION

## MARCH 31, 2020

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
## FOR THE YEAR ENDED MARCH 31, 2020

| | Original Budget | Final Amended Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|---|
| **REVENUES** | | | | |
| Property Taxes | $ 1,722,813 | $ 1,722,813 | $ 1,912,003 | $ 189,190 |
| Sales Tax Receipts | 840,000 | 840,000 | 860,229 | 20,229 |
| Water Service | 1,175,000 | 1,175,000 | 1,180,018 | 5,018 |
| Wastewater Service | 990,000 | 990,000 | 1,107,891 | 117,891 |
| Tap Connection and Inspection Fees | 40,000 | 40,000 | 194,847 | 154,847 |
| Penalty and Interest | 30,000 | 30,000 | 47,640 | 17,640 |
| Investment and Miscellaneous Revenues | 100,000 | 100,000 | 166,491 | 66,491 |
| **TOTAL REVENUES** | $ 4,897,813 | $ 4,897,813 | $ 5,469,119 | $ 571,306 |
| **EXPENDITURES** | | | | |
| Service Operations: | | | | |
| Professional Fees | $ 212,000 | $ 212,000 | $ 244,256 | $ (32,256) |
| Contracted Services | 984,460 | 984,460 | 1,010,917 | (26,457) |
| Purchased Water Service | 1,000,000 | 1,000,000 | 996,982 | 3,018 |
| Utilities | 192,000 | 192,000 | 215,677 | (23,677) |
| Repairs and Maintenance | 1,465,000 | 1,465,000 | 990,918 | 474,082 |
| Other | 611,000 | 611,000 | 602,624 | 8,376 |
| Capital Outlay | 1,100,000 | 600,000 | 6,882 | 593,118 |
| Economic Development Grant | 261,600 | 261,600 | 273,239 | (11,639) |
| **TOTAL EXPENDITURES** | $ 5,826,060 | $ 5,326,060 | $ 4,341,495 | $ 984,565 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | $ (928,247) | $ (428,247) | $ 1,127,624 | $ 1,555,871 |
| **OTHER FINANCING SOURCES(USES)** | | | | |
| Transfers In (Out) | $ -0- | $ -0- | $ 11,375 | $ 11,375 |
| **NET CHANGE IN FUND BALANCE** | $ (928,247) | $ (428,247) | $ 1,138,999 | $ 1,567,246 |
| **FUND BALANCE - APRIL 1, 2019** | 7,201,443 | 7,201,443 | 7,201,443 | |
| **FUND BALANCE - MARCH 31, 2020** | $ 6,273,196 | $ 6,773,196 | $ 8,340,442 | $ 1,567,246 |

See accompanying independent auditor's report.

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# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285

## SUPPLEMENTARY INFORMATION REQUIRED BY THE

## WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

## MARCH 31, 2020

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## SERVICES AND RATES
## FOR THE YEAR ENDED MARCH 31, 2020

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

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

## 2. RETAIL SERVICE PROVIDERS

### a. RETAIL RATES FOR A 1" METER (OR EQUIVALENT):

Based on the rate order effective April 16, 2018.

| | Minimum Charge | Minimum Usage | Flat Rate Y/N | Rate per 1,000 Gallons over Minimum Use | Usage Levels |
|---|---|---|---|---|---|
| WATER AND WASTEWATER: | $ 37.00 | 10,000 | N | | |
| WATER: | | | N | $ 1.50 | 10,001 and up |
| WASTEWATER: | | | N | $ 1.50 | 10,001 and up |
| SURCHARGE: | $ -0- | | | | |

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

Total monthly charges per 10,000 gallons usage: Water and Wastewater: $37.00 Surcharge: $-0- Total: $37.00

See accompanying independent auditor's report.

## 2. RETAIL SERVICE PROVIDERS (Continued)

### b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

| Meter Size | Total Connections | Active Connections | ESFC Factor | Active ESFCs |
|---|---|---|---|---|
| Unmetered | 3 | 3 | x 1.0 | 3 |
| ≤¾" | 2,480 | 2,462 | x 1.0 | 2,462 |
| 1" | 37 | 36 | x 2.5 | 90 |
| 1½" | 17 | 17 | x 5.0 | 85 |
| 2" | 74 | 72 | x 8.0 | 576 |
| 3" | 2 | 2 | x 15.0 | 30 |
| 4" | 3 | 3 | x 25.0 | 75 |
| 6" | 9 | 9 | x 50.0 | 450 |
| 8" | 6 | 6 | x 80.0 | 480 |
| 10" | | | x 115.0 | |
| Total Water Connections | 2,631 | 2,610 | | 4,251 |
| Total Wastewater Connections | 2,526 | 2,507 | x 1.0 | 2,507 |

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

| | | |
|---|---|---|
| Gallons pumped into system: | -0- | Water Accountability Ratio: 91% (Gallons billed and sold/Gallons pumped and purchased) |
| Gallons purchased: | 387,105,000 | From: Harris County Fresh Water Supply District No. 51 |
| Gallons billed to customers: | 352,264,000 | |

See accompanying independent auditor's report.

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

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

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

**5. LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes _X_ No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly ______ Not at all _X_

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

Entirely _X_ Partly ______ Not at all _____

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
### GENERAL FUND EXPENDITURES
### FOR THE YEAR ENDED MARCH 31, 2020

| | | |
|---|---|---|
| PROFESSIONAL FEES: | | |
| Auditing | $ | 22,425 |
| Engineering | | 47,229 |
| Legal | | 174,602 |
| TOTAL PROFESSIONAL FEES | $ | 244,256 |
| PURCHASED SERVICES FOR RESALE: | | |
| Purchased Water Service | $ | 996,982 |
| CONTRACTED SERVICES: | | |
| Bookkeeping | $ | 23,231 |
| Operations and Billing | | 210,938 |
| Security | | 276,660 |
| Solid Waste Disposal | | 500,088 |
| TOTAL CONTRACTED SERVICES | $ | 1,010,917 |
| UTILITIES: | | |
| Electricity | $ | 215,677 |
| REPAIRS AND MAINTENANCE | $ | 990,918 |
| ADMINISTRATIVE EXPENDITURES: | | |
| Director Fees | $ | 33,600 |
| Dues | | 675 |
| Insurance | | 34,238 |
| Office Supplies and Postage | | 34,592 |
| Payroll Taxes | | 1,745 |
| Travel and Meetings | | 24,328 |
| Other | | 34,172 |
| TOTAL ADMINISTRATIVE EXPENDITURES | $ | 163,350 |
| CAPITAL OUTLAY | $ | 6,882 |
| TAP CONNECTIONS | $ | 55,245 |
| ECONOMIC DEVELOPMENT GRANT | $ | 273,239 |
| OTHER EXPENDITURES: | | |
| Chemicals | $ | 116,507 |
| Laboratory Fees | | 87,611 |
| Permit Fees | | 24,392 |
| Inspection Fees | | 20,006 |
| Regulatory Assessment | | 11,175 |
| Sludge Hauling | | 124,338 |
| TOTAL OTHER EXPENDITURES | $ | 384,029 |
| TOTAL EXPENDITURES | $ | 4,341,495 |

See accompanying independent auditor’s report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## INVESTMENTS
## MARCH 31, 2020

| Funds | Identification or Certificate Number | Interest Rate | Maturity Date | Balance at End of Year | Accrued Interest Receivable at End of Year |
|---|---|---|---|---|---|
| GENERAL FUND | | | | | |
| TexPool | XXXX0002 | Varies | Daily | $ 4,928,699 | $ |
| Certificate of Deposit | XXXX7308 | 2.45% | 04/06/20 | 244,904 | 5,918 |
| Certificate of Deposit | XXXX0606 | 2.45% | 08/08/20 | 240,000 | 3,802 |
| Certificate of Deposit | XXXX7207 | 2.50% | 07/20/20 | 518,587 | 9,129 |
| TOTAL GENERAL FUND | | | | $ 5,932,190 | $ 18,849 |
| DEBT SERVICE FUND | | | | | |
| TexPool | XXXX0001 | Varies | Daily | $ 1,215,930 | $ |
| Certificate of Deposit | XXXX7070 | 2.65% | 04/24/20 | 240,000 | 5,959 |
| Certificate of Deposit | XXXX3253 | 2.60% | 04/19/20 | 240,000 | 5,932 |
| Certificate of Deposit | XXXX4420 | 2.75% | 07/03/20 | 240,000 | 5,461 |
| Certificate of Deposit | XXXX0476 | 2.40% | 04/20/20 | 240,000 | 5,460 |
| Certificate of Deposit | XXXX2744 | 2.40% | 05/01/20 | 146,913 | 3,236 |
| Certificate of Deposit | XXXX0326 | 2.75% | 05/02/20 | 240,000 | 6,039 |
| Certificate of Deposit | XXXX2463 | 2.20% | 09/26/20 | 103,426 | 1,166 |
| Certificate of Deposit | XXXX3076 | 2.10% | 11/30/20 | 240,000 | 1,685 |
| Certificate of Deposit | XXXX9003 | 2.75% | 12/21/20 | 240,000 | 1,827 |
| TOTAL DEBT SERVICE FUND | | | | $ 3,146,269 | $ 36,765 |
| CAPITAL PROJECTS FUND | | | | | |
| TexPool | XXXX0003 | Varies | Daily | $ 184 | $ - 0 - |
| TOTAL - ALL FUNDS | | | | $ 9,078,643 | $ 55,614 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## TAXES LEVIED AND RECEIVABLE
## FOR THE YEAR ENDED MARCH 31, 2020

| | Maintenance Taxes | | Debt Service Taxes | |
|---|---|---|---|---|
| TAXES RECEIVABLE - | | | | |
| APRIL 1, 2019 | $ 59,314 | | $ 132,524 | |
| Adjustments to Beginning Balance | (18,645) | $ 40,669 | (39,431) | $ 93,093 |
| Original 2019 Tax Levy | $ 1,665,447 | | $ 3,330,893 | |
| Adjustment to 2019 Tax Levy | 268,781 | 1,934,228 | 537,563 | 3,868,456 |
| TOTAL TO BE ACCOUNTED FOR | | $ 1,974,897 | | $ 3,961,549 |
| TAX COLLECTIONS: | | | | |
| Prior Years | $ 25,715 | | $ 53,978 | |
| Current Year | 1,886,288 | 1,912,003 | 3,772,577 | 3,826,555 |
| TAXES RECEIVABLE - MARCH 31, 2020 | | $ 62,894 | | $ 134,994 |
| TAXES RECEIVABLE BY YEAR: | | | | |
| 2019 | | $ 47,940 | | $ 95,879 |
| 2018 | | 5,544 | | 11,569 |
| 2017 | | 3,283 | | 6,993 |
| 2016 | | 2,032 | | 4,234 |
| 2015 | | 859 | | 4,492 |
| 2014 | | 724 | | 1,138 |
| 2013 | | 399 | | 1,515 |
| 2012 | | 275 | | 1,073 |
| 2011 | | 405 | | 1,558 |
| 2010 | | 468 | | 1,948 |
| 2009 and prior | | 965 | | 4,595 |
| TOTAL | | $ 62,894 | | $ 134,994 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## TAXES LEVIED AND RECEIVABLE
## FOR THE YEAR ENDED MARCH 31, 2020

| | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|
| PROPERTY VALUATIONS: | | | | |
| Land | $ 242,959,010 | $ 165,719,341 | $ 143,810,841 | $ 137,039,574 |
| Improvements | 643,541,120 | 617,812,060 | 579,144,155 | 532,051,627 |
| Personal Property | 42,314,037 | 39,212,731 | 39,756,580 | 42,987,468 |
| Exemptions | (87,843,620) | (61,499,155) | (61,476,964) | (59,252,027) |
| TOTAL PROPERTY VALUATIONS | $ 840,970,547 | $ 761,244,977 | $ 701,234,612 | $ 652,826,642 |
| TAX RATES PER $100 VALUATION: | | | | |
| Debt Service | $ 0.46 | $ 0.48 | $ 0.49 | $ 0.50 |
| Maintenance** | 0.23 | 0.23 | 0.23 | 0.24 |
| TOTAL TAX RATES PER $100 VALUATION | $ 0.69 | $ 0.71 | $ 0.72 | $ 0.74 |
| ADJUSTED TAX LEVY* | $ 5,802,684 | $ 5,404,826 | $ 5,048,878 | $ 4,830,905 |
| PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED | 97.52 % | 99.68 % | 99.80 % | 99.87 % |

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

** Maintenance Tax – Maximum tax rate of $0.95 per $100 of assessed valuation approved by voters on January 19, 1991.

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | SERIES-2011 REFUNDING | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 340,000 | $ 49,200 | $ 389,200 |
| 2022 | 355,000 | 35,300 | 390,300 |
| 2023 | 225,000 | 23,700 | 248,700 |
| 2024 | 235,000 | 14,500 | 249,500 |
| 2025 | 245,000 | 4,900 | 249,900 |
| 2026 | | | |
| 2027 | | | |
| 2028 | | | |
| 2029 | | | |
| 2030 | | | |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| | $ 1,400,000 | $ 127,600 | $ 1,527,600 |

See accompanying independent auditor’s report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | S E R I E S - 2 0 1 3 R E F U N D I N G | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 165,000 | $ 312,263 | $ 477,263 |
| 2022 | 175,000 | 307,162 | 482,162 |
| 2023 | 185,000 | 301,763 | 486,763 |
| 2024 | 185,000 | 296,212 | 481,212 |
| 2025 | 195,000 | 290,513 | 485,513 |
| 2026 | 465,000 | 278,287 | 743,287 |
| 2027 | 485,000 | 259,288 | 744,288 |
| 2028 | 515,000 | 239,287 | 754,287 |
| 2029 | 530,000 | 218,388 | 748,388 |
| 2030 | 1,280,000 | 182,187 | 1,462,187 |
| 2031 | 1,335,000 | 134,894 | 1,469,894 |
| 2032 | 1,380,000 | 85,600 | 1,465,600 |
| 2033 | 1,450,000 | 29,000 | 1,479,000 |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| | $ 8,345,000 | $ 2,934,844 | $ 11,279,844 |

See accompanying independent auditor's report.

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
### LONG-TERM DEBT SERVICE REQUIREMENTS
### MARCH 31, 2020

| | SERIES-2014 | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 25,000 | $ 118,375 | $ 143,375 |
| 2022 | 25,000 | 117,375 | 142,375 |
| 2023 | 25,000 | 116,375 | 141,375 |
| 2024 | 25,000 | 115,375 | 140,375 |
| 2025 | 25,000 | 114,375 | 139,375 |
| 2026 | 25,000 | 113,375 | 138,375 |
| 2027 | 25,000 | 112,469 | 137,469 |
| 2028 | 25,000 | 111,656 | 136,656 |
| 2029 | 25,000 | 110,844 | 135,844 |
| 2030 | 25,000 | 110,031 | 135,031 |
| 2031 | 25,000 | 109,172 | 134,172 |
| 2032 | 25,000 | 108,266 | 133,266 |
| 2033 | 25,000 | 107,359 | 132,359 |
| 2034 | 25,000 | 106,453 | 131,453 |
| 2035 | 25,000 | 105,500 | 130,500 |
| 2036 | 25,000 | 104,500 | 129,500 |
| 2037 | 25,000 | 103,500 | 128,500 |
| 2038 | 25,000 | 102,500 | 127,500 |
| 2039 | 575,000 | 90,500 | 665,500 |
| 2040 | 625,000 | 66,500 | 691,500 |
| 2041 | 650,000 | 41,000 | 691,000 |
| 2042 | 700,000 | 14,000 | 714,000 |
| 2043 | | | |
| 2044 | | | |
| | $ 3,000,000 | $ 2,199,500 | $ 5,199,500 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | SERIES-2014 REFUNDING | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 135,000 | $ 333,003 | $ 468,003 |
| 2022 | 35,000 | 331,012 | 366,012 |
| 2023 | 540,000 | 323,825 | 863,825 |
| 2024 | 555,000 | 310,138 | 865,138 |
| 2025 | 570,000 | 294,650 | 864,650 |
| 2026 | 585,000 | 277,325 | 862,325 |
| 2027 | 605,000 | 259,475 | 864,475 |
| 2028 | 620,000 | 241,100 | 861,100 |
| 2029 | 640,000 | 221,800 | 861,800 |
| 2030 | 320,000 | 205,400 | 525,400 |
| 2031 | 330,000 | 192,400 | 522,400 |
| 2032 | 340,000 | 179,000 | 519,000 |
| 2033 | 340,000 | 165,400 | 505,400 |
| 2034 | 1,935,000 | 119,900 | 2,054,900 |
| 2035 | 2,030,000 | 40,600 | 2,070,600 |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| | $ 9,580,000 | $ 3,495,028 | $ 13,075,028 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | S E R I E S - 2 0 1 5 R E F U N D I N G | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 660,000 | $ 202,350 | $ 862,350 |
| 2022 | 1,020,000 | 185,550 | 1,205,550 |
| 2023 | 690,000 | 165,000 | 855,000 |
| 2024 | 710,000 | 144,000 | 854,000 |
| 2025 | 735,000 | 122,325 | 857,325 |
| 2026 | 765,000 | 99,825 | 864,825 |
| 2027 | 790,000 | 76,500 | 866,500 |
| 2028 | 810,000 | 52,500 | 862,500 |
| 2029 | 845,000 | 27,675 | 872,675 |
| 2030 | 500,000 | 7,500 | 507,500 |
| 2031 | | | |
| 2032 | | | |
| 2033 | | | |
| 2034 | | | |
| 2035 | | | |
| 2036 | | | |
| 2037 | | | |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| | $ 7,525,000 | $ 1,083,225 | $ 8,608,225 |

See accompanying independent auditor's report.

## HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
### LONG-TERM DEBT SERVICE REQUIREMENTS
### MARCH 31, 2020

| | SERIES-2016 | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 25,000 | $ 120,000 | $ 145,000 |
| 2022 | 25,000 | 118,875 | 143,875 |
| 2023 | 25,000 | 117,750 | 142,750 |
| 2024 | 25,000 | 116,625 | 141,625 |
| 2025 | 25,000 | 115,500 | 140,500 |
| 2026 | 25,000 | 114,375 | 139,375 |
| 2027 | 25,000 | 113,250 | 138,250 |
| 2028 | 25,000 | 112,125 | 137,125 |
| 2029 | 25,000 | 111,000 | 136,000 |
| 2030 | 25,000 | 109,875 | 134,875 |
| 2031 | 25,000 | 108,750 | 133,750 |
| 2032 | 25,000 | 107,781 | 132,781 |
| 2033 | 25,000 | 106,968 | 131,968 |
| 2034 | 25,000 | 106,156 | 131,156 |
| 2035 | 25,000 | 105,344 | 130,344 |
| 2036 | 25,000 | 104,531 | 129,531 |
| 2037 | 25,000 | 103,719 | 128,719 |
| 2038 | 25,000 | 102,906 | 127,906 |
| 2039 | 200,000 | 99,250 | 299,250 |
| 2040 | 200,000 | 92,750 | 292,750 |
| 2041 | 200,000 | 86,125 | 286,125 |
| 2042 | 200,000 | 79,250 | 279,250 |
| 2043 | 1,025,000 | 57,813 | 1,082,813 |
| 2044 | 1,100,000 | 19,937 | 1,119,937 |
| | $ 3,375,000 | $ 2,430,655 | $ 5,805,655 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | S E R I E S - 2 0 1 6 R E F U N D I N G | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 45,000 | $ 284,138 | $ 329,138 |
| 2022 | 45,000 | 282,788 | 327,788 |
| 2023 | 45,000 | 281,438 | 326,438 |
| 2024 | 50,000 | 280,012 | 330,012 |
| 2025 | 50,000 | 278,638 | 328,638 |
| 2026 | 50,000 | 277,388 | 327,388 |
| 2027 | 50,000 | 276,137 | 326,137 |
| 2028 | 55,000 | 274,825 | 329,825 |
| 2029 | 55,000 | 273,381 | 328,381 |
| 2030 | 55,000 | 271,869 | 326,869 |
| 2031 | 60,000 | 270,287 | 330,287 |
| 2032 | 695,000 | 259,906 | 954,906 |
| 2033 | 725,000 | 239,475 | 964,475 |
| 2034 | 755,000 | 217,275 | 972,275 |
| 2035 | 775,000 | 194,325 | 969,325 |
| 2036 | 2,975,000 | 138,075 | 3,113,075 |
| 2037 | 3,115,000 | 46,725 | 3,161,725 |
| 2038 | | | |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| | $ 9,600,000 | $ 4,146,682 | $ 13,746,682 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | S E R I E S - 2 0 1 7 | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 25,000 | $ 126,250 | $ 151,250 |
| 2022 | 25,000 | 125,438 | 150,438 |
| 2023 | 25,000 | 124,625 | 149,625 |
| 2024 | 25,000 | 123,797 | 148,797 |
| 2025 | 25,000 | 122,953 | 147,953 |
| 2026 | 25,000 | 122,110 | 147,110 |
| 2027 | 25,000 | 121,266 | 146,266 |
| 2028 | 25,000 | 120,422 | 145,422 |
| 2029 | 25,000 | 119,578 | 144,578 |
| 2030 | 25,000 | 118,734 | 143,734 |
| 2031 | 25,000 | 117,891 | 142,891 |
| 2032 | 25,000 | 117,047 | 142,047 |
| 2033 | 25,000 | 116,203 | 141,203 |
| 2034 | 25,000 | 115,360 | 140,360 |
| 2035 | 25,000 | 114,516 | 139,516 |
| 2036 | 25,000 | 113,672 | 138,672 |
| 2037 | 25,000 | 112,828 | 137,828 |
| 2038 | 25,000 | 111,984 | 136,984 |
| 2039 | 500,000 | 102,812 | 602,812 |
| 2040 | 500,000 | 85,312 | 585,312 |
| 2041 | 500,000 | 67,812 | 567,812 |
| 2042 | 525,000 | 49,219 | 574,219 |
| 2043 | 525,000 | 29,531 | 554,531 |
| 2044 | 525,000 | 9,844 | 534,844 |
| | $ 3,525,000 | $ 2,489,204 | $ 6,014,204 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | SERIES-2017 REFUNDING | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ 290,000 | $ 189,250 | $ 479,250 |
| 2022 | 55,000 | 185,800 | 240,800 |
| 2023 | 80,000 | 184,050 | 264,050 |
| 2024 | 80,000 | 181,650 | 261,650 |
| 2025 | 75,000 | 179,325 | 254,325 |
| 2026 | 75,000 | 176,700 | 251,700 |
| 2027 | 75,000 | 173,700 | 248,700 |
| 2028 | 75,000 | 170,700 | 245,700 |
| 2029 | 75,000 | 167,700 | 242,700 |
| 2030 | 75,000 | 164,700 | 239,700 |
| 2031 | 675,000 | 149,700 | 824,700 |
| 2032 | 70,000 | 134,800 | 204,800 |
| 2033 | 65,000 | 132,100 | 197,100 |
| 2034 | 65,000 | 129,500 | 194,500 |
| 2035 | 65,000 | 126,900 | 191,900 |
| 2036 | 65,000 | 124,300 | 189,300 |
| 2037 | 60,000 | 121,800 | 181,800 |
| 2038 | 3,015,000 | 60,300 | 3,075,300 |
| 2039 | | | |
| 2040 | | | |
| 2041 | | | |
| 2042 | | | |
| 2043 | | | |
| 2044 | | | |
| | $ 5,035,000 | $ 2,752,975 | $ 7,787,975 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | SERIES - 2018 | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ | $ 181,625 | $ 181,625 |
| 2022 | 10,000 | 181,375 | 191,375 |
| 2023 | 25,000 | 180,500 | 205,500 |
| 2024 | 25,000 | 179,250 | 204,250 |
| 2025 | 25,000 | 178,125 | 203,125 |
| 2026 | 25,000 | 177,125 | 202,125 |
| 2027 | 25,000 | 176,125 | 201,125 |
| 2028 | 25,000 | 175,125 | 200,125 |
| 2029 | 25,000 | 174,125 | 199,125 |
| 2030 | 25,000 | 173,125 | 198,125 |
| 2031 | 25,000 | 172,125 | 197,125 |
| 2032 | 25,000 | 171,125 | 196,125 |
| 2033 | 25,000 | 170,125 | 195,125 |
| 2034 | 25,000 | 169,125 | 194,125 |
| 2035 | 25,000 | 168,125 | 193,125 |
| 2036 | 50,000 | 166,625 | 216,625 |
| 2037 | 50,000 | 164,625 | 214,625 |
| 2038 | 50,000 | 162,625 | 212,625 |
| 2039 | 600,000 | 149,625 | 749,625 |
| 2040 | 625,000 | 125,125 | 750,125 |
| 2041 | 650,000 | 99,625 | 749,625 |
| 2042 | 675,000 | 72,703 | 747,703 |
| 2043 | 700,000 | 44,344 | 744,344 |
| 2044 | 725,000 | 14,954 | 739,954 |
| | $ 4,460,000 | $ 3,627,376 | $ 8,087,376 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| | S E R I E S - 2 0 1 9 | | |
|---|---|---|---|
| Due During Fiscal Years Ending March 31 | Principal Due September 1 | Interest Due March 1/ September 1 | Total |
| 2021 | $ | $ 103,885 | $ 103,885 |
| 2022 | | 81,125 | 81,125 |
| 2023 | 25,000 | 80,875 | 105,875 |
| 2024 | 25,000 | 80,250 | 105,250 |
| 2025 | 25,000 | 79,500 | 104,500 |
| 2026 | 25,000 | 78,750 | 103,750 |
| 2027 | 25,000 | 78,000 | 103,000 |
| 2028 | 25,000 | 77,250 | 102,250 |
| 2029 | 25,000 | 76,500 | 101,500 |
| 2030 | 25,000 | 75,750 | 100,750 |
| 2031 | 25,000 | 75,047 | 100,047 |
| 2032 | 25,000 | 74,391 | 99,391 |
| 2033 | 25,000 | 73,734 | 98,734 |
| 2034 | 25,000 | 73,078 | 98,078 |
| 2035 | 25,000 | 72,422 | 97,422 |
| 2036 | 25,000 | 71,766 | 96,766 |
| 2037 | 25,000 | 71,109 | 96,109 |
| 2038 | 25,000 | 70,453 | 95,453 |
| 2039 | 300,000 | 66,188 | 366,188 |
| 2040 | 400,000 | 57,000 | 457,000 |
| 2041 | 450,000 | 45,563 | 495,563 |
| 2042 | 450,000 | 33,188 | 483,188 |
| 2043 | 450,000 | 20,250 | 470,250 |
| 2044 | 450,000 | 6,750 | 456,750 |
| | $ 2,900,000 | $ 1,622,824 | $ 4,522,824 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## LONG-TERM DEBT SERVICE REQUIREMENTS
## MARCH 31, 2020

| Due During Fiscal Years Ending March 31 | ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due | Total Interest Due | Total Principal and Interest Due |
|---|---|---|---|
| 2021 | $ 1,710,000 | $ 2,020,339 | $ 3,730,339 |
| 2022 | 1,770,000 | 1,951,800 | 3,721,800 |
| 2023 | 1,890,000 | 1,899,901 | 3,789,901 |
| 2024 | 1,940,000 | 1,841,809 | 3,781,809 |
| 2025 | 1,995,000 | 1,780,804 | 3,775,804 |
| 2026 | 2,065,000 | 1,715,260 | 3,780,260 |
| 2027 | 2,130,000 | 1,646,210 | 3,776,210 |
| 2028 | 2,200,000 | 1,574,990 | 3,774,990 |
| 2029 | 2,270,000 | 1,500,991 | 3,770,991 |
| 2030 | 2,355,000 | 1,419,171 | 3,774,171 |
| 2031 | 2,525,000 | 1,330,266 | 3,855,266 |
| 2032 | 2,610,000 | 1,237,916 | 3,847,916 |
| 2033 | 2,705,000 | 1,140,364 | 3,845,364 |
| 2034 | 2,880,000 | 1,036,847 | 3,916,847 |
| 2035 | 2,995,000 | 927,732 | 3,922,732 |
| 2036 | 3,190,000 | 823,469 | 4,013,469 |
| 2037 | 3,325,000 | 724,306 | 4,049,306 |
| 2038 | 3,165,000 | 610,768 | 3,775,768 |
| 2039 | 2,175,000 | 508,375 | 2,683,375 |
| 2040 | 2,350,000 | 426,687 | 2,776,687 |
| 2041 | 2,450,000 | 340,125 | 2,790,125 |
| 2042 | 2,550,000 | 248,360 | 2,798,360 |
| 2043 | 2,700,000 | 151,938 | 2,851,938 |
| 2044 | 2,800,000 | 51,485 | 2,851,485 |
| | $ 58,745,000 | $ 26,909,913 | $ 85,654,913 |

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## CHANGE IN LONG-TERM BOND DEBT
## FOR THE YEAR ENDED MARCH 31, 2020

| Description | Original Bonds Issued | Bonds Outstanding April 1, 2019 |
|---|---|---|
| Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2011 | $ 3,205,000 | $ 1,725,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2013 | 9,615,000 | 8,510,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2014 | 3,080,000 | 3,025,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2014 | 9,875,000 | 9,710,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2015 | 9,790,000 | 8,170,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2016 | 3,430,000 | 3,400,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2016 | 9,960,000 | 9,860,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2017 | 3,560,000 | 3,550,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Refunding Bonds - Series 2017 | 5,115,000 | 5,100,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2018 | 4,460,000 | 4,460,000 |
| Harris County Municipal Utility District No. 285 Unlimited Tax Bonds - Series 2019 | 2,900,000 | |
| TOTAL | $ 64,990,000 | $ 57,510,000 |

See accompanying independent auditor's report.

| Current Year Transactions | | | | |
|---|---|---|---|---|
| | Retirements | | Bonds Outstanding | |
| Bonds Sold | Principal | Interest | March 31, 2020 | Paying Agent |
| $ | $ 325,000 | $ 62,500 | $ 1,400,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | 165,000 | 316,387 | 8,345,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | 25,000 | 119,375 | 3,000,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | 130,000 | 335,855 | 9,580,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | 645,000 | 215,400 | 7,525,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | 25,000 | 121,125 | 3,375,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | 260,000 | 288,712 | 9,600,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | 25,000 | 127,062 | 3,525,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | 65,000 | 192,800 | 5,035,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| | | 218,454 | 4,460,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| 2,900,000 | | | 2,900,000 | The Bank of New York Mellon Trust Company, N.A. Dallas, TX |
| $ 2,900,000 | $ 1,665,000 | $ 1,997,670 | $ 58,745,000 | |

See accompanying independent auditor's report.

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# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## CHANGE IN LONG-TERM BOND DEBT
## FOR THE YEAR ENDED MARCH 31, 2020

| Bond Authority: | New Money Bonds | Refunding Bonds |
|---|---|---|
| Amount Authorized by Voters | $ 101,690,000 | $ 37,550,000 |
| Amount Issued | 71,475,000 | 3,146,300 |
| Remaining to be Issued | $ 30,215,000 | $ 34,403,700 |

| | |
|---|---|
| Debt Service Fund cash, investments and cash with paying agent balances as of March 31, 2020: | $ 6,501,391 |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | $ 3,568,955 |

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

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
## GENERAL FUND - FIVE YEARS

| | Amounts | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| **REVENUES** | | | |
| Property Taxes | $ 1,912,003 | $ 1,757,808 | $ 1,544,731 |
| Sales Tax Receipts | 860,229 | 892,830 | 912,816 |
| Water Service | 1,180,018 | 1,144,258 | 1,111,643 |
| Wastewater Service | 1,107,891 | 1,082,220 | 1,046,333 |
| Tap Connection and Inspection Fees | 194,847 | 106,002 | 143,540 |
| Penalty and Interest | 47,640 | 46,078 | 43,023 |
| Investment and Miscellaneous Revenues | 166,491 | 157,994 | 91,404 |
| **TOTAL REVENUES** | $ 5,469,119 | $ 5,187,190 | $ 4,893,490 |
| **EXPENDITURES** | | | |
| Professional Fees | $ 244,256 | $ 185,095 | $ 243,441 |
| Contracted Services | 1,010,917 | 963,019 | 900,483 |
| Purchased Water Service | 996,982 | 1,005,163 | 1,054,881 |
| Utilities | 215,677 | 218,535 | 184,450 |
| Repairs and Maintenance | 990,918 | 947,409 | 844,899 |
| Other | 602,624 | 642,407 | 567,465 |
| Capital Outlay | 6,882 | 582,103 | 308,573 |
| Economic Development Grant | 273,239 | 303,718 | 269,035 |
| Debt Service: | | | |
| Bond Issuance Costs | | 9,375 | 10,491 |
| **TOTAL EXPENDITURES** | $ 4,341,495 | $ 4,856,824 | $ 4,383,718 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | $ 1,127,624 | $ 330,366 | $ 509,772 |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers In (Out) | $ 11,375 | $ (250,324) | $ 43,539 |
| **NET CHANGE IN FUND BALANCE** | $ 1,138,999 | $ 80,042 | $ 553,311 |
| **BEGINNING FUND BALANCE** | 7,201,443 | 7,121,401 | 6,568,090 |
| **ENDING FUND BALANCE** | $ 8,340,442 | $ 7,201,443 | $ 7,121,401 |

See accompanying independent auditor's report.

| | | Percentage of Total Revenues | | | | |
|---|---|---|---|---|---|---|
| 2017 | 2016 | 2020 | 2019 | 2018 | 2017 | 2016 |
| $ 1,545,418 | $ 763,516 | 34.9 % | 33.9 % | 31.5 % | 31.4 % | 18.2 % |
| 877,302 | 861,194 | 15.7 | 17.2 | 18.7 | 17.8 | 20.5 |
| 1,081,217 | 1,054,646 | 21.6 | 22.1 | 22.7 | 22.0 | 25.1 |
| 1,007,975 | 958,030 | 20.3 | 20.9 | 21.4 | 20.4 | 22.7 |
| 311,060 | 457,350 | 3.6 | 2.0 | 2.9 | 6.3 | 10.9 |
| 49,206 | 46,552 | 0.9 | 0.9 | 0.9 | 1.0 | 1.1 |
| 51,602 | 65,075 | 3.0 | 3.0 | 1.9 | 1.1 | 1.5 |
| $ 4,923,780 | $ 4,206,363 | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| $ 242,959 | $ 170,776 | 4.5 % | 3.6 % | 5.0 % | 4.9 % | 4.1 % |
| 892,237 | 855,531 | 18.5 | 18.6 | 18.4 | 18.1 | 20.3 |
| 945,670 | 899,299 | 18.2 | 19.4 | 21.6 | 19.2 | 21.4 |
| 186,627 | 206,500 | 3.9 | 4.2 | 3.8 | 3.8 | 4.9 |
| 701,859 | 646,208 | 18.1 | 18.3 | 17.3 | 14.3 | 15.4 |
| 565,310 | 570,718 | 11.0 | 12.4 | 11.6 | 11.5 | 13.6 |
| 125,097 | 26,039 | 0.1 | 11.2 | 6.3 | 2.5 | 0.6 |
| 265,558 | 272,636 | 5.0 | 5.9 | 5.5 | 5.4 | 6.5 |
| 5,144 | 74,554 | | 0.2 | 0.2 | 0.1 | 1.8 |
| $ 3,930,461 | $ 3,722,261 | 79.3 % | 93.8 % | 89.7 % | 79.8 % | 88.6 % |
| $ 993,319 | $ 484,102 | 20.7 % | 6.2 % | 10.3 % | 20.2 % | 11.4 % |
| $ - 0 - | $ 263,897 | | | | | |
| $ 993,319 | $ 747,999 | | | | | |
| 5,574,771 | 4,826,772 | | | | | |
| $ 6,568,090 | $ 5,574,771 | | | | | |

See accompanying independent auditor’s report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
## DEBT SERVICE FUND - FIVE YEARS

| | Amounts | | |
|---|---|---|---|
| | 2020 | 2019 | 2018 |
| **REVENUES** | | | |
| Property Taxes | $ 3,826,555 | $ 3,671,809 | $ 3,286,140 |
| Penalty and Interest | 39,968 | 87,206 | 28,471 |
| Investment and Miscellaneous Revenues | 224,586 | 85,933 | 39,715 |
| **TOTAL REVENUES** | $ 4,091,109 | $ 3,844,948 | $ 3,354,326 |
| **EXPENDITURES** | | | |
| Tax Collection Expenditures | $ 124,618 | $ 141,882 | $ 107,717 |
| Debt Service Principal | 1,665,000 | 1,615,000 | 1,520,000 |
| Debt Service Interest and Fees | 2,005,970 | 1,829,162 | 1,763,034 |
| Bond Issuance Costs | | | 233,047 |
| **TOTAL EXPENDITURES** | $ 3,795,588 | $ 3,586,044 | $ 3,623,798 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | $ 295,521 | $ 258,904 | $ (269,472) |
| **OTHER FINANCING SOURCES (USES)** | | | |
| Transfers Out | $ | $ | $ |
| Refunding Bonds | | | 5,115,000 |
| Bond Discount | | | |
| Payment to Refunded Bond Escrow Agent | | | (5,269,186) |
| Bond Premium | | | 298,127 |
| **TOTAL OTHER FINANCING SOURCES (USES)** | $ - 0 - | $ - 0 - | $ 143,941 |
| **NET CHANGE IN FUND BALANCE** | $ 295,521 | $ 258,904 | $ (125,531) |
| **BEGINNING FUND BALANCE** | 6,231,686 | 5,972,782 | 6,098,313 |
| **ENDING FUND BALANCE** | $ 6,527,207 | $ 6,231,686 | $ 5,972,782 |
| **TOTAL ACTIVE RETAIL WATER CONNECTIONS** | 2,610 | 2,615 | 2,599 |
| **TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS** | 2,507 | 2,516 | 2,506 |

See accompanying independent auditor's report.

| | | Percentage of Total Revenues | | | | |
|---|---|---|---|---|---|---|
| 2017 | 2016 | 2020 | 2019 | 2018 | 2017 | 2016 |
| $ 3,226,106 | $ 3,906,266 | 93.5 % | 95.5 % | 98.0 % | 98.3 % | 98.5 % |
| 36,339 | 39,885 | 1.0 | 2.3 | 0.8 | 1.1 | 1.0 |
| 20,819 | 18,880 | 5.5 | 2.2 | 1.2 | 0.6 | 0.5 |
| $ 3,283,264 | $ 3,965,031 | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| $ 105,550 | $ 100,795 | 3.0 % | 3.7 % | 3.2 % | 3.2 % | 2.5 % |
| 1,380,000 | 1,370,000 | 40.7 | 42.0 | 45.3 | 42.0 | 34.6 |
| 1,753,230 | 1,913,444 | 49.0 | 47.6 | 52.6 | 53.4 | 48.3 |
| 409,876 | 352,862 | | | 6.9 | 12.5 | 8.9 |
| $ 3,648,656 | $ 3,737,101 | 92.7 % | 93.3 % | 108.0 % | 111.1 % | 94.3 % |
| $ (365,392) | $ 227,930 | 7.3 % | 6.7 % | (8.0) % | (11.1) % | 5.7 % |
| $ | $ (4,750) | | | | | |
| 9,960,000 | 9,790,000 | | | | | |
| (197,726) | | | | | | |
| (9,490,984) | (9,490,995) | | | | | |
| | 43,138 | | | | | |
| $ 271,290 | $ 337,393 | | | | | |
| $ (94,102) | $ 565,323 | | | | | |
| 6,192,415 | 5,627,092 | | | | | |
| $ 6,098,313 | $ 6,192,415 | | | | | |
| 2,537 | 2,498 | | | | | |
| 2,446 | 2,421 | | | | | |

See accompanying independent auditor’s report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
## MARCH 31, 2020

District Mailing Address - Harris County Municipal Utility District No. 285
c/o Allen Boone Humphries Robinson LLP
Phoenix Tower
3200 Southwest Freeway, Suite 2600
Houston, TX 77027

District Telephone Number - (713) 860-6400

| **Board Members** | Term of Office (Elected or Appointed) | Fees of office for the year ended March 31, 2020 | Expense reimbursements for the year ended March 31, 2020 | Title |
|---|---|---|---|---|
| Walter Knowles, Jr. | 05/18<br>05/22<br>(Elected) | $ 7,200 | $ 7,344 | President/ Investment Officer |
| Jerry Allen | 05/20<br>05/24<br>(Elected) | $ 7,950 | $ 4,146 | Vice President |
| Trina Francis | 05/18<br>05/22<br>(Elected) | $ 7,650 | $ 8,782 | Assistant Vice President |
| Rosario Garza | 05/18<br>05/22<br>(Elected) | $ 7,200 | $ 377 | Secretary |
| Tom Nguyen | 05/16<br>08/19<br>(Elected) | $ 3,450 | $ 1,244 | Resigned |

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

Submission date of most recent District Registration Form: August 19, 2019.

The limit on Fees of Office that a Director may receive per fiscal year is $7,200 as set by Board Resolution (TWC Section 49.060) on July 10, 2001. Fees of Office shown above are the amounts paid to a Director during the District's current fiscal year, and may include fees of office earned in the prior fiscal year. During the current year, two Directors were overpaid due to an accounting error. Directors will forgo fees in fiscal year 2021 to repay the overpayments.

See accompanying independent auditor's report.

# HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 285
## BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
## MARCH 31, 2020

| | Date Hired | Fees for the year ended March 31, 2020 | Title |
|---|---|---|---|
| **Consultants:** | | | |
| Allen Boone Humphries Robinson LLP | 07/28/03 | $ 174,602 | General Counsel |
| | | $ 58,146 | Bond Counsel |
| McCall Gibson Swedlund Barfoot PLLC | 03/28/88 | $ 22,425 | Audit Related |
| | | $ 6,500 | Bond Related |
| Myrtle Cruz, Inc. | 11/11/98 | $ 29,911 | Bookkeeper |
| Perdue Brandon Fielder Collins & Mott LLP | 03/12/96 | $ 16,745 | Delinquent Tax Attorney |
| LJA Engineering, Inc. | 10/09/12 | $ 142,804 | Engineer |
| Rathmann & Associates, L.P. | 04/21/03 | $ 61,000 | Financial Advisor |
| Mary Jarmon | 07/11/06 | $ -0- | Investment Officer |
| Municipal District Services, LLC | 12/01/09 | $ 1,176,413 | Operator |
| Wheeler & Associates, Inc. | 08/13/86 | $ 68,450 | Tax Assessor/ Collector |
| Sales Revenue, Inc. | 11/13/12 | $ 4,875 | Sales Tax Consultant |

See accompanying independent auditor's report.

**APPENDIX C**

**SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY**

ASSURED GUARANTY MUNICIPAL

# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS: $ in aggregate principal amount of

Policy No: -N

Effective Date:

Premium: $

SPECIMEN

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

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

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

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

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

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

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

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



ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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

Form 500NY (5/90)