OFFICIAL STATEMENT DATED JUNE 16, 2021

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF DOWDELL PUBLIC UTILITY DISTRICT. IN THE OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER STATUES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" AND "TAX MATTERS" HEREIN FOR A DISCUSSION OF THE OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL, RESPECTIVELY.

The Bonds are NOT designated or deemed by the District as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations for Financial Institutions" herein.

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

$13,800,000
DOWDELL PUBLIC UTILITY DISTRICT
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX REFUNDING BONDS
SERIES 2021B

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

Interest on the Unlimited Tax Refunding Bonds, Series 2021B (the "Bonds" or the "Series 2021B Refunding Bonds") will accrue from July 1, 2021, and will be payable on March 1 and September 1 of each year, commencing March 1, 2022. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof**. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"). See "THE BONDS."

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company ("BAM").

BAM
BUILD AMERICA MUTUAL

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)	Principal Amount	Maturity	Interest Rate	Yield to Maturity(a)
$165,000	2022	4.00%	0.26%	$595,000	2031 (b)	1.50%	1.79%
$170,000	2023	4.00%	0.33%	$610,000	2032 (b)	2.00%	1.77%
$175,000	2024	4.00%	0.68%	$655,000	2033 (b)	2.00%	1.82%
$180,000	2025	4.00%	0.80%	$670,000	2034 (b)	2.00%	1.93%
$180,000	2026	4.00%	0.95%	$715,000	2035 (b)	2.00%	2.01%
$235,000	2027	4.00%	1.07%	$730,000	2036 (b)	2.00%	2.10%
$290,000	2028 (b)	1.00%	1.30%	$740,000	2037 (b)	2.00%	2.15%
$385,000	2029 (b)	1.00%	1.47%	$755,000	2038 (b)	2.00%	2.20%
$575,000	2030 (b)	1.25%	1.66%	$790,000	2039 (b)	2.00%	2.23%

$2,520,000 2.25% Term Bond Due September 1, 2042 to Yield 2.37% (a) (b) (c)
$2,665,000 2.25% Term Bond Due September 1, 2045 to Yield 2.40% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriters (hereinafter defined) and may be subsequently changed.
(b) The Bonds maturing on or after September 1, 2028, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on September 1, 2027, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds of a maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS—Optional Redemption."
(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

The proceeds of the Bonds will be used by Dowdell Public Utility District (the "District") to currently refund certain of the District's outstanding bonds (as defined herein) and to pay issuance and administrative expenses associated with the sale of the Bonds. See "PLAN OF FINANCING." The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing, direct, annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham L.L.P., Houston, Texas, Bond Counsel to the District and McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel to the District. Certain matters will be passed on for the Underwriter by Norton Rose Fulbright US LLP Houston, Texas, as Underwriters' Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about July 27, 2021.

SAMCO CAPITAL MARKETS, INC.

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

UNDERWRITING

The Bonds are being purchased by SAMCO Capital Markets, Inc. (the "Underwriter"), pursuant to a proposal submitted to the District at a price of $13,609,116.85 plus accrued interest on the Series 2021B Bonds from the Dated Date to the date of delivery. Such price includes an Underwriter's discount of $84,870.00 and a net original discount of $106,013.15 and produces a net effective interest rate of 2.161124%.

The Underwriter may offer and sell the Series 2021B Bonds to certain dealers (including dealers depositing Series 2021B Bonds into unit investment trusts) and others at prices lower than the public offering price stated on the cover page hereof. The initial offering price may be changed from time to time by the Underwriter.

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

SALE AND DISTRIBUTION OF THE BONDS

Prices and Marketability:

The delivery of the Bonds is conditioned upon the receipt by the District of a certificate executed and delivered by the 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. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

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 PRICES, 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 WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

Securities Laws:

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

MUNICIPAL BOND RATING

In connection with the sale of the Bonds the District has made application to Moody's Investor Services, Inc. ("Moody's") which has assigned the underlying rating of "A3" on the Bonds based upon the District's underlying credit without bond insurance. The underlying rating to be released by Moody's of the District will be maintained by Moody's. An explanation of the significance of such rating may be obtained from Moody's. The rating reflects only the view of Moody's, and the District makes no representation as to the appropriateness of such rating. The District can make no assurance that the Moody's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by Moody's if, in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

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

BOND INSURANCE

Bond Insurance Policy:

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as 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.

Build America Mutual Assurance Company;

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $477.7 million, $156.4 million and $321.3 million, respectively."

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

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

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

Additional Information Available from BAM

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

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

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

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: Dowdell Public Utility District Unlimited Tax Refunding Bonds, Series 2021B (herein the "Bonds" or the "Series 2021B Bonds"), issued pursuant to an order (the "Bond Order") of the Board of Directors of Dowdell Public Utility District (the "District"). The Bonds are dated July 1, 2021, and mature September 1 in the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on March 1, 2022, and each September 1 and March 1 thereafter until maturity or prior redemption.

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

Redemption Provisions: Bonds maturing on or after September 1, 2028, are subject to early redemption, in whole or from time to time in part, on September 1, 2027, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on September 1 in the years 2042, and 2045 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on September 1 in the years 2040, and 2043 respectively. See "THE BONDS – Mandatory Redemption."

Authority for Issuance: The voters within the District have authorized the issuance of a total of $172,945,000 of bonds payable from taxes, of which $82,916,525.07 remain authorized but unissued. The voters of the District may in the future authorize the issuance of additional bonds. See "THE BONDS – Authority for Issuance."

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

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

Municipal Bond Insurance and Rating: S&P assigned its municipal bond rating of "AA" (stable) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. See "BOND INSURANCE," "MUNICIAPL BOND RATING" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

Plan of Financing: The proceeds of the Bonds will be used by Dowdell Public Utility District (the "District") to currently refund certain of the District's outstanding bonds (as defined herein) and to pay issuance and administrative expenses associated with the sale of the Bonds. See "PLAN OF FINANCING."

NOT Qualified Tax Exempt Obligations: The District did NOT designate the Bonds as "qualified tax-exempt obligations". See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations."

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

Paying Agent/Registrar: The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

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

Special Tax Counsel: McCall, Parkhurst & Horton L.L.P, Dallas, Texas, Special Tax Counsel.

Verification Agent: Robert Thomas CPA, LLC.

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

THE DISTRICT

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

The District is located in northern Harris County approximately 25 miles northwest of the central business district of Houston, Texas, via Interstate Highway 45. The District is generally bounded on the northwest by Willow Creek, the northeast by Kuykendahl Road, the southwest by FM 2920 and the southeast by Spring Stuebner Road. The District is located entirely within the extraterritorial jurisdiction of the City. The District is located within the Klein Independent School District. Since the creation of the District in 1971, the District has added 24 annexations between 1973 and October 2020, resulting in its existing size of approximately 1,402 acres. See "THE DISTRICT."

Status of Land Development: A summary of the approximate land use in the District, as of March 1, 2021, appears in the following table:

Type of Land Use	Approximate Acres
Fully Developed Acres (a)	1,189
Additional Developable Acres (b)	141
Other Undevelopable Acres (c)	72
Total Approximate Acres	**1,402**

(a) Approximately 683 acres includes 2,033 completed homes (2,015 are occupied), 0 home under construction, 21 vacant developed lots. Also includes certain improved commercial tracts of land and developed land owned by Klein ISD.

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

(c) Includes drainage easements and District plant sites.

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

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

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

LPUSA, Inc. has developed the lots located in the 2 subdivisions known as Willows Edge (43 lots) and the Preserve at Miramar Lake, Section 1 (96 lots); lots in these sections have been sold to Candlewood Homes, Lennar Homes, and Meritage Homes. Homes were marketed in the $200,000 - $300,000 price range; these two subdivisions were built-out during 2020.vision.

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

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

Five Forks Village L.L.C. (“Five Forks”) sold approximately 15 acres to Watermark Residential (“Watermark”) who developed a 336 unit multi-family project. Watermark began construction in December 2018, and the first units were made available for occupancy during the fourth quarter of 2020. The project construction is substantially completed and lease up activities are currently underway.

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

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

Commercial establishments within the Defined Area include 52 establishments and 451,021 square feet of retail space as of March 1, 2021.

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

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

Infectious Disease Outlook (COVID-19): The World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the “Pandemic”), which is currently affecting many parts of the world, including the United States and Texas. As described herein under “RISK FACTORS – Infectious Disease Outlook (COVID-19)”, federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas. Such actions are focused on limiting instances where the public can congregate or interact with each other, which affects economic growth within Texas. On March 2, 2021, the Governor issued Executive Order GA-34 whereby he ordered there be no operating limits for any business or other establishment, except in Trauma Service Areas that have had seven consecutive days in which the number of COVID-19 hospitalized patients as a percentage of total hospital capacity exceeds 15 percent, in which case the county judge may order COVID-19 mitigating measures not to include requiring the use of face coverings. Pursuant to Executive Order GA-34, such COVID-19 mitigating measures would remain in effect until such time as the Trauma Service Area has seven consecutive days in which the number of COVID-19 hospitalized patients as a percentage of total hospital capacity is 15% or less.

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

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

SELECTED FINANCIAL INFORMATION

(Unaudited)

3/1/2021 Estimated Taxable Value	$785,879,285	(a)
2020 Certified Taxable Value	$674,617,190	(b)
Direct Debt (See "DISTRICT DEBT")		
Outstanding Bonds	$59,805,000	(c)
The Bonds	$13,800,000	
Total Direct Debt	$73,605,000	
Estimated Overlapping Debt	$41,999,736	(d)
Direct and Estimated Overlapping Debt	$115,604,736	
Percentage of Direct Debt to:		
3/1/2021 Estimated Taxable Value	9.37%	
2020 Certified Taxable Value	10.91%	
Percentage of Direct and Estimated Overlapping Debt to:		
3/1/2021 Estimated Taxable Value	14.71%	
2020 Certified Taxable Value	17.14%	
2020 Tax Rate Per $100 of Assessed Value		
Debt Service	$0.70	
Maintenance Tax	$0.10	
Total 2020 Tax Rate	$0.80	(e)
General Fund approximate cash balance as of 4/14/2021	$5,310,303	(f)
Debt Service Fund approximate cash balance as of 4/14/2021	$10,228,613	(g)

(a) Reflects data supplied by the Harris County Appraisal District ("HCAD"). The Estimated Taxable Value as of 3/1/2021 was prepared by HCAD and provided to the District. Such value is not binding on HCAD, and any new value (subsequent to January 1, 2021) will not be included on the District's tax roll until the 2022 tax roll is prepared and certified by HCAD during the second half of 2022. See "TAX DATA" and "TAX PROCEDURES".

(b) The figure above represents the taxable value that has been fully certified on the District's 2020 tax roll. See "TAX PROCEDURES."

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

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

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

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

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

DEBT SERVICE SCHEDULE

The following sets forth the debt service requirements for the District's outstanding bonds less the debt service on the Refunded Bonds plus the Bonds.

Year	Outstanding Debt Service Requirements	Less: Debt Service on Refunded Bonds	Plus: Debt Service on the Bonds		Total Debt Service Requirements
			Principal	Interest	
2021	$3,841,190	$238,672			$3,602,518
2022	$4,182,479	$577,344	$165,000	$346,529	$4,116,664
2023	$4,356,774	$574,344	$170,000	$290,425	$4,242,855
2024	$4,353,569	$571,344	$175,000	$283,625	$4,240,850
2025	$4,389,794	$568,344	$180,000	$276,625	$4,278,075
2026	$4,398,982	$565,344	$180,000	$269,425	$4,283,063
2027	$4,296,596	$612,344	$235,000	$262,225	$4,181,477
2028	$4,186,172	$657,844	$290,000	$252,825	$4,071,153
2029	$3,972,671	$751,844	$385,000	$249,925	$3,855,752
2030	$4,188,673	$942,844	$575,000	$246,075	$4,066,904
2031	$3,948,106	$952,219	$595,000	$238,888	$3,829,775
2032	$4,017,794	$960,156	$610,000	$229,963	$3,897,601
2033	$4,080,869	$992,281	$655,000	$217,763	$3,961,351
2034	$4,133,806	$997,031	$670,000	$204,663	$4,011,438
2035	$4,071,494	$1,025,156	$715,000	$191,263	$3,952,601
2036	$4,089,625	$1,026,531	$730,000	$176,963	$3,970,057
2037	$4,158,056	$1,026,156	$740,000	$162,363	$4,034,263
2038	$4,165,688	$1,024,875	$755,000	$147,563	$4,043,376
2039	$4,195,275	$1,047,688	$790,000	$132,463	$4,070,050
2040	$3,753,100	$1,067,688	$830,000	$116,663	$3,632,075
2041	$3,762,988	$1,060,813	$840,000	$97,988	$3,640,163
2042	$3,798,906	$1,053,000	$850,000	$79,088	$3,674,994
2043	$3,773,081	$1,067,000	$880,000	$59,963	$3,646,044
2044	$3,773,094	$1,054,000	$890,000	$40,163	$3,649,257
2045	$3,764,238	$1,040,000	$895,000	$20,138	$3,639,376
2046	$1,236,500				$1,236,500
2047	$406,000				$406,000
2048	$398,500				$398,500
2049	$416,000				$416,000
2050	$408,000				$408,000
	$104,518,020	**$21,454,862**	**$13,800,000**	**$4,593,574**	**$101,456,732**

Maximum Annual Debt Service Requirements (2026) $4,283,063

$0.58 Tax Rate on the 3/1/2021 Estimated Taxable Valuation of $785,879,285
@ 95% collections produces $4,330,195

$0.67 Tax Rate on the 2020 Taxable Valuation of $674,617,190
@ 95% collections produces $4,293,938

OFFICIAL STATEMENT
relating to

$13,800,000

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

UNLIMITED TAX REFUNDING BONDS
SERIES 2021B

INTRODUCTION

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

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, particularly, Chapters 49 and 54 of the Texas Water Code, as amended, chapter 1207 of the Texas Government Code, as amended, City of Houston Ordinance 97-416, and an order (the "Bond Order") adopted by the Board of Directors of Dowdell Public Utility District (the "District"), a conservation and reclamation district and political subdivision of the State of Texas located within Harris County, Texas.

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

RISK FACTORS

General:

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

Infectious Disease Outlook (COVID-19):

The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas. Pursuant to Executive Order GA-34, such COVID-19 mitigating measures would remain in effect until such time as the Trauma Service Area has seven consecutive days in which the number of COVID-19 hospitalized patients as a percentage of total hospital capacity is 15% or less.

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

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

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

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

Tax Collections:

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

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

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

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

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

Assuming no further residential construction within the District other than that which has already been built, the value of such land and improvements currently located within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds will be $4,283,063 (2026). If no growth in value were to occur beyond the 3/1/2021 Estimated Taxable Value of $785,879,285 as provided by HCAD, a $0.58 debt service tax rate would be required. If no growth in value were to occur beyond the 2020 Certified Taxable Value of $674,617,190 as provided by HCAD, a $0.67 debt service tax rate would be required. As noted elsewhere, the property located within the Defined Area would also be subject to an additional tax rate of $0.38 per $100 of assessed value if there was no growth in value in the District. See "TAX DATA - Tax Adequacy for Debt Service."

Current Developers and Landowners under No Obligation to the District:

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

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

Registered Owners' Remedies:

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

Bankruptcy Limitation to Registered Owners' Rights:

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

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

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

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

A district cannot be placed in bankruptcy involuntarily.

Economic Factors:

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

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

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

Future Debt:

The District has reserved in the Bond Order the right to issue the remaining $82,916,525.07 for the purpose of providing waterworks, sanitary sewer, and drainage facilities to land within the District or refunding such bonds. The District does not currently anticipate issuing any additional bonds for the Defined Area in the future. All of the remaining bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board, subject to the approval of the Attorney General of the State of Texas and the Texas Commission on Environmental Quality ("TCEQ") for the unlimited tax bonds.

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

Financing Parks and Recreational Facilities:

The District may levy an operation and maintenance tax to support parks and recreational facilities at a rate not to exceed $0.10 cents per $100 of assessed valuation of taxable property in the District, if such tax is approved at an election. In addition, the District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of parks and recreational facilities if: (i) the District duly adopts a park plan; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed the lesser of three percent (3%) or the value of the taxable property in the District at the time of issuance of the bonds or the estimated cost of the park plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; and (v) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. The issuance of such bonds is subject to rules and regulations to be adopted by the TCEQ.

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

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

Defined Area within the District:

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

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

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

Surface Water Conversion:

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

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a ground water reduction plan to comply with the Subsidence District's 1999 Plan. The Authority submitted its Groundwater Reduction Plan to the Subsidence District and it received final certification on June 11, 2003. The Authority entered into a contract with the City to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee of $4.60 per 1,000 gallons of water produced from its wells. If the District were to purchase surface water from the Authority it would pay a fee of $5.05 per 1,000 gallons of surface water purchased from the Authority. The issuance of additional bonds by the District, in an undetermined amount, may be necessary in the future to develop further surface water infrastructure or to participate in the Authority's regional surface water conversion effort.

Environmental Regulations:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Continuing Compliance with Certain Covenants:

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

Marketability:

There is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional municipal entities, as such bonds are generally bought, sold or traded in the secondary market.

Bond Insurance Investment Considerations:

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

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

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

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

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

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

Hurricane Harvey:

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

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

Inclement Weather:

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

Specific Flood Type Risks:

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

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

Temporary Tax Exemption for Property Damaged by Disaster:

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

Tax Payment Installments after Disaster:

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

Harris County and City of Houston Floodplain Regulations:

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

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

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

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

Atlas 14:

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the Service Area 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 Service Area. 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.

Changes in Tax Legislation:

Certain tax legislation, if enacted 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.

2021 Legislative Session:

The 87th Regular Legislative Session convened on January 12, 2021, and concluded on May 31, 2021. The Texas Legislature could enact laws that materially change current laws affecting ad valorem tax matters. The District can make no representation regarding any actions the Texas Legislature may take or the effect of any such actions.

PLAN OF FINANCING

Purpose:

Proceeds of the Refunding Bonds are being used to refund $13,150,000 principal amount of the Unlimited Tax Bonds, Series 2017 (the "Series 2017 Bonds"). The 2017 Bonds are referred to herein collectively as the "Refunded Bonds." Bond proceeds will also be used to pay certain issuance costs of the Bonds. The refunding is being implemented in order to achieve a net present value savings in the District's annual debt service expense.

Outstanding Bonds:

The District has previously issued fourteen (14) series of new money unlimited tax and revenue bonds or unlimited tax bonds and seven (7) series of tax and revenue or unlimited tax refunding bonds. The following table lists the original principal amount and the amount of bonds outstanding as of May 1, 2021, from such issues, (including the bonds being refunded with the proceeds of the Bonds) and the principal amount outstanding after the refunding is completed.

Original Principal Amount	Series	Principal Amount Outstanding	Principal Amount Outstanding After the Bonds
$1,750,000	1975 WW & SS Comb U/L Tax & Rev Bds	$0	$0
$720,000	1977 WW & SS Comb U/L Tax & Rev Bds	$0	$0
$475,000	1983 WW & SS Comb U/L Tax & Rev Bds	$0	$0
$1,610,000	1992 WW & SS Comb U/L Tax & Rev Ref Bds	$0	$0
$3,500,000	2000 U/L Tax Bds	$0	$0
$2,920,000	2002 U/L Tax Bds	$0	$0
$5,800,000	2005 U/L Tax Bds	$0	$0
$4,920,000	2007 U/L Tax Bds	$0	$0
$2,610,000	2007B U/L Tax Ref Bds	$0	$0
$3,660,000	2009 U/L Tax Bds	$0	$0
$2,125,000	2012 U/L Tax Ref Bds	$180,000	$180,000
$6,900,000	2014 U/L Tax Ref Bds	$4,585,000	$4,585,000
$7,000,000	2015 U/L Tax Bds	$500,000	$500,000
$4,445,000	2016 U/L Tax Ref Bds	$2,500,000	$2,500,000
$13,250,000	2017 U/L Tax Bds	$13,250,000	$100,000
18,750,000	2017A U/L Tax Bds	$18,750,000	$18,750,000
5,100,000	2018 U/L Tax Bds	$5,100,000	$5,100,000
10,000,000	2019 U/L Tax Bds	$10,000,000	$10,000,000
2,400,000	2020 U/L Tax Ref Bds	$2,400,000	$2,400,000
7,900,000	2021 U/L Tax Bds	$7,900,000	$7,900,000
7,790,000	2021A U/L Tax Ref Bds	$7,790,000	$7,790,000
$113,625,000		**$72,955,000**	**$59,805,000**

Refunded Bonds:

Proceeds of the Refunding Bonds are being used to refund the principal amounts and maturity dates of the Refunded Bonds are set forth below:

Years	Series 2017 Bonds Principal Amount	
2022	$100,000	
2023	$100,000	
2024	$100,000	
2025	$100,000	
2026	$100,000	
2027	$150,000	
2028	$200,000	
2029	$300,000	
2030	$500,000	
2031	$525,000	
2032	$550,000	
2033	$600,000	
2034	$625,000	
2035	$675,000	
2036	$700,000	
2037	$725,000	
2038	$750,000	
2039		
2040		
2041	$2,525,000	(a)
2042		
2043		
2044		
2045	$3,825,000	(b)
	$13,150,000	

All of the Refunded Bonds will be called for redemption on September 1, 2021.

(a) Represents the $2,525,000 Term Bond with mandatory sinking fund provisions beginning in 2039 through and including the 2041 maturity.

(b) Represents the $3,825,000 Term Bond with mandatory sinking fund provisions beginning in 2042 through and including the 2045 maturity.

Escrow Agreement:

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

The Bond Order provides that the District and the Escrow Agent will enter into an escrow agreement (the "Escrow Agreement") to be dated as of the date of the Bond Order, but effective on the date of delivery of the Bonds. The Bond Order further provides that from the proceeds of the sale of the Bonds, together with certain other lawfully available funds of the District, if any, the District will deposit with the Escrow Agent the amount necessary to accomplish the discharge and final payment of the Refunded Bonds. Such funds will be held by the Escrow Agent in a segregated escrow account (the "Escrow Fund") and a portion of such funds will be used to purchase United States Treasury Obligations or other obligations authorized by Chapter 1207 Texas Government Code (the "Escrowed Securities") scheduled to mature at such times and in such amounts as will be sufficient to pay, when due, the principal of and interest of the Refunded Bonds. At the time of delivery of the Bonds to the Underwriters, Robert Thomas CPA, LLC, will verify mathematical calculations to the effect that funds are sufficient to pay, when due, the principal of and interest on the Refunded Bonds. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS." Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of principal of and interest on the Refunded Bonds and will not be available to pay principal of and interest on the Bonds or the Remaining Outstanding Bonds.

Defeasance of the Refunded Bonds:

By the deposit of the Escrowed Securities and cash, if any, with the Escrow Agent pursuant to the Escrow Agreement, the District will have affected 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 a deposit, and in reliance upon the verification report of Robert Thomas CPA, LLC, 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.

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount of the Bonds	$13,800,000.00
Less Net Original Issue Discount	($106,013.15)
Plus Accrued Interest	$21,451.81
Transfer of Excess D/S Fund	$184,000.00
Total Sources of Funds	**$13,899,438.66**
Uses of Funds:	
SLG Escrow Cost	$13,388,539.83
Issuance Expenses (a)	$404,577.02
Underwriter's Discount	$84,870.00
Accrued Interest	$21,451.81
Total Uses of Funds	**$13,899,438.66**

(a) Includes municipal bond insurance premium.

THE DISTRICT

General:

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

The District is located in northern Harris County approximately 25 miles northwest of the central business district of Houston, Texas, via Interstate Highway 45. The District is generally bounded on the northwest by Willow Creek, the northeast by Kuykendahl Road, the southwest by FM 2920 and the southeast by Spring Stuebner Road. The District is located entirely within the extraterritorial jurisdiction of the City. The District is located within the Klein Independent School District. Since the creation of the District in 1971, the District has added 24 annexations between 1973 and October 2020 resulting in its existing size of approximately 1,402 acres.

Summary of Land Use:

A summary of the approximate land use in the District as of March 1, 2021, appears in the following table:

Type of Land Use	Approximate Acres
Fully Developed Acres (a)	1,189
Additional Developable Acres (b)	141
Other Undevelopable Acres (c)	72
Total Approximate Acres	**1,402**

(a) Approximately 683 acres includes 2,033 completed homes, 0 homes under construction, 21 vacant developed lots, certain improved commercial tracts of land and developed land owned by Klein ISD.

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

(c) Includes drainage easements and District plant sites.

Status of Residential Development:

The following is an approximate tabulation of the single-family residential development in the District as of March 1, 2021.

Section	Approximate Acreage	# of Lots	Completed Homes	Homes Under Construction	Vacant Developed Lots
Willow Forest, Sections 1 & 2	137	563	563	0	0
Willow Dell, Sections 1 - 3	54	241	241	0	0
Miramar Lake, Sections 1 - 3	79	259	259	0	0
Creekside Place, Sections 1 & 2	50	190	190	0	0
Willow Trace, Section 1	85	273	273	0	0
Willow Trace, Section 2	43	0	0	0	0
Wildwood Glen, Section 1	26	55	55	0	0
Wildwood Glen, Section 2 (a)	28	0	0	0	0
Willow Lake Village	72	162	162	0	0
Preserve at Miramar Lake, Section 1	24	96	96	0	0
Vintage Creek	51	150	150	0	0
Willows Edge	14	43	43	0	0
Oakview Farms Sections 1 & 2	20	22	1	0	21
Total	**683**	**2,054**	**2,033** (b)	**0**	**21**

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

(b) As of March 1, 2021, there were approximately 2,015 occupied single-family homes in the District.

Commercial Development in the District:

Commercial development within the District consists of approximately 25 acres developed as a strip center, 6 convenience/gas stations, a hotel, and 3 multi-family complexes (658 units). Home Depot has recently completed the development of a 134,500 square foot retail store located on approximately 16 acres. Home Depot includes two pad sites that will be available for additional commercial development. Northcrest has recently begun the development of a 200,000 square foot warehouse located on a 53 acre tract; it is currently anticipated that the building will be completed in the third quarter of 2021

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

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

Commercial establishments within the Defined Area consist of 52 establishments which represent 451,021 square feet of commercial property as of April 1, 2021. Not included are 3 stores totaling 3,836 square feet, which are currently under construction with openings scheduled for the 4th quarter 2021. The list of the establishments that have moved into the center are shown below:

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

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

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

Potential Future Development:

The District contains approximately 141 developable acres that remain to be developed. Reimbursement by the District of certain of the development costs of such acreage may be financed by the sale of future bond issues by the District. The District makes no representation as to when, if ever, such acreage will be developed. See "THE BONDS – Issuance of Additional Debt."

Strategic Partnership Agreement:

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

Management of the District:

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

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

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

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

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

Auditor – The District's annual financial statements as of and for the year ended September 30, 2020, have been audited by McCall Gibson Swedlund Barfoot PLLC ("MGSB"), Certified Public Accountants. See "APPENDIX A" for a copy of the District's September 30, 2020, audited financial statements.

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

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

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

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

Special Tax Counsel – McCall, Parkhurst & Horton L.L.P., Dallas, Texas is serving as special tax counsel to the District for the issue. The fee to be paid for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

Investments of the District:

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

THE DEVELOPERS

Role of the Developer:

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

In addition, the developer is ordinarily the major taxpayer within a district during the early stages of development. The relative success or failure of a developer to perform in the above-described capacities may affect the ability of a district to collect taxes sufficient to pay debt service and retire bonds.

Developers in the District:

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

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

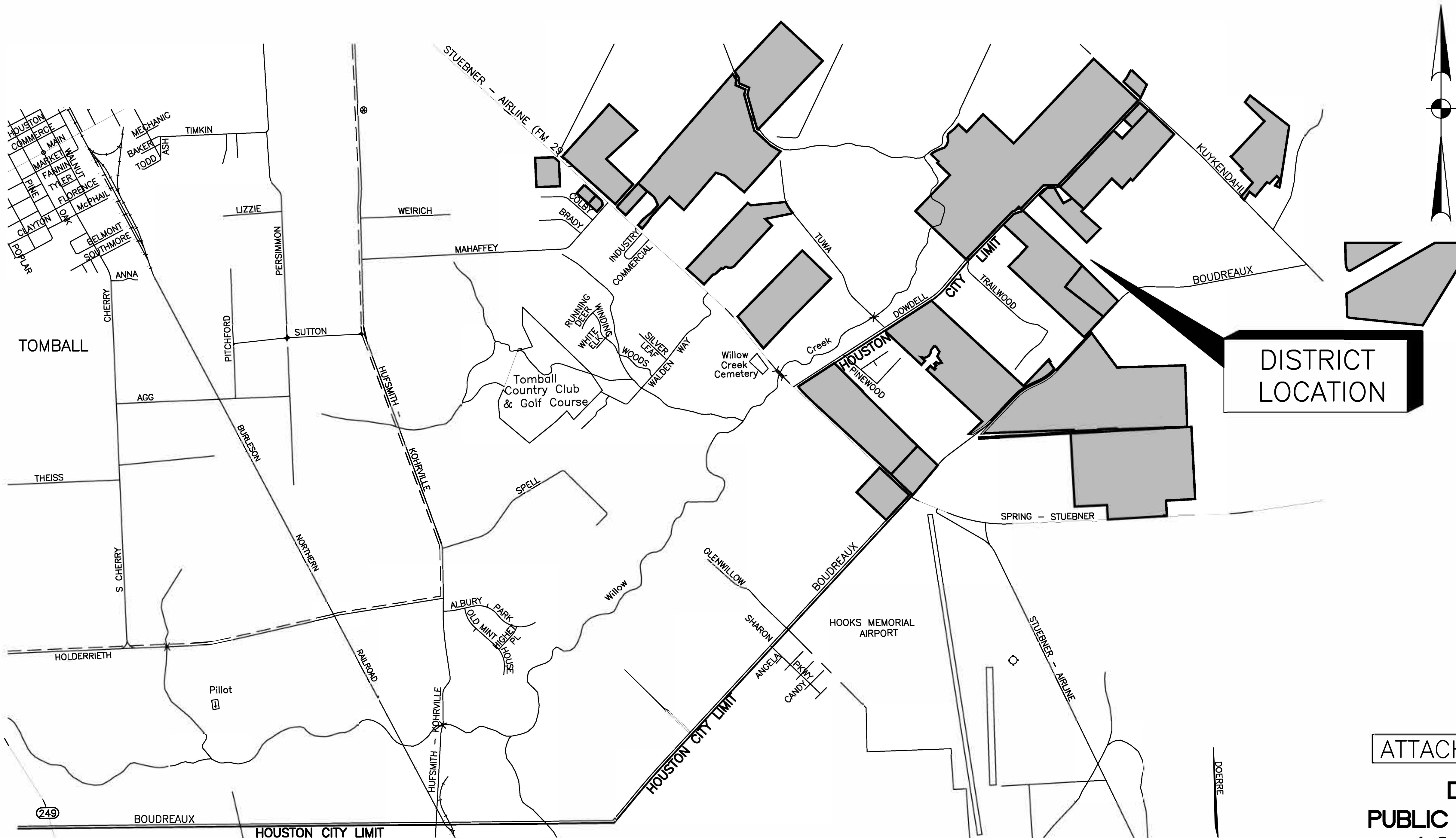
K McGaughey FM 2920, LLC has developed 55 lots in the single family residential subdivisions known as Wildwood Glen, Section 1. MHI began homebuilding in Wildwood Glen, Section 1 during the 3rd quarter of 2014 and completed the build-out of the subdivision during first quarter of 2016. MHI marketed homes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

LPUSA, Inc. has developed the lots located in the 2 subdivisions known as Willows Edge (43 lots) and the Preserve at Miramar Lake, Section 1 (96 lots); lots in these sections have been sold to Candlewood Homes, Lennar Homes, and Meritage Homes. Homes were marketed in the $200,000 - $300,000 price range in these subdivisions; the subdivisions were built out during 2020.

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

Five Forks Village L.L.C. (“Five Forks”) sold approximately 15 acres to Watermark Residential (“Watermark”) who developed a 336 unit multi-family project. Watermark began construction in December 2018, and the first units were made available for occupancy during the fourth quarter of 2020. Construction of the project is substantially completed and lease-up activities are currently underway.

Location Map:



ATTACHMENT NO. 3

DOWDELL PUBLIC UTILITY DISTRICT LOCATION MAP

1125.0982 ACRES LOCATED IN THE ELIZABETH SMITH SURVEY, ABSTRACT-70 AND THE J. MCGEE SURVEY, ABSTRACT-588 HARRIS COUNTY, TEXAS

r.g.miller engineers
since 1966

12121 Wickchester Lane - Suite 200
Houston, Texas 77079

DATE: JANUARY, 2014 SCALE: N.T.S.

L:\0338_DOWDELL_PUD\0338-00_DISTRICT\CAD\DWG\BI-9\ATTACHMENT 3 LOCATION MAP.DWG MAR. 05, 2015-11:49am KCLAWSON

THE SYSTEM

Regulation:

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

Description of the System:

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

- Water Facilities -

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

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

- Wastewater Treatment System -

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

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

100-Year Flood Plain:

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

Surface Water Conversion:

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

The District is located within the North Harris County Regional Water Authority (the “Authority”). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a ground water reduction plan to comply with the Subsidence District’s 1999 Plan. The Authority submitted its Groundwater Reduction Plan to the Subsidence District and it received final certification on June 11, 2003. The Authority entered into a contract with the City to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee of $4.60 per 1,000 gallons of water produced from its wells. If the District were to purchase surface water from the Authority it would pay a fee of $5.05 per 1,000 gallons of surface water. The issuance of additional bonds by the District, in an undetermined amount, may be necessary in the future to develop further surface water infrastructure or to participate in the Authority's regional surface water conversion effort.

Water and Waste Collection and Disposal Rates:

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

	Minimum Charge	Minimum Usage	Rate per 1,000 Gallons over Minimum Usage	Levels
WATER:	$33.14	6,000	$1.50	6,001 to 20,000
			$1.60	20,001 to 40,000
			$1.70	40,001 and up
WASTEWATER:	$10.00	6,000	$0.75	6,001 to 20,000
			$0.85	20,001 to 40,000
			$0.95	40,001 and up
North Harris County Regional Water Authority Fee			$5.05	0,001 and up

General Fund Operating History:

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

	Fiscal Year Ended September 30 (a)				
GENERAL FUND	**2020**	**2019**	**2018**	**2017**	**2016**
REVENUES					
Property Taxes	$628,787	$530,298	$472,648	$409,740	$334,993
Water Service	$1,098,122	$1,059,888	$1,065,400	$1,026,993	$1,053,998
Wastewater Service	$370,972	$346,650	$348,985	$325,654	$277,212
Water Authority Fees	$926,269	$763,224	$741,233	$616,827	$534,163
Penalty and Interest	$22,724	$29,499	$31,946	$28,454	$36,756
Tap Connection and Inspection Fees	$446,010	$469,585	$119,458	$424,228	$599,300
Investment & Miscellaneous Revenues	$54,689	$176,010	$104,874	$57,456	$28,115
TOTAL REVENUES	**$3,547,573**	**$3,375,154**	**$2,884,544**	**$2,889,352**	**$2,864,537**
EXPENDITURES					
Professional Fees	$273,395	$323,808	$391,148	$429,564	$482,937
Contracted Services	$515,707	$500,557	$445,226	$378,788	$348,068
Utilities	$201,682	$203,351	$198,353	$198,996	$219,606
Water Authority Assessments	$925,180	$789,630	$729,696	$602,664	$536,566
Repairs and Maintenance	$786,701	$697,992	$885,774	$661,345	$594,080
Other	$486,884	$510,997	$349,628	$400,187	$453,274
Capital outlay	$868,323	$214,002	$810,019	$412,624	-
TOTAL EXPENDITURES	**$4,057,872**	**$3,240,337**	**$3,809,844**	**$3,084,168**	**$2,634,531**
EXCESS REVENUES/EXPENDITURES	**($510,299)**	**$134,817**	**($925,300)**	**($194,816)**	**$230,006**
OTHER FINANCING SOURCES (USES)					
Transfers in (Out)	$260,273	-	-	$528,077	-
Contributed by Other Government Unit	-	-	$719,095	-	-
TOTAL OTHER FINANCING SOURCES (USES)	**$260,273**	**-0-**	**$719,095**	**$528,077**	**-0-**
NET CHANGE IN FUND BALANCE	**($250,026)**	**$134,817**	**($206,205)**	**$333,261**	**$230,006**
BEGINNING FUND BALANCE	**$3,751,951**	**$3,617,134**	**$3,823,339**	**$3,490,078**	**$3,260,072**
ENDING FUND BALANCE (b)	**$3,501,925**	**$3,751,951**	**$3,617,134**	**$3,823,339**	**$3,490,078**

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

(b) As of April 14, 2021, the District had an unaudited cash balance and investment balance in the General Fund of approximately $5,310,000. For the fiscal year ending September 30, 2021 the District is budgeting General Fund revenues of $3,280,000 and General Fund operating expenditures of $3,132,296. Additionally, the District is budgeting approximately $120,000 of capital expenditures that may be funded with the District's General Fund during the fiscal year ending September 30, 2021.

DISTRICT DEBT
(Unaudited)

3/1/2021 Estimated Taxable Value	$785,879,285	(a)
2020 Certified Taxable Value	$674,617,190	(b)
Direct Debt		
Outstanding Bonds	$59,805,000	(c)
The Bonds	$13,800,000	
Total Direct Debt	$73,605,000	
Estimated Overlapping Debt	$41,999,736	(d)
Direct and Estimated Overlapping Debt	$115,604,736	
Percentage of Direct Debt to:		
3/1/2021 Estimated Taxable Value	9.37%	
2020 Certified Taxable Value	10.91%	
Percentage of Direct and Estimated Overlapping Debt to:		
3/1/2021 Estimated Taxable Value	14.71%	
2020 Certified Taxable Value	17.14%	
2020 Tax Rate Per $100 of Assessed Value		
Debt Service	$0.70	
Maintenance Tax	$0.10	
Total 2020 Tax Rate	$0.80	(e)
General Fund approximate cash balance as of 4/14/2021	$5,310,303	(f)
Debt Service Fund approximate cash balance as of 4/1/2021	$10,228,613	(g)

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of 3/1/2021 was prepared by HCAD and provided to the District. Such value is not binding on HCAD, and any new value (subsequent to January 1, 2021) will not be included on the District's tax roll until the 2022 tax roll is prepared and certified by HCAD during the second half of 2022. See "TAX DATA" and "TAX PROCEDURES".

(b) The figure above represents the taxable value that has been fully certified on the District's 2020 tax roll.. See "TAX PROCEDURES."

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

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

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

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

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

Estimated Overlapping Debt:

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

Taxing Jurisdiction	Outstanding Debt	Overlapping Debt Percent	Overlapping Debt Amount
Klein Independent School District	$1,071,025,000	3.09%	$33,058,487
Harris County	$1,293,922,125	0.13%	$1,691,645
Harris County Flood Control District	$334,270,000	0.13%	$446,556
Port of Houston Authority	$492,439,397	0.13%	$659,932
Harris County Hospital District	$81,540,000	0.13%	$109,438
Harris County Department of Education	$20,185,000	0.13%	$26,750
Lone Star College System	$518,505,000	0.30%	$1,556,927
Dowdell PUD Defined Area No. 1 (a)	$4,450,000	100.00%	$4,450,000
Total Estimated Overlapping Debt			**$41,999,736**
The District's Direct Debt (b)			$73,605,000
Total Direct and Estimated Overlapping Debt			**$115,604,736**

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

(b) Includes the Bonds.

TAX DATA

Tax Collections:

The following table sets forth the historical tax collection experience of the District for the tax years 2016 through 2020. Such table has been prepared based upon information from District records. Reference is made to such records and statements for further and complete information.

Tax Year	Taxable Valuation	Tax Rate		Adjusted Levy	Current Collection	Current & Prior Years	End 9/30
2020	$674,617,190	$0.80	(a)	$5,364,068	97%	98%	2021
2019	$630,418,826	$0.80	(a)	$5,043,905	99%	100%	2020
2018	$532,499,779	$0.84	(a)	$4,473,540	99%	100%	2019
2017	$473,281,231	$0.84	(a)	$3,975,562	99%	100%	2018
2016	$366,246,595	$0.85		$3,113,096	100%	100%	2017

(a) Excludes the $0.38 per $100 of assessed value levied by the District (for the first time in 2017) against property located within the boundaries of the Defined Area.

Tax Distribution:

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

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

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

Maintenance Tax:

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

Principal Taxpayers:

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

Principal Taxpayers (a)	**Type of Property**	**Assessed Value**	**% of Total**
GP Market Place 1750 LLC	Commercial	$89,168,323	13.22%
Willow Creek I Ltd	Commercial	$27,412,100	4.06%
Home Depot	Commercial	$16,845,413	2.50%
Watermark at Spring TX LLC	Commercial	$16,123,972	2.39%
Target Corporation	Commercial	$11,470,812	1.70%
Mahaffey Partners LLC	Commercial	$7,438,434	1.10%
Milestone Willow Forest Self Storage LTD	Commercial	$6,652,164	0.99%
Five Forks Village LLC	Commercial	$5,936,695	0.88%
Landmark Industries Energy LLC	Commercial	$4,828,918	0.72%
Fri Tomball Investments LLC	Commercial	$3,904,321	0.58%
TOTAL		**$189,781,152**	**28.13%**

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

Analysis of Tax Base:

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

		Type of Property					
Year	Land	Improvements	Personal Property	Gross Value	Less Exemptions		Taxable Valuation
3/1/2021							$785,879,285 (a)
2020	$185,707,774	$529,677,639	$33,125,776	$748,511,189	$73,893,999	(b)	$674,617,190
2019	$181,287,496	$500,900,087	$28,255,861	$710,443,444	$80,024,618	(b)	$630,418,826
2018	$169,823,077	$407,860,454	$23,418,771	$601,102,302	$68,602,523	(b)	$532,499,779
2017	$164,296,990	$367,890,108	$11,083,572	$543,270,670	$69,989,439	(b)	$473,281,231
2016	$130,974,856	$292,533,316	$16,199,038	$439,707,210	$73,460,615	(b)	$366,246,595

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of 3/1/2021 was prepared by HCAD and provided to the District. Such value is not binding on HCAD, and new value (subsequent to January 1, 2021) will not be included on the District's tax roll until the 2021 tax roll is prepared and certified by HCAD during the second half of 2022. See "TAX PROCEDURES."

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

Tax Adequacy for Debt Service:

The calculations shown below assume, solely for the purpose of illustration, no net revenues, no increase over the 3/1/2021 Estimated Taxable Valuation and the 2020 Certified Taxable Value as provided by HCAD and use a tax rate adequate to service the District's total debt service requirements following issuance of the Bonds. The available balances in the debt service fund are not reflected in these computations. The figures below do not include any calculations relative to the taxes necessary to satisfy debt service requirements in the District's Defined Area. The District levied a $0.38 debt service tax rate in the Defined Area in 2020 and anticipates levying similar debt service tax rates in the Defined Area in the future.

Maximum Annual Debt Service Requirements (2026) $4,283,063

$0.58 Tax Rate on the 3/1/2021 Estimated Taxable Valuation of $785,879,285
@ 95% collections produces $4,330,195

$0.67 Tax Rate on the 2020 Taxable Valuation of $674,617,190
@ 95% collections produces $4,293,938

Estimated Overlapping Taxes:

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

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

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

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

TAX PROCEDURES

Tax Code and County-Wide Appraisal District:

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

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

Property Subject to Taxation by the District:

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

The District, either by action of its Board or through a process of petition and referendum initiated by its residents, may grant exemptions for residential homesteads of persons 65 years of age or older and of certain disabled persons, to the extent deemed advisable by the Board. Furthermore, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, but only to the maximum extent of $3,000 of taxable valuation. The District has granted an exemption for persons 65 years of age and older or for disabled persons of $20,000 of taxable valuation for the tax year 2021.

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

Agricultural, Open Space, or Timber Land Use:

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

Residential Homestead Exemption:

Pursuant to the Texas Constitution, the governing body of each political subdivision in the State may exempt up to 20% of the market value of residential homesteads from ad valorem taxes. However, where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The District has never granted a 20% residential homestead exemption.

Notice and Hearing Procedures:

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

Levy and Collection of Taxes:

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

1% for each month or portion of a month it remains unpaid. The Tax Code makes provisions for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances which, at the option of the District, may be rejected.

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

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

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

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

Collection of Delinquent Taxes:

Taxes levied by the District are a personal obligation of the owner of the taxed property as of January 1 of the year in which the taxes are imposed. On January 1 of each year, a tax lien attaches to property to secure payment of all state and local taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of the state and each taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with tax liens of all other such taxing units. A tax lien on real property has priority over the claim of most creditors and other holders of liens on the property encumbered by the tax, whether or not the debt or lien existed before the attachment of the tax lien. Further, as a general rule, the District's tax lien and a federal tax lien are on par with ultimate priority being determined by applicable federal law. Under certain circumstances, personal property is subject to seizure and sale for the payment of delinquent taxes, penalty, and interest. At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. The ability of the District to collect delinquent taxes by judicial foreclosure may be adversely affected by the amount of taxes owed to other taxing units, adverse market conditions affecting the market value of the property at the time of any tax foreclosure sale, taxpayer redemption rights, or bankruptcy proceedings which restrain the collection of a taxpayer's debt.

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

The Effect of FIRREA on Tax Collections of the District:

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

Under FIRREA, real property held by the FDIC is still subject to ad valorem taxation, but such act states (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 that the FDIC attempts to enforce the same, these provisions may affect the timeliness of collection of taxes on property, if any, owned by the FDIC in the District and may prevent the collection of penalties and interest on such taxes or may affect the valuation of such property.

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION

Annexation by the City of Houston:

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

Generally, the City of Houston cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

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

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

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

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

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

Consolidation:

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

THE BONDS

General:

The Bonds are dated July 1, 2021. The Bonds will mature on September 1 in the years and in the amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year or 12 30 day months and will be payable on March 1, 2022, and each September 1 and March 1 thereafter until maturity or prior redemption. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

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

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

Paying Agent/Registrar:

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

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

Authority for Issuance:

The Bonds constitute the seventh issue of unlimited tax refunding bonds authorized by the District's voters in various elections held in the District. Subsequent to the sale of the Bonds, $82,916,525.07 unlimited tax refunding bonds will remain authorized but unissued. The Bonds are issued by the District as unlimited tax bonds pursuant to the terms and provisions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, the laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code, City of Houston Ordinance 97-416 and Texas Government Code Section 1207.

Optional Redemption:

The Bonds maturing on or after September 1, 2028, are subject to redemption at the option of the District, prior to maturity, in whole or in part on September 1, 2027, or on any date thereafter, at a price of the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected by the District. If fewer than all of the Bonds within any one maturity are redeemed, the particular Bonds to be redeemed shall be selected by the Registrar by lot or other random selection method.

Mandatory Redemption:

The Bonds maturing September 1 in the years 2042, and 2045 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown on the table(s) below.

$2,520,000 Term Bonds, due September 1, 2042

Mandatory Redemption Date	Principal Amount
September 1, 2040	$830,000
September 1, 2041	$840,000
September 1, 2042 (maturity)	$850,000

$2,665,000 Term Bonds, due September 1, 2045

Mandatory Redemption Date	Principal Amount
September 1, 2043	$880,000
September 1, 2044	$890,000
September 1, 2045 (maturity)	$895,000

Notice of Redemption; Partial Redemption:

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

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

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

Sources of and Security for Payment:

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

Defeasance:

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

Funds:

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

Issuance of Additional Debt:

If authorized by the Board, and with the approval of the TCEQ, the District may issue additional bonds necessary to construct, acquire, or maintain facilities to provide the services for which the District was created. See "THE DISTRICT." The District's voters have previously authorized the issuance of an aggregate of $4,400,000 principal amount of unlimited tax and revenue bonds, bonds for water, sanitary sewer and drainage improvements, of which the District has issued $2,945,000 and rescinded the remaining authorization of $1,455,000. The voters have also previously authorized the issuance of $170,000,000 unlimited tax bonds and the refunding of bonds, of which $82,916,525.07 will be remaining after the issuance of the Bonds. In addition, the District may authorize additional amounts in future elections. See "RISK FACTORS – Future Debt." The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District.

Registration, Transfer, and Exchange:

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

Replacement of Mutilated, Lost, or Stolen Bonds:

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

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

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

LEGAL MATTERS

Legal Opinion:

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel ("Bond Counsel"), the effect that based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limit as to rate or amount, upon all taxable property located within the District. The District will also furnish the approving legal opinion of McCall, Parkhurst & Horton L.L.P., Dallas, Texas, Special Tax Counsel, to the effect that interest on the Bonds is excludable from gross income of the owners for federal income tax purposes under the existing law and not subject to the alternative minimum tax on individuals, or except as described therein, corporations. See "TAX MATTERS" below for a discussion of Special Tax Counsel's opinion regarding the tax-exempt status of the Bonds.

Legal Review:

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captions: “PLAN OF FINANCING,” “TAX PROCEDURES,” “ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION,” “THE BONDS,” “LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS,” “LEGAL MATTERS," and “CONTINUING DISCLOSURE OF INFORMATION” to determine whether such information fairly summarizes the procedures, law and documents referred to therein. In its capacity as Special Tax Counsel, McCall Parkhurst & Horton, L.L.P., Dallas, Texas, has reviewed the information appearing in this Official Statement under the caption “LEGAL MATTERS-Legal Opinions” (insofar as such section relates to the opinion of Special Tax Counsel) and “TAX MATTERS” solely to determine whether such information fairly summarizes the law referred to therein. Such firms have not, however, independently verified any of the other factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the District for the purposes of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold and delivered. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds.

No-Litigation Certificate:

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

No Material Adverse Change:

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

TAX MATTERS

Tax Exemption:

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

In rendering its opinion, Special Tax Counsel to the District will rely upon (a) the opinion of Bond Counsel, that the Bonds are valid and binding obligations of the District payable from the proceeds of a generally-applicable ad valorem tax, (b) the District’s federal tax certificate and the verification report prepared by Robert Thomas CPA, LLC; and (c) covenants of the District with respect to arbitrage, the application of proceeds to be received from the issuance and sale of the Bonds and certain other matters. Although it is expected that the Bonds will qualify as tax-exempt obligations for federal income tax purposes as of the date of issuance, the tax-exempt status of the Bonds could be affected by future events. However, future events beyond the control of the District, as well as the failure to observe the aforementioned representation or covenants, could cause the interest on the Bonds to become taxable retroactively to the date of issuance.

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

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

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

Federal Income Tax Accounting Treatment of Original Issue Discount:

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

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

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

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

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

Collateral Federal Income Tax Consequences:

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

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

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

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

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

State, Local and Foreign Taxes:

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

Information Reporting and Backup Withholding:

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

Future and Proposed Legislation:

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

NOT Qualified Tax-Exempt Obligations for Financial Institutions:

The Bonds are NOT designated, or deemed designated, as "qualified tax-exempt obligations" within the meaning of section 265(b) of the Code

VERIFICATION OF MATHEMATICAL CALCULATIONS

Robert Thomas CPA, LLC will verify from the information provided to it the mathematical accuracy as of the date of the closing on the Bonds of (1) the computations contained in the provided schedules to determine that the anticipated cash deposits listed in the underwriter's schedules will be sufficient to pay, when due, the principal of and interest on, if any, the Refunded Obligations; (2) the computation of yields on the Bonds and the Escrowed Securities contained in the provided schedules; and (3) the mathematical computations related to certain requirements of certain City of Houston ordinances. Robert Thomas CPA, LLC will express no opinion on the assumptions provided to it, nor as to the exemption from taxation of the interest on the Bonds.

OFFICIAL STATEMENT

Sources of Information:

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

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

Consultants:

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

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

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

Auditors: The District's annual financial statements as of and for the year ended September 30, 2020, have been audited by McCall Gibson Swedlund Barfoot PLLC, Certified Public Accountants. See "APPENDIX A" for a copy of the District's September 30, 2020, audited financial statements.

Updating of Official Statement:

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports:

The District will provide certain updated financial information and operating data annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "SELECTED FINANCIAL INFORMATION," "TAX DATA," and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending after 2021. The District will provide the updated information to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

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

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

Event Notices:

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of CFR § 240.15c2-12 (the "Rule"); (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. (15) incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties. Financial Obligation in the immediately preceding paragraphs (15) and (16) means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order make any provisions for debt service reserves, liquidity enhancement, the pledge of property (other than ad valorem tax revenues) to secure payment of the Bonds, or appointment of a trustee. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Limitations and Amendments:

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

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

Compliance with Prior Undertakings:

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

Continuing Availability of Financial Information:

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

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

CERTIFICATION OF OFFICIAL STATEMENT

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

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

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE YEAR ENDED SEPTEMBER 30, 2020

DOWDELL PUBLIC UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

DOWDELL PUBLIC UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

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

McCALL GIBSON SWEDLUND BARFOOT PLLC

Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dowdell Public Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Dowdell Public Utility District (the "District"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Dowdell Public Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

January 21, 2021

DOWDELL PUBLIC UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Management's discussion and analysis of Dowdell Public Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended September 30, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, liabilities exceeded assets and deferred outflows of resources by $4,492,745 as of September 30, 2020. A portion of the District's net position reflects its net investment in capital assets (land, water facilities, wastewater facilities, and a privacy wall, less any debt used to acquire those assets that is still outstanding). A comparative analysis of government-wide changes in net position is presented below.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Summary of Changes in the Statement of Net Position

	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 22,316,418	$ 20,778,786	$ 1,537,632
Capital Assets (Net of Accumulated Depreciation)	56,122,518	48,410,196	7,712,322
Total Assets	$ 78,438,936	$ 69,188,982	$ 9,249,954
Deferred Outflows of Resources	$ 155,381	$ 110,014	$ 45,367
Due to Developer	$ 12,522,881	$ 11,228,690	$ (1,294,191)
Bonds Payable	68,587,383	60,021,531	(8,565,852)
Other Liabilities	1,976,798	1,127,842	(848,956)
Total Liabilities	$ 83,087,062	$ 72,378,063	$ (10,708,999)
Net Position:			
Net Investment in Capital Assets	$ (14,539,565)	$ (12,295,133)	$ (2,244,432)
Restricted	6,537,379	5,457,606	1,079,773
Unrestricted	3,509,441	3,758,460	(249,019)
Total Net Position	$ (4,492,745)	$ (3,079,067)	$ (1,413,678)

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

Summary of Changes in the Statement of Activities

	2020	2019	Change Positive (Negative)
Revenues:			
Property Taxes	$ 5,483,900	$ 4,786,124	$ 697,776
Charges for Services	2,907,012	2,699,558	207,454
Other Revenues	224,425	534,358	(309,933)
Total Revenues	$ 8,615,337	$ 8,020,040	$ 595,297
Expenses for Services	10,029,015	7,936,411	(2,092,604)
Change in Net Position	$ (1,413,678)	$ 83,629	$ (1,497,307)
Net Position, Beginning of Year	(3,079,067)	(3,162,696)	83,629
Net Position, End of Year	$ (4,492,745)	$ (3,079,067)	$ (1,413,678)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of September 30, 2020, were $20,416,284, an increase of $708,284 from the prior year.

The General Fund fund balance decreased by $250,026, primarily due to capital and operating expenditures exceeding property tax revenues, service revenues, and a transfer from the Capital Projects Fund.

The Debt Service Fund fund balance increased by $1,100,388, primarily due to the structure of the District's outstanding debt and the issuance of Series 2020 Unlimited Tax Refunding Bonds.

The Capital Projects Fund fund balance decreased by $142,078, primarily due to the developer reimbursement funded by the issuance of the Series 2019 Unlimited Tax Bonds.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current fiscal year. Actual revenues were $475,573 more than budgeted revenues and actual expenditures were $870,644 more than budgeted expenditures. After accounting for a transfer of $260,273 from the Capital Projects Fund, the budget to actual comparison reflects a negative variance of $134,798. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of September 30, 2020, total $56,122,518 (net of accumulated depreciation) and include land, water facilities, wastewater facilities and a privacy wall. Significant capital asset activity during the current fiscal year included utilities infrastructure funded with proceeds from the issuance of bonds as well as that paid from the General Fund.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 4,917,423	$ 4,917,423	$
Construction in Progress	3,739,674	837,036	2,902,638
Capital Assets, Net of Accumulated Depreciation:			
Water System	14,995,368	13,829,872	1,165,496
Wastewater System	31,804,311	28,136,346	3,667,965
Privacy Wall	665,742	689,519	(23,777)
Total Net Capital Assets	$ 56,122,518	$ 48,410,196	$ 7,712,322

LONG-TERM DEBT ACTIVITY

As of September 30, 2020, the District had total bond debt payable of $69,245,000. The changes in the debt position of the District during the fiscal year ended September 30, 2020, are summarized as follows:

Bond Debt Payable, October 1, 2019	$	60,650,000
Add: Bonds Sold		12,400,000
Less: Bond Principal Paid/Refunded		3,805,000
Bond Debt Payable, September 30, 2020	$	69,245,000

The District's bonds carry underlying ratings of "BBB" as assigned by Standard and Poor's or "A3" by Moody's with the exception of the Series 2016 Bonds and Series 2020 Refunding Bonds which do not carry an underlying rating. The District's bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal Corporation, Build America Mutual Assurance Company or Municipal Assurance Corporation with the exception of the Series 2016 Bonds, Series 2017 Bonds and Series 2020 Refunding Bonds which do not carry insured ratings. The ratings reflect changes, if any, through September 30, 2020.

CONTACTING THE DISTRICT'S MANAGEMENT

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

DOWDELL PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 953,504	$ 3,837,134
Investments	3,259,671	2,780,507
Receivables:		
Property Taxes	7,516	71,547
Penalty and Interest on Delinquent Taxes		
Service Accounts	219,067	
Accrued Interest	232	4,401
Due from Other Funds	10,761	2,786
Prepaid Costs	39,071	
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 4,489,822	$ 6,696,375
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 4,489,822	$ 6,696,375

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 67,630	$ 4,858,268	$	$ 4,858,268
11,048,571	17,088,749		17,088,749
	79,063		79,063
		27,567	27,567
	219,067		219,067
	4,633		4,633
	13,547	(13,547)	
	39,071		39,071
		4,917,423	4,917,423
		3,739,674	3,739,674
		47,465,421	47,465,421
$ 11,116,201	$ 22,302,398	$ 56,136,538	$ 78,438,936
$ -0-	$ -0-	$ 155,381	$ 155,381
$ 11,116,201	$ 22,302,398	$ 56,291,919	$ 78,594,317

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

DOWDELL PUBLIC UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 341,805	$
Accrued Interest Payable		
Due to Developers		
Annexation Deposits	366,895	
Due to Other Funds	2,786	3,269
Security Deposits	268,895	
Long-Term Liabilities:		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 980,381	$ 3,269
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 7,516	$ 71,547
FUND BALANCES		
Nonspendable:		
Prepaid Costs	$ 39,071	$
Restricted for Authorized Construction		
Restricted for Debt Service		6,004,990
Restricted for Defined Area Debt Service		616,569
Unassigned	3,462,854	
TOTAL FUND BALANCES	$ 3,501,925	$ 6,621,559
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 4,489,822	$ 6,696,375
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 815,909	$ 1,157,714	$	$ 1,157,714
		183,294	183,294
		12,522,881	12,522,881
	366,895		366,895
7,492	13,547	(13,547)	
	268,895		268,895
		2,040,000	2,040,000
		66,547,383	66,547,383
$ 823,401	$ 1,807,051	$ 81,280,011	$ 83,087,062
$ -0-	$ 79,063	$ (79,063)	$ -0-
$	$ 39,071	$ (39,071)	$
10,292,800	10,292,800	(10,292,800)	
	6,004,990	(6,004,990)	
	616,569	(616,569)	
	3,462,854	(3,462,854)	
$ 10,292,800	$ 20,416,284	$ (20,416,284)	$ - 0 -
$ 11,116,201	$ 22,302,398		
		$ (14,539,565)	$ (14,539,565)
		6,537,379	6,537,379
		3,509,441	3,509,441
		$ (4,492,745)	$ (4,492,745)

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

DOWDELL PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds		$ 20,416,284
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is shorter.		155,381
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		56,122,518
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		106,630
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	$ (12,522,881)	
Accrued Interest Payable	(183,294)	
Bonds Payable	(68,587,383)	(81,293,558)
Total Net Position - Governmental Activities		$ (4,492,745)

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

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DOWDELL PUBLIC UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 628,787	$ 4,857,476
Water Service	1,098,122	
Wastewater Service	370,972	
Water Authority Fees	926,269	
Penalty and Interest	22,724	50,003
Tap Connection and Inspection Fees	446,010	
Investment and Miscellaneous Revenues	54,689	66,097
TOTAL REVENUES	$ 3,547,573	$ 4,973,576
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 273,395	$ 14,670
Contracted Services	515,707	82,429
Utilities	201,682	
Water Authority Assessments	925,180	
Repairs and Maintenance	786,701	
Depreciation		
Other	486,884	11,955
Capital Outlay	868,323	
Developer Interest		
Conveyance of Assets		
Debt Service:		
Payment to Refunded Bond Escrow Agent		4,000
Bond Issuance Costs		64,004
Bond Principal		1,475,000
Bond Interest		2,287,920
TOTAL EXPENDITURES/EXPENSES	$ 4,057,872	$ 3,939,978
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ (510,299)	$ 1,033,598
OTHER FINANCING SOURCES (USES)		
Transfers In (Out)	$ 260,273	$
Transfer to Refunded Bond Escrow Agent		(2,333,210)
Proceeds from Issuance of Long-Term Debt		2,400,000
Bond Discounts		
TOTAL OTHER FINANCING SOURCES (USES)	$ 260,273	$ 66,790
NET CHANGE IN FUND BALANCES	$ (250,026)	$ 1,100,388
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - OCTOBER 1, 2019	3,751,951	5,521,171
FUND BALANCES/NET POSITION - SEPTEMBER 30, 2020	$ 3,501,925	$ 6,621,559

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 5,486,263	$ (2,363)	$ 5,483,900
	1,098,122		1,098,122
	370,972		370,972
	926,269		926,269
	72,727	(7,088)	65,639
	446,010		446,010
103,639	224,425		224,425
$ 103,639	$ 8,624,788	$ (9,451)	$ 8,615,337
$	$ 288,065	$	$ 288,065
	598,136		598,136
	201,682		201,682
	925,180		925,180
	786,701	31,278	817,979
		1,316,709	1,316,709
198	499,037		499,037
8,511,329	9,379,652	(9,379,652)	
529,288	529,288		529,288
		1,613,534	1,613,534
	4,000	(4,000)	
840,837	904,841		904,841
	1,475,000	(1,475,000)	
	2,287,920	46,644	2,334,564
$ 9,881,652	$ 17,879,502	$ (7,850,487)	$ 10,029,015
$ (9,778,013)	$ (9,254,714)	$ 7,841,036	$ (1,413,678)
$ (260,273)	$	$	$
	(2,333,210)	2,333,210	
10,000,000	12,400,000	(12,400,000)	
(103,792)	(103,792)	103,792	
$ 9,635,935	$ 9,962,998	$ (9,962,998)	$ -0-
$ (142,078)	$ 708,284	$ (708,284)	$
		(1,413,678)	(1,413,678)
10,434,878	19,708,000	(22,787,067)	(3,079,067)
$ 10,292,800	$ 20,416,284	$ (24,909,029)	$ (4,492,745)

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

DOWDELL PUBLIC UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances - Governmental Funds	$ 708,284
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(2,363)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	(7,088)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(1,316,709)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected. Conveyance of assets to other entities for ownership and maintenance is recorded as an expense in the Statement of Activities.	7,734,840
Governmental funds report bond discounts as other financing uses in the year paid. However, in the Statement of Net Position, the bond discounts are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	103,792
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,475,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(46,644)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(12,400,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	2,337,210
Change in Net Position - Governmental Activities	$ (1,413,678)

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

DOWDELL PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1. CREATION OF DISTRICT

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

Governmental Funds

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

<u>Governmental Funds</u> (Continued)

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

<u>Basis of Accounting</u>

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

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

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

As of September 30, 2020, the Debt Service Fund owed the General Fund $3,269 for maintenance tax collections. The Capital Projects Fund owed the General Fund $7,492 for costs reimbursable from Series 2018 Bond proceeds. The General Fund owed the Debt Service Fund $2,786 for costs reimbursable from Series 2020 Bond proceeds. The Capital Projects Fund transferred $260,273 to the General Fund for costs associated with the construction of water plant no. 4 paid in prior years.

<u>Capital Assets</u>

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset. Interest costs will no longer be capitalized as part of the asset but will be shown as an expenditure in the fund financial statements and as an expense in the government-wide financial statements. Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water and Sewer system	10-45
Privacy Wall	30

Budgeting

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

Pensions

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

Measurement Focus

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

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

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

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

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

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

DOWDELL PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 3. LONG-TERM DEBT

	Refunding Series 2012	Refunding Series 2014	Series 2015	Refunding Series 2016	Series 2017
Amount Outstanding – September 30, 2020	$ 1,210,000	$ 4,585,000	$ 7,000,000	$ 2,500,000	$ 13,250,000
Interest Rates	2.00% - 4.00%	3.00% - 4.00%	2.00% - 3.75%	2.02%	3.00% - 4.00%
Maturity Dates - Serially Beginning/Ending	September 1, 2021/2026	September 1, 2021/2034	September 1, 2021/2039	September 1, 2021/2028	September 1, 2021/2045
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2021*	September 1, 2023*	September 1, 2021*	Non-callable	September 1, 2021*

	Defined Area No.1 Series 2017	Series 2017A	Series 2018	Series 2019	Refunding Series 2020
Amount Outstanding – September 30, 2020	$ 4,450,000	$ 18,750,000	$ 5,100,000	$ 10,000,000	$ 2,400,000
Interest Rates	2.00% - 4.00%	2.00% - 4.50%	3.00% - 5.00%	2.00% - 4.00%	1.68%
Maturity Dates - Serially Beginning/Ending	September 1, 2021/2045	September 1, 2021/2045	September 1, 2021/2045	September 1, 2022/2046	September 1, 2021/2030
Interest Payment Dates	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Callable Dates	September 1, 2022*	September 1, 2023*	September 1, 2023*	September 1, 2025*	September 1, 2021*

* Or any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2014 term bonds due September 1, 2029, September 1, 2031, and September 1, 2033 are subject to mandatory redemption by random selection beginning September 1, 2028, September 1, 2030, and September 1, 2032, respectively. Series 2015 term bond maturing on September 1, 2039, is subject to mandatory redemption beginning September 1, 2037. Series 2017 term bonds due September 1, 2041 and September 1, 2045, are subject to mandatory redemption by random selection beginning September 1, 2039 and September 1, 2042, respectively. Series 2017 Defined Area No. 1 term bonds due September 1, 2045 are subject to mandatory redemption on September 1, 2040. Series 2017A term bonds due September 1, 2034, September 1, 2036, September 1, 2038, September 2042, and September 1, 2045 are subject to mandatory redemption by random selection beginning September 1, 2033, September 1, 2035, September 1, 2037, September 1, 2040, and September 1, 2043, respectively. Series 2019 term bonds due September 1, 2046 are subject to mandatory redemption by random selection beginning September 1, 2044.

NOTE 3. LONG-TERM DEBT (Continued)

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

	October 1, 2019	Additions	Retirements	September 30, 2020
Bonds Payable	$ 60,650,000	$ 12,400,000	$ 3,805,000	$ 69,245,000
Unamortized Discounts	(843,230)	(103,792)	(92,988)	(854,034)
Unamortized Premiums	214,761		18,344	196,417
Bonds Payable, Net	$ 60,021,531	$ 12,296,208	$ 3,730,356	$ 68,587,383

Amount Due Within One Year	$ 2,040,000
Amount Due After One Year	66,547,383
Bonds Payable, Net	$ 68,587,383

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

Fiscal Year	Principal	Interest	Total
2021	$ 2,040,000	$ 2,233,806	$ 4,273,806
2022	2,160,000	2,175,433	4,335,433
2023	2,230,000	2,103,424	4,333,424
2024	2,325,000	2,029,017	4,354,017
2025	2,425,000	1,967,744	4,392,744
2026-2030	12,190,000	8,830,442	21,020,442
2031-2035	13,115,000	7,024,625	20,139,625
2036-2040	15,480,000	4,679,126	20,159,126
2041-2045	16,480,000	1,935,309	18,415,309
2046	800,000	23,000	823,000
	$ 69,245,000	$ 33,001,926	$ 102,246,926

As of September 30, 2020, the District had authorized but unissued bonds in the amount of $91,726,525 for utility facilities and refunding purposes. The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount.

NOTE 3. LONG-TERM DEBT (Continued)

During the year ended September 30, 2020, the District levied an ad valorem debt service tax rate of $0.70 per $100 of assessed valuation, which resulted in a tax levy of $4,413,061 on the adjusted taxable valuation of $630,437,350 for the 2019 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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.

DEFINED AREA BONDS

On November 3, 2015, the District held an election for Designation of Defined Area and Road Bonds for Defined Area. Qualified resident electors of the Defined Area voted to designate a Defined Area in the District, authorize the issuance of up to $23,000,000 in bonds to pay for the construction and acquisition of roads to serve the Defined Area and for refunding purposes; and provide for payment of principal and interest on such bonds by the levy and collection of a sufficient tax on all taxable property within the Defined Area. As of September 30, 2020, the District has authorized but unissued bonds in the amount of $18,450,000 for these purposes.

During the year ended September 30, 2020, the District levied an ad valorem debt service rate of $0.38 per $100 of assessed valuation within the Defined Area, which resulted in a total tax levy of $445,525 on the adjusted taxable valuation of $117,243,490 for the 2019 tax year.

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

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

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

DOWDELL PUBLIC UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

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 $5,582,819 and the bank balance was $5,675,866. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at September 30, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 953,504	$ 242,162	$ 1,195,666
DEBT SERVICE FUND	3,837,134	482,389	4,319,523
CAPITAL PROJECTS FUND	67,630		67,630
TOTAL DEPOSITS	$ 4,858,268	$ 724,551	$ 5,582,819

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

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

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 3,017,509	$ 3,017,509
Certificate of Deposit	242,162	242,162
DEBT SERVICE FUND		
TexPool	2,298,118	2,298,118
Certificates of Deposit	482,389	482,389
CAPITAL PROJECTS FUND		
TexPool	11,048,571	11,048,571
TOTAL INVESTMENTS	$ 17,088,749	$ 17,088,749

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2020, the District's investments in TexPool were rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance.

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

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

NOTE 6. CAPITAL ASSETS

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

	October 1, 2019	Increases	Decreases	September 30, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 4,917,423	$	$	$ 4,917,423
Construction in Progress	837,036	9,029,031	6,126,393	3,739,674
Total Capital Assets Not Being Depreciated	$ 5,754,459	$ 9,029,031	$ 6,126,393	$ 8,657,097
Capital Assets Subject to Depreciation				
Water System	$ 17,916,684	$ 1,557,621	$	$ 19,474,305
Wastewater System	34,285,847	4,568,772		38,854,619
Privacy Wall	713,296			713,296
Total Capital Assets Subject to Depreciation	$ 52,915,827	$ 6,126,393	$ - 0 -	$ 59,042,220
Less Accumulated Depreciation				
Water System	$ 4,086,812	$ 392,125	$	$ 4,478,937
Wastewater System	6,149,501	900,807		7,050,308
Privacy Wall	23,777	23,777		47,554
Total Accumulated Depreciation	$ 10,260,090	$ 1,316,709	$ - 0 -	$ 11,576,799
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 42,655,737	$ 4,809,684	$ - 0 -	$ 47,465,421
Total Capital Assets, Net of Accumulated Depreciation	$ 48,410,196	$ 13,838,715	$ 6,126,393	$ 56,122,518

NOTE 7. MAINTENANCE TAX

On May 9, 2015, the voters of the District approved the levy and collection of a maintenance tax not to exceed $1.00 per $100 of assessed valuation of taxable property within the District. Such tax is in addition to taxes which the District is authorized to levy for paying principal and interest on the District's bond debt. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and sanitary sewer system. During the year ended September 30, 2020, the District levied an ad valorem maintenance tax rate of $0.10 per $100 of assessed valuation, which resulted in a tax levy of $630,437 on the adjusted taxable valuation of $630,437,350 for the 2019 tax year.

NOTE 8. DUE TO DEVELOPER AND UNREIMBURSED COSTS

The District has executed a developer financing agreements with Developers within the District. The agreements call for the Developers to fund costs associated with water, wastewater and drainage facilities until such time as the District can sell bonds. The following table summarizes the activity for the current fiscal year.

Due to Developers, October 1, 2019	$ 11,228,690
Current year Additions	7,398,392
Current year Reimbursements	6,104,201
Due to Developers, September 30, 2020	$ 12,522,881

NOTE 9. RISK MANAGEMENT

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

NOTE 10. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority charges a fee, based on the amount of water pumped from a well, to the owner of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current pumpage fee charged is $4.25 per 1,000 gallons of water pumped from each well. During the current fiscal year, the District recorded expenditures of $925,180 related to these fees.

NOTE 11. EMERGENCY WATER SUPPLY AGREEMENT

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

NOTE 12. STRATEGIC PARTNERSHIP AGREEMENT

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

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

NOTE 13. BOND SALES

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

On September 24, 2020, the District issued its $2,400,000 Series 2020 Unlimited Tax Refunding Bonds. Proceeds of the bonds were used to redeem, prior to stated maturities, the unpaid principal balance due on the Series 2009 Bonds in the amount of $2,330,000, with maturities of 2021-2030, interest rates of 4.00% - 4.80% and a redemption date of September 24, 2020. The refunding resulted in gross debt service savings of $344,365 and net present value savings of $307,945.

NOTE 14. SUBSEQUENT EVENT – BOND SALE

Subsequent to year-end, on January 14, 2021, the District closed on the sale of its Unlimited Tax Bonds, Series 2021 in the amount of $7,900,000. Proceeds were used to reimburse developers for the construction of utilities serving the following: 25-Acre commercial tract; 5.8-Acre commercial tract; and 8.4 acre commercial tract. Additional bond proceeds were used to pay for construction and engineering costs related to the Cypress Academy lift station, force main and wastewater projects. Proceeds were also used to pay certain costs bond issuance costs.

NOTE 15. 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.

DOWDELL PUBLIC UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2020

DOWDELL PUBLIC UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 654,000	$ 628,787	$ (25,213)
Water Service	1,106,000	1,098,122	(7,878)
Wastewater Service	342,000	370,972	28,972
Water Authority Fees	720,000	926,269	206,269
Penalty and Interest	32,000	22,724	(9,276)
Tap Connection and Inspection Fees	160,000	446,010	286,010
Investment and Miscellaneous Revenues	58,000	54,689	(3,311)
TOTAL REVENUES	$ 3,072,000	$ 3,547,573	$ 475,573
EXPENDITURES			
Service Operations:			
Professional Fees	$ 265,500	$ 273,395	$ (7,895)
Contracted Services	510,828	515,707	(4,879)
Utilities	204,000	201,682	2,318
Water Authority Assessments	753,000	925,180	(172,180)
Repairs and Maintenance	688,600	786,701	(98,101)
Other	517,800	486,884	30,916
Capital Outlay	247,500	868,323	(620,823)
TOTAL EXPENDITURES	$ 3,187,228	$ 4,057,872	$ (870,644)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (115,228)	$ (510,299)	$ (395,071)
OTHER FINANCING SOURCES(USES)			
Transfers In	$ -0-	$ 260,273	$ 260,273
NET CHANGE IN FUND BALANCE	$ (115,228)	$ (250,026)	$ (134,798)
FUND BALANCE - OCTOBER 1, 2019	3,751,951	3,751,951	
FUND BALANCE - SEPTEMBER 30, 2020	$ 3,636,723	$ 3,501,925	$ (134,798)

Seen accompanying independent auditor's report.

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DOWDELL PUBLIC UTILITY DISTRICT

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

SEPTEMBER 30, 2020

DOWDELL PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

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

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

_____ Other (specify): ____________________

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order effective April 20, 2017.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 33.14	6,000	N	$ 1.50	6,001 to 20,000
				$ 1.60	20,001 to 40,000
				$ 1.70	40,001 and up
WASTEWATER:	$ 10.00	6,000	N	$ 0.75	6,001 to 20,000
				$ 0.85	20,001 to 40,000
				$ 0.95	40,001 and up
SURCHARGE:					
Regional Water Authority	Pumpage fee ($4.25) plus 10% per 1,000 gallons		N	$ 4.68	0,001 and up

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

Total monthly charges per 10,000 gallons usage: Water: $39.14 Wastewater: $13.00 Surcharge: $46.80

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered			x 1.0	
≤¾"	2,067	2,057	x 1.0	2,057
1"	35	35	x 2.5	88
1½"			x 5.0	
2"	64	64	x 8.0	512
3"			x 15.0	
4"	5	5	x 25.0	125
6"	6	6	x 50.0	300
8"	4	4	x 80.0	320
10"	2	2	x 115.0	230
Total Water Connections	2,183	2,173		3,632
Total Wastewater Connections	2,103	2,093	x 1.0	2,093

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

Gallons pumped into system: 231,634,000

Water Accountability Ratio: 91.84%
(Gallons billed/Gallons pumped)

Gallons billed to customers: 212,744,000

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

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

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

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

5. LOCATION OF DISTRICT:

Is the District located entirely within one county?

Yes _X_ No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly ______ Not at all _X_

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

Entirely _X_ Partly ______ Not at all _____

ETJ in which District is located:

City of Houston, Texas.

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

DOWDELL PUBLIC UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

PROFESSIONAL FEES:		
Auditing	$	16,250
Engineering		113,912
Legal		141,483
Financial Advisor		1,750
TOTAL PROFESSIONAL FEES	$	273,395
CONTRACTED SERVICES:		
Bookkeeping	$	19,219
Operations and Billing		140,666
Security		355,822
TOTAL CONTRACTED SERVICES	$	515,707
UTILITIES	$	201,682
REPAIRS AND MAINTENANCE	$	786,701
ADMINISTRATIVE EXPENDITURES:		
Director Fees, Including Payroll Taxes	$	19,422
Insurance		42,080
Office Supplies and Postage		35,338
Travel and Meetings		4,262
Other		12,520
TOTAL ADMINISTRATIVE EXPENDITURES	$	113,622
CAPITAL OUTLAY	$	868,323
TAP CONNECTIONS	$	148,904
OTHER EXPENDITURES:		
Chemicals	$	28,483
Laboratory Fees		61,534
Permit Fees		12,978
Inspection Fees		13,660
Water Authority Assessments		925,180
Regulatory Assessment		5,306
Sludge Hauling		102,397
TOTAL OTHER EXPENDITURES	$	1,149,538
TOTAL EXPENDITURES	$	4,057,872

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
INVESTMENTS
SEPTEMBER 30, 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	$ 3,017,509	$
Certificate of Deposit	XXXX5813	0.50%	01/22/21	242,162	232
TOTAL GENERAL FUND				$ 3,259,671	$ 232
DEBT SERVICE FUND					
TexPool	XXXX0001	Varies	Daily	$ 2,298,118	$
Certificate of Deposit	XXXX1382	0.95%	11/05/20	242,389	921
Certificate of Deposit	XXXX4201	2.10%	07/22/21	240,000	3,480
TOTAL DEBT SERVICE FUND				$ 2,780,507	$ 4,401
CAPITAL PROJECTS FUND					
TexPool	XXXX0003	Varies	Daily	$ 11,048,571	$ -0-
TOTAL - ALL FUNDS				$ 17,088,749	$ 4,633

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE -				
OCTOBER 1, 2019	$ 6,509		$ 74,364	
Adjustments to Beginning Balance	(643)	$ 5,866	(4,809)	$ 69,555
Original 2019 Tax Levy	$ 488,753		$ 3,421,274	
Adjustment to 2019 Tax Levy	141,684	630,437	991,787	4,413,061
TOTAL TO BE ACCOUNTED FOR		$ 636,303		$ 4,482,616
TAX COLLECTIONS:				
Prior Years	$ 2,474		$ 28,431	
Current Year	626,313	628,787	4,384,190	4,412,621
TAXES RECEIVABLE - SEPTEMBER 30, 2020		$ 7,516		$ 69,995
TAXES RECEIVABLE BY YEAR:				
2019		$ 4,124		$ 28,871
2018		1,554		11,496
2017		778		5,760
2016		456		3,068
2015		604		3,925
2014 and Prior				16,875
TOTAL		$ 7,516		$ 69,995

DEFINED AREA TAX LEVY: During the year ended September 30, 2020, the District also levied an ad valorem debt service tax rate of $0.38 per $100 of assessed valuation within the Defined Area, which resulted in a tax levy of $445,525 on the adjusted taxable valuation of $117,243,490 for the 2019 tax year. Unpaid taxes for the Defined Area as of September 30, 2020, totaled $1,552.

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	2019	2018	2017	2016
PROPERTY VALUATIONS:				
Land	$ 176,434,986	$ 168,250,767	$ 164,798,011	$ 131,735,085
Improvements	500,900,087	407,860,454	353,062,283	281,081,274
Personal Property	33,056,965	25,570,231	10,084,006	14,085,637
Exemptions	(79,954,688)	(68,437,186)	(52,917,987)	(61,225,184)
TOTAL PROPERTY VALUATIONS	$ 630,437,350	$ 533,244,266	$ 475,026,313	$ 365,676,812
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.70	$ 0.74	$ 0.74	$ 0.74
Maintenance	0.10	0.10	0.10	0.11
TOTAL TAX RATES PER $100 VALUATION	$ 0.80	$ 0.84	$ 0.84	$ 0.85
ADJUSTED TAX LEVY*	$ 5,043,498	$ 4,480,249	$ 3,992,118	$ 3,108,461
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	99.35 %	99.71 %	99.84 %	99.89 %

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

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

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	SERIES-2012 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 180,000	$ 47,500	$ 227,500
2022	190,000	41,200	231,200
2023	195,000	33,600	228,600
2024	205,000	25,800	230,800
2025	215,000	17,600	232,600
2026	225,000	9,000	234,000
2027			
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2046			
	$ 1,210,000	$ 174,700	$ 1,384,700

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

Due During Fiscal Years Ending September 30	SERIES-2014 REFUNDING Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 430,000	$ 163,125	$ 593,125
2022	450,000	150,225	600,225
2023	470,000	134,475	604,475
2024	485,000	118,025	603,025
2025	505,000	103,475	608,475
2026	530,000	83,275	613,275
2027	550,000	62,075	612,075
2028	150,000	44,200	194,200
2029	155,000	38,950	193,950
2030	160,000	33,525	193,525
2031	165,000	27,125	192,125
2032	170,000	20,525	190,525
2033	180,000	14,150	194,150
2034	185,000	7,400	192,400
2035			
2036			
2037			
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2046			
	$ 4,585,000	$ 1,000,550	$ 5,585,550

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	SERIES - 2015		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 250,000	$ 230,625	$ 480,625
2022	250,000	225,625	475,625
2023	250,000	218,125	468,125
2024	275,000	210,625	485,625
2025	300,000	202,375	502,375
2026	300,000	193,375	493,375
2027	300,000	184,375	484,375
2028	325,000	175,375	500,375
2029	350,000	165,625	515,625
2030	350,000	155,125	505,125
2031	375,000	144,188	519,188
2032	400,000	132,000	532,000
2033	400,000	118,500	518,500
2034	425,000	104,500	529,500
2035	450,000	89,625	539,625
2036	450,000	73,875	523,875
2037	500,000	58,125	558,125
2038	525,000	39,375	564,375
2039	525,000	19,687	544,687
2040			
2041			
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2045			
2046			
	$ 7,000,000	$ 2,741,125	$ 9,741,125

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

Due During Fiscal Years Ending September 30	SERIES-2016 REFUNDING Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 275,000	$ 50,500	$ 325,500
2022	285,000	44,945	329,945
2023	295,000	39,188	334,188
2024	305,000	33,229	338,229
2025	320,000	27,068	347,068
2026	330,000	20,604	350,604
2027	340,000	13,938	353,938
2028	350,000	7,070	357,070
2029			
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2046			
	$ 2,500,000	$ 236,542	$ 2,736,542

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	S E R I E S - 2 0 1 7		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 100,000	$ 480,344	$ 580,344
2022	100,000	477,344	577,344
2023	100,000	474,344	574,344
2024	100,000	471,344	571,344
2025	100,000	468,344	568,344
2026	100,000	465,344	565,344
2027	150,000	462,344	612,344
2028	200,000	457,844	657,844
2029	300,000	451,854	751,854
2030	500,000	442,844	942,844
2031	525,000	427,219	952,219
2032	550,000	410,156	960,156
2033	600,000	392,281	992,281
2034	625,000	372,031	997,031
2035	675,000	350,156	1,025,156
2036	700,000	326,531	1,026,531
2037	725,000	301,156	1,026,156
2038	750,000	274,875	1,024,875
2039	800,000	247,687	1,047,687
2040	850,000	217,687	1,067,687
2041	875,000	185,812	1,060,812
2042	900,000	153,000	1,053,000
2043	950,000	117,000	1,067,000
2044	975,000	79,000	1,054,000
2045	1,000,000	40,000	1,040,000
2046			
	$ 13,250,000	$ 8,546,541	$ 21,796,541

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	SERIES-2017 DEFINED AREA NO. 1		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 100,000	$ 159,875	$ 259,875
2022	100,000	157,875	257,875
2023	100,000	154,875	254,875
2024	125,000	151,875	276,875
2025	125,000	148,125	273,125
2026	125,000	144,375	269,375
2027	125,000	140,625	265,625
2028	150,000	136,875	286,875
2029	150,000	132,188	282,188
2030	150,000	127,313	277,313
2031	150,000	122,250	272,250
2032	150,000	117,000	267,000
2033	175,000	111,750	286,750
2034	175,000	105,625	280,625
2035	175,000	99,281	274,281
2036	200,000	92,938	292,938
2037	200,000	85,438	285,438
2038	200,000	77,938	277,938
2039	225,000	70,438	295,438
2040	225,000	62,000	287,000
2041	250,000	53,000	303,000
2042	250,000	43,000	293,000
2043	275,000	33,000	308,000
2044	275,000	22,000	297,000
2045	275,000	11,000	286,000
2046			
	$ 4,450,000	$ 2,560,659	$ 7,010,659

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	SERIES - 2017A		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 450,000	$ 601,562	$ 1,051,562
2022	475,000	581,312	1,056,312
2023	500,000	559,938	1,059,938
2024	500,000	537,436	1,037,436
2025	525,000	527,438	1,052,438
2026	550,000	516,938	1,066,938
2027	575,000	505,250	1,080,250
2028	600,000	491,594	1,091,594
2029	625,000	476,594	1,101,594
2030	650,000	459,406	1,109,406
2031	675,000	439,906	1,114,906
2032	700,000	419,656	1,119,656
2033	725,000	398,656	1,123,656
2034	750,000	376,906	1,126,906
2035	775,000	354,406	1,129,406
2036	800,000	330,188	1,130,188
2037	850,000	305,188	1,155,188
2038	875,000	277,562	1,152,562
2039	900,000	249,126	1,149,126
2040	950,000	218,750	1,168,750
2041	975,000	185,500	1,160,500
2042	1,025,000	151,376	1,176,376
2043	1,050,000	115,500	1,165,500
2044	1,100,000	78,750	1,178,750
2045	1,150,000	40,250	1,190,250
2046			
	$ 18,750,000	$ 9,199,188	$ 27,949,188

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	SERIES - 2018		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 50,000	$ 200,594	$ 250,594
2022	50,000	198,094	248,094
2023	50,000	195,594	245,594
2024	50,000	193,094	243,094
2025	50,000	191,594	241,594
2026	50,000	190,094	240,094
2027	100,000	188,594	288,594
2028	185,000	185,469	370,469
2029	190,000	179,456	369,456
2030	200,000	173,042	373,042
2031	205,000	166,044	371,044
2032	215,000	158,869	373,869
2033	225,000	150,269	375,269
2034	230,000	141,268	371,268
2035	240,000	132,069	372,069
2036	250,000	122,469	372,469
2037	260,000	112,469	372,469
2038	270,000	102,068	372,068
2039	280,000	91,268	371,268
2040	295,000	80,068	375,068
2041	305,000	68,268	373,268
2042	320,000	55,688	375,688
2043	330,000	42,488	372,488
2044	345,000	28,876	373,876
2045	355,000	14,644	369,644
2046			
	$ 5,100,000	$ 3,362,450	$ 8,462,450

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	SERIES-2019		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$	$ 261,937	$ 261,937
2022	50,000	261,937	311,937
2023	50,000	259,937	309,937
2024	50,000	257,937	307,937
2025	50,000	255,937	305,937
2026	50,000	253,937	303,937
2027	75,000	252,938	327,938
2028	200,000	251,437	451,437
2029	225,000	247,438	472,438
2030	250,000	242,937	492,937
2031	275,000	237,938	512,938
2032	300,000	232,094	532,094
2033	350,000	225,344	575,344
2034	400,000	217,469	617,469
2035	500,000	207,969	707,969
2036	525,000	196,094	721,094
2037	550,000	182,969	732,969
2038	575,000	169,219	744,219
2039	600,000	154,844	754,844
2040	625,000	139,094	764,094
2041	675,000	121,906	796,906
2042	700,000	103,344	803,344
2043	700,000	84,094	784,094
2044	700,000	63,969	763,969
2045	725,000	43,844	768,844
2046	800,000	23,000	823,000
	$ 10,000,000	$ 4,949,563	$ 14,949,563

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	SERIES - 2020 REFUNDING		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1/ September 1	Total
2021	$ 205,000	$ 37,744	$ 242,744
2022	210,000	36,876	246,876
2023	220,000	33,348	253,348
2024	230,000	29,652	259,652
2025	235,000	25,788	260,788
2026	240,000	21,840	261,840
2027	250,000	17,808	267,808
2028	260,000	13,608	273,608
2029	270,000	9,240	279,240
2030	280,000	4,704	284,704
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2046			
	$ 2,400,000	$ 230,608	$ 2,630,608

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
SEPTEMBER 30, 2020

	ANNUAL REQUIREMENTS FOR ALL SERIES		
Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 2,040,000	$ 2,233,806	$ 4,273,806
2022	2,160,000	2,175,433	4,335,433
2023	2,230,000	2,103,424	4,333,424
2024	2,325,000	2,029,017	4,354,017
2025	2,425,000	1,967,744	4,392,744
2026	2,500,000	1,898,782	4,398,782
2027	2,465,000	1,827,947	4,292,947
2028	2,420,000	1,763,472	4,183,472
2029	2,265,000	1,701,345	3,966,345
2030	2,540,000	1,638,896	4,178,896
2031	2,370,000	1,564,670	3,934,670
2032	2,485,000	1,490,300	3,975,300
2033	2,655,000	1,410,950	4,065,950
2034	2,790,000	1,325,199	4,115,199
2035	2,815,000	1,233,506	4,048,506
2036	2,925,000	1,142,095	4,067,095
2037	3,085,000	1,045,345	4,130,345
2038	3,195,000	941,037	4,136,037
2039	3,330,000	833,050	4,163,050
2040	2,945,000	717,599	3,662,599
2041	3,080,000	614,486	3,694,486
2042	3,195,000	506,408	3,701,408
2043	3,305,000	392,082	3,697,082
2044	3,395,000	272,595	3,667,595
2045	3,505,000	149,738	3,654,738
2046	800,000	23,000	823,000
	$ 69,245,000	$ 33,001,926	$ 102,246,926

See accompanying independent auditor's report.

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DOWDELL PUBLIC UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2020

Description	Original Bonds Issued	Bonds Outstanding October 1, 2019
Dowdell Public Utility District Unlimited Tax Bonds - Series 2009	$ 3,660,000	$ 2,490,000
Dowdell Public Utility District Unlimited Tax Refunding Bonds - Series 2012	2,125,000	1,385,000
Dowdell Public Utility District Unlimited Tax and Refunding Bonds - Series 2014	6,900,000	5,000,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2015	7,000,000	7,000,000
Dowdell Public Utility District Unlimited Tax Refunding Bonds - Series 2016	4,445,000	3,125,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2017	13,250,000	13,250,000
Dowdell Public Utility District Defined Area No. 1 Unlimited Tax Bonds - Series 2017	4,550,000	4,550,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2017A	18,750,000	18,750,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2018	5,100,000	5,100,000
Dowdell Public Utility District Unlimited Tax Bonds - Series 2019	10,000,000	
Dowdell Public Utility District Unlimited Tax Refunding Bonds - Series 2020	2,400,000	
TOTAL	$ 78,180,000	$ 60,650,000

Bond Authority:	Tax and Refunding Bonds	Road Bonds - Defined Area
Amount Authorized by Voters	$ 172,945,000	$ 23,000,000
Amount Issued	81,218,475	4,550,000
Remaining to be Issued	$ 91,726,525	$ 18,450,000

See accompanying independent auditor’s report.

Current Year Transactions				
	Retirements		Bonds Outstanding	
Bonds Sold	Principal	Interest	September 30, 2020	Paying Agent
$	$ 2,490,000	$ 111,192	$ -0-	Wells Fargo Bank of Texas Houston, TX
	175,000	52,750	1,210,000	The Bank of New York Mellon Trust Co., N.A. Dallas, TX
	415,000	175,575	4,585,000	Zions Bancorporation, NA Houston, TX
		230,625	7,000,000	Zions Bancorporation, NA Houston, TX
	625,000	63,125	2,500,000	Zions Bancorporation, NA Houston, TX
		480,344	13,250,000	Zions Bancorporation, NA Houston, TX
	100,000	161,875	4,450,000	Zions Bancorporation, NA Houston, TX
		601,562	18,750,000	Zions Bancorporation, NA Houston, TX
		200,594	5,100,000	Zions Bancorporation, NA Houston, TX
10,000,000		210,278	10,000,000	Zions Bancorporation, NA Houston, TX
2,400,000			2,400,000	Zions Bancorporation, NA Houston, TX
$ 12,400,000	$ 3,805,000	$ 2,287,920	$ 69,245,000	

Debt Service Fund cash and investment balances as of September 30, 2020:	$ 6,617,641
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,932,574

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

See accompanying independent auditor's report.

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

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 628,787	$ 530,298	$ 472,648
Water Service	1,098,122	1,059,888	1,065,400
Wastewater Service	370,972	346,650	348,985
Water Authority Fees	926,269	763,224	741,233
Penalty and Interest	22,724	29,499	31,946
Tap Connection and Inspection Fees	446,010	469,585	119,458
Investment and Miscellaneous Revenues	54,689	176,010	104,874
TOTAL REVENUES	$ 3,547,573	$ 3,375,154	$ 2,884,544
EXPENDITURES			
Professional Fees	$ 273,395	$ 323,808	$ 391,148
Contracted Services	515,707	500,557	445,226
Utilities	201,682	203,351	198,353
Water Authority Assessments	925,180	789,630	729,696
Repairs and Maintenance	786,701	697,992	885,774
Other	486,884	510,997	349,628
Capital Outlay	868,323	214,002	810,019
TOTAL EXPENDITURES	$ 4,057,872	$ 3,240,337	$ 3,809,844
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (510,299)	$ 134,817	$ (925,300)
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$ 260,273	$	$
Contributed by Other Governmental Unit			719,095
TOTAL OTHER FINANCING SOURCES (USES)	$ 260,273	$ - 0 -	$ 719,095
NET CHANGE IN FUND BALANCE	$ (250,026)	$ 134,817	$ (206,205)
BEGINNING FUND BALANCE	3,751,951	3,617,134	3,823,339
ENDING FUND BALANCE	$ 3,501,925	$ 3,751,951	$ 3,617,134

See accompanying independent auditor's report.

2017	2016	2020	2019	2018	2017	2016
		Percentage of Total Revenues				
$ 409,740	$ 334,993	17.7 %	15.7 %	16.4 %	14.2 %	11.7 %
1,026,993	1,053,998	31.0	31.4	36.9	35.5	36.8
325,654	277,212	10.5	10.3	12.1	11.3	9.7
616,827	534,163	26.1	22.6	25.7	21.3	18.6
28,454	36,756	0.6	0.9	1.1	1.0	1.3
424,228	599,300	12.6	13.9	4.1	14.7	20.9
57,456	28,115	1.5	5.2	3.7	2.0	1.0
$ 2,889,352	$ 2,864,537	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 429,564	$ 482,937	7.7 %	9.6 %	13.6 %	14.9 %	16.9 %
378,788	348,068	14.5	14.8	15.4	13.1	12.2
198,996	219,606	5.7	6.0	6.9	6.9	7.7
602,664	536,566	26.1	23.4	25.3	20.9	18.7
661,345	594,080	22.2	20.7	30.7	22.9	20.7
400,187	453,274	13.7	15.1	12.1	13.9	15.8
412,624		24.5	6.3	28.1	14.3	
$ 3,084,168	$ 2,634,531	114.4 %	95.9 %	132.1 %	106.9 %	92.0 %
$ (194,816)	$ 230,006	(14.4) %	4.1 %	(32.1) %	(6.9) %	8.0 %
$ 528,077	$					
$ 528,077	$ - 0 -					
$ 333,261	$ 230,006					
3,490,078	3,260,072					
$ 3,823,339	$ 3,490,078					

See accompanying independent auditor’s report.

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

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 4,857,476	$ 4,256,494	$ 3,729,598
Penalty and Interest	50,003	38,205	18,056
Investment and Miscellaneous Revenues	66,097	134,484	128,228
TOTAL REVENUES	$ 4,973,576	$ 4,429,183	$ 3,875,882
EXPENDITURES			
Tax Collection Expenditures	$ 104,154	$ 88,063	$ 77,354
Debt Service Principal	1,475,000	1,330,000	1,285,000
Debt Service Interest and Fees	2,292,820	2,059,269	1,765,832
Bond Issuance Costs	68,004		
TOTAL EXPENDITURES	$ 3,939,978	$ 3,477,332	$ 3,128,186
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,033,598	$ 951,851	$ 747,696
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	$	$	$
Payment to Refunded Bond Escrow Agent	(2,333,210)		
Proceeds from Issuance of Long-Term Debt	2,400,000		601,563
TOTAL OTHER FINANCING SOURCES (USES)	$ 66,790	$ - 0 -	$ 601,563
NET CHANGE IN FUND BALANCE	$ 1,100,388	$ 951,851	$ 1,349,259
BEGINNING FUND BALANCE	5,521,171	4,569,320	3,220,061
ENDING FUND BALANCE	$ 6,621,559	$ 5,521,171	$ 4,569,320
TOTAL ACTIVE RETAIL WATER CONNECTIONS	2,173	2,158	2,098
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	2,093	2,083	2,032

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
$ 2,754,948	$ 2,182,574	97.7 %	96.1 %	96.2 %	98.2 %	98.4 %
25,124	21,176	1.0	0.9	0.5	0.9	1.0
25,101	12,763	1.3	3.0	3.3	0.9	0.6
$ 2,805,173	$ 2,216,513	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 73,359	$ 54,275	2.1 %	2.0 %	2.0 %	2.6 %	2.4 %
1,235,000	1,215,000	29.7	30.0	33.2	44.0	54.8
1,003,240	822,710	46.1	46.5	45.6	35.8	37.1
	111,120	1.4				5.0
$ 2,311,599	$ 2,203,105	79.3 %	78.5 %	80.8 %	82.4 %	99.3 %
$ 493,574	$ 13,408	20.7 %	21.5 %	19.2 %	17.6 %	0.7 %
$	$ 205,593					
	(4,332,607)					
680,544	4,445,000					
$ 680,544	$ 317,986					
$ 1,174,118	$ 331,394					
2,045,943	1,714,549					
$ 3,220,061	$ 2,045,943					
2,048	1,899					
1,989	1,870					

See accompanying independent auditor’s report.

DOWDELL PUBLIC UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020

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

Board Members	Term of Office (Elected or Appointed)	Fees of Office for year ended September 30, 2020	Expense Reimbursements for the year ended September 30, 2020	Title
Jerry Nelson	05/20 05/24 (Elected)	$ 3,450	$ 1,010	President
Allison Copony	05/18 05/22 (Elected)	$ 4,800	$ 348	Vice President
James Bertus	05/18 05/22 (Elected)	$ 3,900	$ 881	Secretary
Christopher Kotran	05/18 05/22 (Elected)	$ 3,000	$ 59	Assistant Secretary
Danny Staab	05/20 05/24 (Elected)	$ 2,850	$ 69	Director

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

Submission date of most recent District Registration Form: August 20, 2020

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

See accompanying independent auditor's report.

DOWDELL PUBLIC UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
SEPTEMBER 30, 2020

Consultants:	Date Hired	Fees for the year ended September 30, 2020	Title
Smith, Murdaugh, Little & Bonham, L.L.P.	11/20/72	$ 141,483	General Counsel
	04/19/90	$ 11,420	Delinquent Tax Attorney
		$ 349,574	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	09/18/14	$ 16,250	Auditor
		$ 17,250	Bond Related
Myrtle Cruz, Inc.	04/01/98	$ 24,763	Bookkeeper
Vogler & Spencer Engineering, Inc.	09/16/15	$ 492,772	Engineer
The GMS Group	02/19/15	$ 176,290	Financial Advisor
Mary Jarmon		$ -0-	Investment Officer
Marlon Ivy & Associates	08/23/78	$ 436,552	Operator
Equi-Tax Inc.	03/14/75	$ 39,795	Tax Assessor/ Collector

See accompanying independent auditor’s report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

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