OFFICIAL STATEMENT DATED OCTOBER 14, 2021

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT NO. 157 AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "LEGAL MATTERS – Qualified Tax-Exempt Obligations."

NEW ISSUE—BOOK-ENTRY-ONLY
CUSIP No. 41453A

RATINGS: Underlying "A1" Moody's
Insured "A2" Moody's / "AA" (stable outlook) S&P
See "UNDERLYING MUNICIPAL BOND RATING," and "BOND INSURANCE" herein

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT No. 157

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

$5,300,000 UNLIMITED TAX BONDS SERIES 2021B

$2,760,000 UNLIMITED TAX PARK BONDS SERIES 2021C

Dated: November 1, 2021 **Due: March 1 (as shown on inside cover)**

The $5,300,000 Unlimited Tax Bonds, Series 2021B (the "Series 2021B Bonds") and the $2,760,000 Unlimited Tax Park Bonds, Series 2021C (the "Series 2021C Park Bonds" and, together with the Series 2021B Bond, the "Bonds") are being issued by Harris County Water Control and Improvement District No. 157 (the "District"). Principal of the Bonds is payable at maturity or prior redemption. Interest on the Bonds initially accrues from the date of delivery of the Bonds and is payable on March 1, 2022. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. The Bonds will be issued only in fully registered form in denominations of $5,000 each or integral multiples thereof. The Bonds mature and are subject to redemption prior to their maturity as shown on the inside cover.

SEE INSIDE COVER FOR MATURITIES,
AMOUNTS, INTEREST RATES, AND REOFFERING YIELDS

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

The proceeds of the Bonds will be used by the District to pay for certain costs associated with the sale of the Bonds, and to finance certain drainage facilities and park facilities. All as more fully described herein. See "USE AND DISTRIBUTION OF BOND PROCEEDS." The Bonds, when issued, will constitute valid and legally binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. See "THE BONDS – Source 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. Investment in the Bonds is subject to special investment considerations described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things to, the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about November 18, 2021.

$5,300,000
UNLIMITED TAX BONDS, SERIES 2021B

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

MATURITIES, AMOUNTS, INTEREST RATES, AND REOFFERING YIELDS

Principal Amount	Maturity March 1	Interest Rate (%)	Yield to Maturity (a)	Principal Amount	Maturity March 1	Interest Rate	Yield to Maturity (a)
$215,000	2024	3.00%	0.60%	$225,000	2029 (b)	2.00%	1.30%
$225,000	2025	3.00%	0.75%	$225,000	2030 (b)	2.00%	1.50%
$225,000	2026	3.00%	0.90%	$250,000	2031 (b)	2.00%	1.70%
$225,000	2027 (b)	2.00%	1.05%	$250,000	2032 (b)	2.00%	1.90%
$225,000	2028 (b)	2.00%	1.15%	$250,000	2033 (b)	2.00%	2.00%

$525,000 2.000% Term Bond Due March 1, 2035 to Yield 2.10% (a) (b) (c)
$550,000 2.000% Term Bond Due March 1, 2037 to Yield 2.20% (a) (b) (c)
$605,000 2.125% Term Bond Due March 1, 2039 to Yield 2.30% (a) (b) (c)
$1,305,000 2.500% Term Bond Due March 1, 2043 to Yield 2.60% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the 2021B Underwriter (hereinafter defined) and may be subsequently changed.
(b) The Series 2021B Bonds maturing on or after March 1, 2027, are subject to redemption in whole or from time to time in part, at the option of the District, on March 1, 2026, 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. See "THE BONDS—Redemption Provisions."
(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS—Redemption Provisions."

$2,760,000
UNLIMITED TAX PARK BONDS, SERIES 2021C

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

MATURITIES, AMOUNTS, INTEREST RATES, AND REOFFERING YIELDS

$1,110,000 2.550% Term Bond Due March 1, 2046 to Yield 2.65% (a) (b) (c)
$1,650,000 2.625% Term Bond Due March 1, 2050 to Yield 2.70% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the2021C Underwriter (hereinafter defined) and may be subsequently changed.
(b) The Series 2021C Park Bonds are subject to redemption in whole or from time to time in part, at the option of the District, on March 1, 2026, 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. See "THE BONDS—Redemption Provisions."
(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS—Redemption Provisions."

TABLE OF CONTENTS

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

This OFFICIAL STATEMENT contains, in part, estimates, assumptions and matters of opinion which are not intended as statements of fact, and no representation is made as to the correctness of such estimates, assumptions or matters of opinion, or as to the likelihood that they will be realized. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this OFFICIAL STATEMENT nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District or other matters described herein since the date hereof. However, the District has agreed to keep this OFFICIAL STATEMENT current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information actually comes to its attention, the other matters described in this OFFICIAL STATEMENT until delivery of the Bonds to the Series 2021B Underwriter and the Series 2021C Underwriter (as such terms are defined hereinafter and, collectively, the "Underwriters") and thereafter only as specified in "PREPARATION OF OFFICIAL STATEMENT—Updating the Official Statement."

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

UNDERWRITING OF THE SERIES 2021B BONDS

After requesting competitive bids for the Series 2021B Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by SAMCO Capital Markets, Inc. (the "Series 2021B Underwriter"), paying the interest rates shown on the inside cover page hereof, at a price of 98.580283% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.357511% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

The Series 2021B 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 inside cover page hereof. The initial offering price may be changed from time to time by the Series 2021B Underwriter.

The Series 2021B 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 Series 2021B Underwriter does not guarantee the accuracy or completeness of such information.

UNDERWRITING OF THE SERIES 2021C PARK BONDS

After requesting competitive bids for the Series 2021C Park Bonds, the District accepted the bid resulting in the lowest net effective interest rate, which bid was tendered by Robert W. Baird & Co., Inc. (the "Series 2021C Underwriter"), paying the interest rates shown on the inside cover page hereof, at a price of 97.282337% of the principal amount thereof plus accrued interest to the date of delivery which resulted in a net effective interest rate of 2.704154% as calculated pursuant to Chapter 1204, Texas Government Code, as amended (the IBA method).

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

The Series 2021C 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 Series 2021C Underwriter does not guarantee the accuracy or completeness of such information.

SALE AND DISTRIBUTION OF THE BONDS

Prices and Marketability

Subject to certain limitations described further in the NOTICE OF SALE, the District has no understanding with the Underwriters regarding the initial reoffering yields or prices of the Bonds. Information concerning initial reoffering yields or prices is the responsibility of the Underwriters.

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

Securities Laws

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

UNDERLYING MUNICIPAL BOND RATING

In connection with the sale of the Bonds, the District made application to Moody's Investors Service, Inc. ("Moody's") which assigned the underlying rating of "A1" on the Bonds based upon the District's underlying credit without bond insurance. The underlying rating of the District to be released by Moody's 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.

MUNICIPAL BOND INSURANCE AND RATING

Moody's has assigned its underlying rating of "A1" to this issue of Bonds and with the understanding that upon delivery of the Bonds, insurance policies insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM, (as defined herein) Moody's is expected to assign its municipal bond rating of "A2". The municipal bond rating is the highest of: (i) the guarantor's financial strength rating, (ii) any published underlying rating on the security, or (iii) any published enhanced rating based on a state credit enhancement program. The financial strength of AGM is currently rated "A2" (stable outlook) by Moody's. 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. See "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

S&P Global Ratings ("S&P") has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, the insurance policies insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The District can make no assurance that the S&P 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, Assured Guaranty Municipal Corp. ("AGM") will issue separate Municipal Bond Insurance Policies for the Bonds (the each an "Insurance Policy" and collectively, the "Insurance Policies"). The Insurance Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On July 8, 2021, S&P announced it had affirmed AGM's financial strength rating of "AA" (stable outlook). AGM can give no assurance as to any further ratings action that S&P may take.

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

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

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

Capitalization of AGM

At June 30, 2021:

- The policyholders' surplus of AGM was approximately $2,943 million.
- The contingency reserve of AGM was approximately $947 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,137 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

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

Merger of Municipal Assurance Corp. ("MAC") into AGM

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

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2020 (filed by AGL with the SEC on February 26, 2021);

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2021 (filed by AGL with the SEC on May 7, 2021); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2021 (filed by AGL with the SEC on August 6, 2021).

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

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

Miscellaneous Matters

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

OFFICIAL STATEMENT SUMMARY

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

Extreme Weather Events; Hurricane Harvey: The Houston area, including Harris County, is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015, including Hurricane Harvey, which made landfall along the Texas Gulf Coast on August 25, 2017 and brought historic levels of rainfall during the succeeding four days.

According to the District's Operator, the system serving the District did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, according to the District's Engineer, no homes within the District experienced flooding or other material damage as a result of Hurricane Harvey. Some flooding was experienced in approximately 11 commercial establishments located in the District. Each of those establishments have been rehabilitated and are once again open for business.

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

THE DISTRICT

Description: The District is a political subdivision of the State of Texas, created by an order of the Texas Commission on Environmental Quality (the "TCEQ") on February 21, 2005, and operates pursuant to Chapters 49 and 51 of the Texas Water Code, as amended. The District currently includes within its boundaries approximately 3,309 acres of land. See "THE DISTRICT."

Location: The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston and lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. The District is bordered on the north and east by North Bridgeland Lake Parkway, on the west by U.S. Highway 99 (the Grand Parkway) and on the south by Fry Road. Access to the District is provided by U.S. Highway 290 to Fry Road south or by the Grand Parkway south to House Hahl Road east. The District is located approximately 2.7 miles southeast of the intersection of U.S. Highway 290 and the Grand Parkway. See "THE DISTRICT" and "AERIAL LOCATION MAP."

District Purpose: The District was created to construct and operate all major drainage and channel improvements and park and recreational facilities necessary to serve the land within the boundaries of the District. See "THE SYSTEM—District Purpose."

Bridgeland: The District is part of the master-planned community of Bridgeland, currently consisting of the District, two other water control and improvement districts, six municipal utility districts, a management district, and additional land that is in the process of being annexed into certain of such municipal utility districts. Harris County Municipal Utility District No. 418 ("MUD 418"), Harris County Municipal Utility District No. 419 ("MUD 419"), a portion of Harris County Municipal Utility District No. 489 ("MUD 489"), and certain land not within any municipal utility district are within the boundaries of the District. Development described herein is occurring within MUD 419 and MUD 489. The development of Bridgeland is planned by the Developer (as defined below) to ultimately encompass approximately 11,400 acres. The Bridgeland Management District has been created to provide economic development projects and services for commercial development. See "BRIDGELAND," "THE DISTRICT," and "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

The Developer: Bridgeland Development, LP, a Maryland limited partnership (the "Developer"), is the developer of Bridgeland. The Developer is wholly owned by The Howard Hughes Corporation, a Delaware corporation ("HHC"). HHC is a public company whose stock is traded on the New York Stock Exchange under the symbol HHC. See "THE DEVELOPER."

Status of Development: Underground utilities and paving are complete for approximately 4,197 single-family residential. As of August 1, 2021, there were 4,004 homes that were complete and occupied and 171 lots that had homes under construction or vacant developed lots in the name of the home builders. Approximately 22 vacant developed lots were owned by the Developer. Newer homes in the District are being offered for sale at prices ranging from approximately $240,000 to over $1,000,000.

The Parklane Cypress Apartments, a 288-unit apartment community, has been constructed on approximately 22 acres in MUD 419 and according to property management, the apartment community is currently approximately 95% occupied. Additionally, Lakeside Row Apartments, a 315-unit complex, is located on approximately 20 acres in MUD 489. Lakeside Row Apartments began occupancy in 2019 and according to property management the apartment community is currently approximately 95% occupied.

In addition to residential development, a 6,000 square foot clubhouse/recreational facility that includes a pool, a spray park, a lap pool, water slides, two tennis courts and a playground has been completed on approximately 11 acres. The Lakeland Village Park includes a dog park, 4 tennis courts, a lap pool, a spray pad, 2 playgrounds, a basketball court, and a kayak launch on approximately 20 acres. A jogging path and greenbelt system also run throughout the community. An information center, elementary school, church and CVS Pharmacy have been constructed on approximately 43 acres within the District. The school and the church are not subject to ad valorem taxation by the District. Five retail strip centers totaling approximately 46,812 square feet and five one-story professional office buildings totaling approximately 21,600 square feet have been developed on approximately 9 acres. A Great Clips, a pizza restaurant, a taco restaurant, a Marble Slab Creamery, a dentist office, an optometrist, a nail salon, a wine retailer, 2 fitness centers, a performing arts studio, and a salon and spa have been opened in the retail strip centers. A Re/Max real estate office, a physical therapy center, an endodontics dentist office, a Best Brains learning center, a doctor's office, and a mortgage lender office have opened in the professional office buildings.

The remainder of the District is comprised of approximately 1,200 acres that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites), and approximately 423 developable acres that have not been provided with utility service.

The Cypress-Fairbanks Independent School District acquired approximately 128 acres of land from the Developer for the purpose of developing a school campus which currently includes an elementary school and a high school (a middle school is planned for in the future). Approximately 28 acres (out of the 128 acre tract) is located within the boundaries of the District. The remaining 100 acres is located outside the boundaries of the District. The 128 acre tract, owned by Cypress-Fairbanks Independent School District, is exempt from ad valorem taxes imposed by the District. See "THE DISTRICT – Land Use," "– Status of Development," and "– Future Development."

The Builders: Homebuilders actively marketing or building homes in the District include Chesmar Homes, Darling Homes, Highland Homes, Perry Homes, Westin Homes, Ravenna Homes, Coventry Homes, Newmark Homes, M/I Homes, Beazer Homes, David Weekley Homes, TriPoint Homes, Taylor Morrison, Partners in Building, Frederick Harris Estate Homes, and Lennar Homes. See "THE DISTRICT—Homebuilding."

Water and Wastewater Treatment: The existing internal water distribution, wastewater collection and storm drainage facilities within the boundaries of the District have been constructed by MUD 419 and MUD 489. Regional water supply and wastewater treatment services for the development within the District's boundaries are provided by facilities owned and operated by MUD 418, in its capacity as the regional provider of such services (the "Master District"). See "WATER, WASTEWATER AND STORM DRAINAGE."

Park and Recreational Facilities: Park and recreational facilities constructed within the District include an approximate 10-mile system of interconnecting trails, community parks with amenities to include pavilions, restrooms, playgrounds, splash pads, a private 18-hole disc golf course, picnic areas, floating docks for catch-and-release fishing and various nature observation areas. See "THE BONDS—Financing Recreational Facilities" and "PARK AND RECREATIONAL FACILITIES."

Overlapping Debt and Taxes: Substantially all the land within the District is included or is expected to be included within the boundaries of three municipal utility districts, MUD 418, MUD 419 or MUD 489. Each municipal utility district is a political subdivision of the State of Texas with the power to levy an unlimited tax on all property within its boundaries following receipt of voter approval in an election. Each municipal utility district provides or is expected to provide water, sewer and drainage facilities to the land within its boundaries and to issue unlimited tax bonds to finance such facilities. The District intends that its tax rate, in combination with the tax rate of MUD 418, MUD 419 or MUD 489, as applicable, will not exceed $1.50 per $100 of taxable assessed valuation. See "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

Payment Record: The District has previously issued ten series of unlimited tax bonds in the aggregate initial principal amount of $58,000,000 for the purpose of financing drainage facilities, four series of unlimited tax park bonds in the aggregate initial principal amount of $15,210,000 for the purpose of acquiring or constructing recreational facilities, and five series of unlimited tax bonds in the aggregate initial principal amount of $24,905,000 for the purpose of refunding outstanding debt issued for drainage facilities, of which $57,555,000 in aggregate principal amount collectively remain outstanding (the "Outstanding Bonds") as of the date hereof. The District has not defaulted on any debt service payments related to its previously issued debt. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Outstanding Bonds."

Infectious Disease Outlook (COVID-19): In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions. See "INVESTMENT CONSIDERATIONS – Infectious Disease Outlook (COVID-19)",

THE BONDS

Description: The $5,300,000 Unlimited Tax Bonds, Series 2021B (the "Series 2021B Bonds") and the $2,760,000 Unlimited Tax Park Bonds, Series 2021C (the "Series 2021C Park Bonds" and, together with the Series 2021B Bonds, the "Bonds") are being issued as fully registered bonds pursuant to separate orders (the "Bond Orders") authorizing the issuance of each such series of the Bonds adopted by the District's Board of Directors (the "Board"). The Bonds are scheduled to mature on March 1 as shown on the inside cover page of this Official Statement. The Bonds will be issued in book-entry form only in denominations of $5,000 or integral multiples of $5,000. Interest on the Bonds initially accrues from the date of delivery of the initial Bonds to the Underwriters and is payable on March 1, 2022. Thereafter, interest on the Bonds accrues from the most recent interest payment date and is payable on each September 1 and March 1 until maturity or prior redemption. See "THE BONDS."

Book-Entry-Only System: The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond will be issued for each series and maturity of the Bonds and will be deposited with DTC or its designee. See "BOOK-ENTRY-ONLY SYSTEM."

Redemption Provisions: The District reserves the right, at its option, to redeem the Bonds maturing on or after March 1, 2027 prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of $5,000, on March 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. See "THE BONDS – Redemption Provisions." The Series 2021B Bonds maturing on March 1 in the years 2035, 2037, 2039 and 2043 are Term Bonds and are subject to annual mandatory sinking fund redemption. The Series 2021C Park Bonds are Term Bonds and are subject to annual mandatory sinking fund redemption. See "THE BONDS – Redemption Provisions."

Use and Distribution of Bond Proceeds: Proceeds of the Bonds will be used to pay for engineering and construction costs associated with drainage and recreational facilities shown herein under "USE AND DISTRIBUTION OF BOND PROCEEDS." In addition, Bond proceeds will be used to pay interest on funds advanced by the Developer on behalf of the District; and to pay engineering fees and administrative costs and certain other costs related to the issuance of the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Authority for Issuance: The Series 2021B Bonds are the eleventh series of bonds issued out of an aggregate of $256,600,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing drainage facilities. The Series 2021C Park Bonds are the fifth series of bonds issued out of an aggregate of $204,300,000 principal amount of unlimited tax bonds authorized by the District's voters for the purpose of acquiring or constructing recreational facilities. The Bonds are issued by the District pursuant to an order of the TCEQ, the general laws of the State of Texas, including without limitation, Chapters 49 and 51 of the Texas Water Code, as amended, Article XVI, Section 59 of the Texas Constitution, elections held within the boundaries of the District on May 7, 2005 and May 14, 2011, and the Bond Orders. See "THE BONDS—Authority for Issuance," "—Issuance of Additional Debt," and "INVESTMENT CONSIDERATIONS—Future Debt."

Source of Payment: Principal of and interest on the Bonds and the Outstanding Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. See "THE BONDS—Source and Security for Payment."

Municipal Bond Rating: In connection with the sale of the Bonds the District has made application to Moody's which has assigned a rating of "A1" 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. 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. See "UNDERLYING MUNICIPAL BOND RATING."

Municipal Bond Insurance and Rating: Moody's has assigned its municipal bond rating of "A2" to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The rating is the highest of: (i) the guarantor's financial strength rating, (ii) any published underlying rating on the security, or (iii) any published enhanced rating based on a state credit enhancement program. The financial strength of AGM is currently rated "A2" (stable outlook) by Moody's.

S&P has assigned its municipal bond rating of "AA" (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The District can make no assurance that the S&P 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 "MUNICIPAL BOND INSURANCE AND RATING," "BOND INSURANCE" and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

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

Bond Counsel: Schwartz, Page & Harding, L.L.P., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants" and "LEGAL MATTERS."

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

Financial Advisor: The GMS Group, L.L.C., Houston, Texas. See "MANAGEMENT OF THE DISTRICT—District Consultants."

Paying Agent/Registrar: The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS—Method of Payment of Principal and Interest."

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION (UNAUDITED)

7/1/2021 Estimated Taxable Value	$1,742,355,855	(a)
2021 Certified Taxable Value	$1,691,150,854	(b)
Direct Debt		
Outstanding Bonds (as of September 1, 2021)	$57,555,000	
The Bonds	$8,060,000	(c)
Total Direct Debt	$65,615,000	
Estimated Overlapping Debt	$297,562,751	
Direct and Estimated Overlapping Debt	$363,177,751	
Percentage of Direct Debt to:		
7/1/2021 Estimated Taxable Value	3.77%	
2021 Certified Taxable Value	3.88%	
Percentage of Direct and Estimated Overlapping Debt to:		
7/1/2021 Estimated Taxable Value	20.87%	
2021 Certified Taxable Value	21.51%	
2021 Tax Rate Per $100 of Assessed Value		
Debt Service Tax	$0.2656	
Maintenance Tax	$0.1463	
Total 2021 Tax Rate	$0.4119	
Cash and Temporary Investment Balances as of September 9, 2021		
General Fund	$2,519,376	
Debt Service Fund	$997,547	(d)

(a) Reflects data supplied by Harris County Appraisal District ("HCAD"). The Estimated Taxable Value as of July 1, 2021, was prepared by HCAD and provided to the District. Such values are not binding on HCAD. See "TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the 2021 Certified Taxable Value according to data supplied to the District by HCAD. See "TAX DATA."

(c) Represents the $5,300,000 of the Unlimited Tax Bonds, Series 2021B and the $2,760,000 Unlimited Tax Park Bonds, Series 2021C.

(d) Neither Texas law nor the District's Bond Orders require that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA "

HARRIS COUNTY WATER CONTROL AND IMPROVEMENT DISTRICT No. 157
(A political subdivision of the State of Texas located within Harris County)

$5,300,000	**$2,760,000**
UNLIMITED TAX BONDS	**UNLIMITED TAX PARK BONDS**
SERIES 2021B	**SERIES 2021C**

This OFFICIAL STATEMENT provides certain information in connection with the issuance by Harris County Water Control and Improvement District No. 157 (the "District") of its $5,300,000 Unlimited Tax Bonds, Series 2021B (the "Series 2021B Bonds") and its $2,760,000 Unlimited Tax Park Bonds, Series 2021C (the "Series 2021C Park Bonds") (collectively referred to herein as the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas including, without limitation, Chapters 49 and 51 of the Texas Water Code, as amended, separate orders authorizing the issuance of the Series 2021B Bonds and Series 2021C Park Bonds (collectively the "Bond Orders") adopted by the Board of Directors of the District (the "Board"), an order of the Texas Commission on Environmental Quality (the "TCEQ"), and elections held within the District on May 7, 2005, and May 14, 2011.

This OFFICIAL STATEMENT includes descriptions, among others, of the Bonds and the Bond Orders, and certain other information about the District, Bridgeland Development, LP, a Maryland limited partnership (the "Developer"), homebuilders building homes in the District (the "Builders") and development activity in the District. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each document. Copies of certain of the documents may be obtained from Schwartz, Page & Harding, L.L.P., Bond Counsel, 1300 Post Oak Boulevard, Suite 1400, Houston, Texas 77056, upon payment of duplication costs therefor.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Orders, copies of which are available from Bond Counsel upon payment of the costs of duplication therefor. Each of the Bond Orders authorize the issuance and sale of the related series of Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on such series of Bonds by the District.

Description

The Bonds will be dated November 1, 2021, with interest payable on March 1, 2022, and on each September 1 and March 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. Interest on the Bonds initially accrues from the date of delivery of the initial Bonds to the Underwriters and, thereafter, from the most recent Interest Payment Date. Interest on the Bonds accrues at the rates shown on the inside cover page hereof. Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months. The Bonds mature, and principal in respect of the Bonds is payable, on March 1 of the years and in the amounts shown on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of $5,000 or any integral multiple of $5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "BOOK-ENTRY-ONLY SYSTEM."

Authority for Issuance

At elections held within the District on May 7, 2005 and May 14, 2011, voters in the District authorized a total of $256,600,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing drainage facilities. The Series 2021B Bonds represent the eleventh issuance from such authorization. After issuance of the Series 2021B Bonds, a total of $193,300,000 in principal amount of unlimited tax bonds will remain authorized but unissued from said authorization. At an election held May 14, 2011, voters in the District also authorized a total of $204,300,000 in principal amount of unlimited tax bonds for the purpose of acquiring or constructing recreational facilities. The Series 2021C Park Bonds represent the fifth issuance from such authorization. After issuance of the Series 2021C Park Bonds, a total of $186,330,000 in principal amount of such unlimited tax bonds will remain authorized but unissued. See "Issuance of Additional Debt" herein.

The Bonds are issued by the District pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including without limitation, Chapters 49 and 51 of the Texas Water Code, as amended, the Bond Orders, an order of the TCEQ, and the elections held within the District described herein above.

Source and Security for Payment

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

Funds

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

Record Date

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

Redemption Provisions

Mandatory Redemption

The Series 2021B Bonds maturing on March 1 in each of the years 2035, 2037, 2039, and 2043 (the “Series 2021B Term Bonds”) shall be redeemed at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on March 1 in the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District’s reserved right of optional redemption, as provided under “Optional Redemption” below):

$525,000 Term Bonds, due March 1, 2035

Mandatory Redemption Date	Principal Amount
March 1, 2034	$250,000
March 1, 2035 (maturity)	$275,000

$550,000 Term Bonds, due March 1, 2037

Mandatory Redemption Date	Principal Amount
March 1, 2036	$275,000
March 1, 2037 (maturity)	$275,000

$605,000 Term Bonds, due March 1, 2039

Mandatory Redemption Date	Principal Amount
March 1, 2038	$300,000
March 1, 2039 (maturity)	$305,000

$1,305,000 Term Bonds, due March 1, 2043

Mandatory Redemption Date	Principal Amount
March 1, 2040	$325,000
March 1, 2041	$325,000
March 1, 2042	$325,000
March 1, 2043 (maturity)	$330,000

The Series 2021C Park Bonds shall be redeemed at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption, on March 1 in the years and in the principal amounts set forth in the following schedule (with each such scheduled principal amount reduced by the principal amount as may have been previously redeemed through the exercise of the District's reserved right of optional redemption, as provided under "Optional Redemption" below):

$1,110,000 Term Bonds, due March 1, 2046

Mandatory Redemption Date	Principal Amount
March 1, 2044	$310,000
March 1, 2045	$400,000
March 1, 2046 (maturity)	$400,000

$1,650,000 Term Bonds, due March 1, 2050

Mandatory Redemption Date	Principal Amount
March 1, 2047	$400,000
March 1, 2048	$400,000
March 1, 2049	$425,000
March 1, 2050 (maturity)	$425,000

Notice of the mandatory redemption of the Series 2021B Term Bonds and the Series 2021C Park Bonds (collectively, the "Term Bonds") will be provided at least thirty (30) calendar days prior to the date fixed for redemption, with the particular portions of each series of the Term Bonds to be redeemed to be selected by lot or other customary method in accordance with the procedures of DTC so long as the Bonds are registered in accordance with the Book-Entry-Only System. See "BOOK-ENTRY-ONLY-SYSTEM."

Optional Redemption

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

Effects of Redemption

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

Method of Payment of Principal and Interest

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

Registration

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

Replacement of Paying Agent/Registrar

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

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District's voters have authorized the issuance of a total of $256,600,000 in principal amount of unlimited tax bonds has been authorized by the District's voters for acquiring or constructing drainage facilities, and, after the issuance of the Series 2021B Bonds, $193,300,000 in principal amount of said unlimited tax bonds will remain authorized but unissued. Further, a total of $204,300,000 in principal amount of unlimited tax bonds has been authorized by the District's voters for acquiring or constructing recreational facilities, and, after the issuance of the Series 2021C Park Bonds, $186,330,000 in principal amount of said unlimited tax bonds will remain authorized but unissued. In addition, the District's voters have authorized $460,900,000 in principal amount of unlimited tax refunding bonds of which $459,160,000 in principal amount remains authorized but unissued. The District's voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds. See "THE BONDS—Financing Recreation Facilities" and "INVESTMENT CONSIDERATIONS—Future Debt."

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

Financing Recreational Facilities

Conservation and reclamation districts in certain counties are authorized to develop and finance with property taxes certain recreational facilities after a district election has been successfully held to approve the issuance of bonds payable from taxes and/or a maintenance tax to support recreational facilities, which maintenance tax is in addition to any other maintenance tax authorized to be levied by the District, in addition to other requirements.

The District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of recreational facilities if (i) the District duly adopts a plan for the facilities; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated cost in the plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; (v) the issuance of the bonds is approved by the TCEQ in accordance with its rules with respect to same; and (vi) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. At an election held within the District on May 14, 2011, voters of the District authorized a total of $204,300,000 principal amount of unlimited tax bonds for acquiring or constructing recreational facilities and at an election held within the District on May 7, 2005 voters of the District authorized a maintenance tax not to exceed $0.10 per $100 of taxable assessed valuation for operation and maintenance of recreational facilities. The District has issued $15,210,000 principal amount of unlimited tax park bonds in four series and, after the issuance of the Series 2021B Park Bonds, $186,330,000 in principal amount of said unlimited tax bonds will remain authorized but unissued. The levy of taxes in payment of additional bonds issued by the District to finance recreational facilities may dilute the security for the Bonds.

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.

Annexation

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

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Orders, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Orders, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond Orders. Except for mandamus, the Bond Orders do not specifically provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Further, there is no trust indenture or trustee, and all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the Registered Owners. Certain traditional legal remedies may also not be available. See "INVESTMENT CONSIDERATIONS - Registered Owners' Remedies."

Defeasance

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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 the District takes no responsibility for the accuracy or completeness thereof.

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

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

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

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

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

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

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

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

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

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

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

USE AND DISTRIBUTION OF BOND PROCEEDS

The construction costs below were approved by the TCEQ in its order authorizing the issuance of the Bonds. Non-construction costs are based upon either contract amounts or estimates of various costs by BGE, Inc. (the "Engineer"). The actual amounts to be reimbursed by the District and the non-construction costs will be determined after the sale of the Bonds and agreed upon procedures are completed by the District's independent auditor. The surplus funds, if any, may be expended for any lawful purpose for which surplus construction funds may be used, if approved by the TCEQ where required.

Series 2021B Bonds

CONSTRUCTION RELATED COSTS:	**Total Amount**	(a)
Construction costs approved by the TCEQ	$4,377,720	
TOTAL CONSTRUCTION RELATED COSTS	**$4,377,720**	
NON-CONSTRUCTION COSTS:		
Developer Interest	$447,870	
Bond Discount	$75,245	
Contingencies	$83,755	(b)
TOTAL NON-CONSTRUCTION COSTS	**$606,870**	
ISSUANCE COSTS AND FEES		
Issuance costs and professional fees	$246,860	
Bond Application Report costs	$50,000	
State Regulatory fees	$18,550	
TOTAL ISSUANCE COSTS AND FEES	**$315,410**	
TOTAL BOND ISSUE REQUIREMENT	**$5,300,000**	

(a) TCEQ rules require, with certain exceptions, that developers contribute to the District's construction program a minimum of 30% of the construction costs of certain system facilities. The District was granted a waiver from the TCEQ.

(b) The TCEQ Order requires that the District designate any surplus Bond proceeds resulting from the sale of the Bonds at a lower Bond Discount than the amount authorized by the TCEQ Order as a contingency line item in the Official Statement. Such funds may be used by the District only in accordance with the TCEQ rules.

Series 2021C Park Bonds

CONSTRUCTION RELATED COSTS:	**Total Amount**	(a)
Construction costs approved by the TCEQ	$2,177,215	
TOTAL CONSTRUCTION RELATED COSTS	**$2,177,215**	
NON-CONSTRUCTION COSTS:		
Developer Interest	$303,600	
Bond Discount	$75,007	
Contingencies	$7,793	(b)
TOTAL NON-CONSTRUCTION COSTS	**$386,400**	
ISSUANCE COSTS AND FEES		
Issuance costs and professional fees	$146,725	
Bond Application Report costs	$40,000	
State Regulatory fees	$9,660	
TOTAL ISSUANCE COSTS AND FEES	**$196,385**	
TOTAL BOND ISSUE REQUIREMENT	**$2,760,000**	

(a) TCEQ rules require, with certain exceptions, that developers contribute to the District's construction program a minimum of 30% of the construction costs of certain system facilities. The District was granted a waiver from the TCEQ.

(b) The TCEQ Order requires that the District designate any surplus Bond proceeds resulting from the sale of the Bonds at a lower Bond Discount than the amount authorized by the TCEQ Order as a contingency line item in the Official Statement. Such funds may be used by the District only in accordance with the TCEQ rules.

BRIDGELAND

The District is part of the master-planned community of Bridgeland, currently consisting of the District, two other water control and improvement districts, six municipal utility districts, a management district, and approximately 567 acres not currently located within any district. To date, 5,264 single-family residential lots on approximately 1,325 acres, approximately 600 apartment units on approximately 42 acres and approximately 53 acres of commercial development have been completed in Bridgeland along with 950 acres of recreational amenities. Harris County Municipal Utility District No. 418 ("MUD 418" or the "Master District"), Harris County Municipal Utility District No. 419 ("MUD 419"), a portion of Harris County Municipal Utility District No. 489 ("MUD 489") and certain land not within any municipal utility district are within the boundaries of the District. The Bridgeland Management District is within the boundaries of the District. All of the residential development described herein is occurring within MUD 419 and MUD 489 within the District. The development of Bridgeland is planned by the Developer to ultimately encompass approximately 11,400 acres. See "THE DISTRICT" and "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

The Bridgeland Management District (the "Management District") was created by an act of the Texas Legislature in 2011 as a special district under Section 59, Article XVI of the Texas Constitution to provide economic development projects and services to the area of Bridgeland planned primarily for commercial development. The Management District encompasses approximately 7,447 acres, of which approximately 1,081 acres are within the boundaries of the District. On November 6, 2012, voters authorized the Management District to levy a sales and use tax and a hotel occupancy tax and to issue bonds payable from such taxes and/or property assessments to finance its projects and services. The Management District has not yet considered if or when it will issue debt for such purposes. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes.

THE DISTRICT

General

The District is a water control and improvement district created by an order of the TCEQ, dated February 21, 2005, under Article XVI, Section 59 of the Texas Constitution, and operates under the provisions of Chapters 49 and 51 of the Texas Water Code, as amended, and other general statutes of Texas applicable to water control and improvement districts. The District, which lies wholly within the extraterritorial jurisdiction of the City of Houston, is subject to the continuing supervisory jurisdiction of the TCEQ.

The District is empowered, among other things, to finance, purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. Additionally, the District may, subject to certain limitations, develop and finance recreational facilities. The District may issue bonds and other forms of indebtedness to purchase or construct such facilities. The District provides major storm drainage and channel improvements and recreational facilities within its boundaries. The District may also provide solid waste disposal and collection services. See "THE BONDS—Issuance of Additional Debt," "—Financing Recreational Facilities," "THE SYSTEM—District Purpose," and "INVESTMENT CONSIDERATIONS—Future Debt."

The District is required to observe certain requirements of the City of Houston which limit the purposes for which the District may sell bonds to finance the acquisition, construction, and improvement of waterworks, wastewater, drainage, and recreational facilities, and the refunding of outstanding debt obligations; limit the net effective interest rate on such bonds and other terms of such bonds; require approval by the City of Houston of District construction plans; and permit water and sewer connections only to lots and reserves described in a plat that has been approved by the City of Houston and filed in the real property records of Harris County, Texas. As stated above, the District currently plans to provide only major storm drainage and channel improvements and recreational facilities and the aforesaid platting requirements will be enforced by the municipal utility districts within the District which provide water and wastewater improvements. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas and local agencies. See "THE SYSTEM—Regulation."

Description and Location

The District currently includes within its boundaries approximately 3,309 acres of land in northwest Harris County. See "Land Use" herein. The District is located approximately 25 miles northwest of the central downtown business district of the City of Houston and lies wholly within the extraterritorial jurisdiction of the City of Houston and within the boundaries of the Cypress-Fairbanks Independent School District. The District is bordered on the north and east by North Bridgeland Lake Parkway, on the west by U.S. Highway 99 (the Grand Parkway) and on the south by Fry Road. Access to the District is provided by U.S. Highway 290 to Fry Road south or by the Grand Parkway South to House Hahl Road east. The District is located approximately 2.7 miles southeast of the intersection of U.S. Highway 290 and the Grand Parkway. See "AERIAL LOCATION MAP."

Land Use

The following table provides breakdown of the approximate current land use in the District.

Single-Family Residential	**Approximate Acres**
The Shores (MUD 419)	196
First Bend (MUD 419 and MUD 489)	167
The Cove (MUD 419)	201
Lakeland Heights (MUD 419 and MUD 489)	147
Water Haven (MUD 419)	217
Hidden Creek (MUD 419)	364
Parkland Village (MUD 489)	241
Subtotal Single-Family Residential	1,533
Information Center (MUD 419)	5
Recreation Center (MUD 419)	31
Elementary School (MUD 419)	17
Churches (MUD 419 and MUD 489)	20
Commercial (MUD 419)	10
Multi-Family Residential (MUD 419 and MUD 489)	42
Cypress-Fairbanks Independent School District (WCID 157)	28
Future Development	423
Non-Developable (a)	1,200
Subtotal	1,776
Totals	**3,309**

(a) Includes drainage and pipeline easements, detention, street rights-of-way, drill sites and utility sites.

Status of Development

According to the Developer, as of August 1, 2021, underground utilities and paving are complete for approximately 4,197 single-family residential lots; 4,004 homes were complete and occupied; and 171 homes were under construction or were vacant developed lots in the name of home builders. Approximately 22 lots were owned by the Developer. Newer homes in the District are being offered for sale at prices ranging from approximately $240,000 to over $1,000,000.

The Parklane Cypress Apartments, a 288-unit apartment community, has been constructed on approximately 22 acres in MUD 419 and according to property management, the apartment community is currently approximately 95% occupied. The Lakeside Row Apartments, a 315-unit complex, is located on approximately 20 acres in MUD 489 and according to property management the apartment community is currently approximately 95% occupied.

The July 1, 2021 estimated population in the District was approximately 15,520, based upon 3.5 persons per occupied home and 2 persons per apartment unit.

In addition to residential development, a 6,000 square foot clubhouse/recreational facility that includes a pool, a spray park, a lap pool, water slides, two tennis courts and a playground has been completed on approximately 11 acres. The Lakeland Village Park includes a dog park, 4 tennis courts, a lap pool, a spray pad, 2 playgrounds, a basketball court, and a kayak launch on approximately 20 acres. A jogging path and greenbelt system also run throughout the community. An information center, an elementary school, a church and a CVS Pharmacy have been constructed on approximately 43 acres within the District. The school and the church are not subject to ad valorem taxation by the District. Five retail strip centers totaling approximately 46,812 square feet and five one-story professional office buildings totaling approximately 21,600 square feet have been developed on approximately 9 acres. A Great Clips, a pizza restaurant, a taco restaurant, a Marble Slab Creamery, a dentist office, an optometrist, a nail salon, and wine studio, a wine retailer, 2 fitness centers, a performing arts studio, and a salon and spa have opened in the retail strip centers. A Re/Max real estate office, a physical therapy center, an endodontics dentist office, a Best Brains learning center, a doctor's office, and a mortgage lender's office have opened in the professional office buildings.

The remainder of the District is comprised of approximately 1,200 acres (located in the District, MUD 419, MUD 489 and MUD 418) that are not developable (amenity/detention facilities, pipeline easements, street right-of-way, drill sites and utility sites), and approximately 423 developable acres (located in the District, MUD 419, and MUD 489) that have not been provided with utility service.

The Cypress-Fairbanks Independent School District acquired approximately 128 acres of land from the Developer, upon for the purpose of developing a school campus which currently includes an elementary school and a high school. A middle school is currently planned for the future. An approximately 28 acre tract out of said 128 acre tract is located within the boundaries of the District. The remainder of said 128 acre tract is located outside the boundaries of the District. Said 128 acre tract owned by the Cypress-Fairbanks Independent School District is exempt from ad valorem taxes imposed by the District.

Homebuilding

Homebuilders actively marketing or building homes in the District include Chesmar Homes, Darling Homes, Highland Homes, Perry Homes, Newmark Homes, Westin Homes, Ravenna Homes, Coventry Homes, M/I Homes, Beazer Homes, David Weekley Homes, TriPoint Homes, Taylor Morrison, Partners in Building, Frederick Harris Estate Homes, and Lennar Homes of Texas.

Future Development

Approximately 423 developable acres of land in the District are not yet fully served with water, sewer and drainage and paving facilities necessary for the construction of taxable improvements. While the District anticipates future development of this acreage, there can be no assurances when or if any of such undeveloped land will ultimately be developed. The District anticipates issuing additional bonds to fund storm drainage and detention facilities as well as recreational facilities, necessary to serve the land within the District at full development. The Engineer has stated that, under current development plans, the remaining authorized but unissued bonds ($193,300,000 for drainage facilities and $186,330,000 for recreational facilities) should be sufficient to finance the construction to complete the District's drainage and recreational facilities for full development of the District. See "THE BONDS—Issuance of Additional Debt," "THE SYSTEM," and "INVESTMENT CONSIDERATIONS—Future Debt."

THE DEVELOPER

Role of a Developer

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

Investors in the Bonds should note that the prior real estate experience of the Developer and its affiliates should not be construed as an indication that further development within the District will occur, or that construction of additional taxable improvements upon property within the District will occur, or that marketing or leasing of taxable improvements constructed upon property within the District will be successful. The District cautions that the development experience of the Developer or its affiliates was gained in different markets and under different circumstances than those that exist in the District, and the prior success of the Developer or its affiliates, if any, is no indication or guarantee that the Developer will be successful in the future development of land within the District.

Bridgeland Development, LP

Bridgeland Development, LP, a Maryland limited partnership (the "Developer") is the developer of Bridgeland. The Developer is wholly owned by The Howard Hughes Corporation, a Delaware corporation ("HHC"). HHC is a public company whose stock is traded on the New York Stock Exchange under the symbol HHC.

All funds required for development activities are provided by the Developer, HHC, or from lot sales. Neither the Developer nor HHC is legally obligated to continue providing funds for the development of the District. HHC is not legally obligated to provide funds to pay taxes on property in the District owned by the Developer, or to pay any other obligations of the Developer.

HHC files annual, quarterly and current reports, proxy statements and other information with the SEC and such filings are available to the public over the Internet at the SEC's web site at http://www.sec.gov. You may also read and copy any document that HHC has filed with the SEC at the SEC's Public Reference Room at 100 F. Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information regarding the operation of the Public Reference Room.

In addition, HHC makes available on its web site http://www.howardhughes.com its annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (and any amendments to those reports) filed pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as soon as practicable after they have been electronically filed with the SEC as well as other financial institutions. **Unless otherwise specified, information contained on HHC's web site, available by hyperlink from HHC's web site or on the SEC's web site, is not incorporated into this Official Statement.**

Neither the Developer, HHC, any affiliates of the Developer nor HHC are responsible for, liable for, or have made any commitment for payment of the Bonds or other obligations of the District. None of the Developer, HHC, any affiliates of the Developer or HHC have any legal commitment to the District or the holders of the Bonds to continue development of the land within the District, and the Developer may sell or otherwise dispose of property within the District, or any assets, at any time.

MANAGEMENT OF THE DISTRICT

Board of Directors

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

Name	Title	Term Expires
Keith A. Nystrom	President	2022
Cameron C. Dickey	Vice President	2022
Jordan Williams	Secretary	2024
Dane Bubela	Assistant Secretary	2024
Greg D. Kaine	Assistant Secretary	2024

District Consultants

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

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

Disclosure Counsel: McCall, Parkhurst & Horton L.L.P ("Disclosure Counsel") serves as disclosure counsel to the District. The fee to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent upon the sale and delivery of the Bonds.

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

Auditor: The financial statements of the District as of May 31, 2021, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Engineer: The District's consulting engineer is BGE, Inc. (the "Engineer"). Costello, Inc. and R.G. Miller Engineers, Inc. had been responsible for the design work in the Hidden Creek subdivision and Lakeland Heights subdivision, respectively.

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

Utility System Operator: The operator of the District's non-potable water irrigation system is Inframark, LLC. Inframark, LLC also operates the water and wastewater systems and plants of MUD 418, MUD 419, and MUD 489.

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

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

THE SYSTEM

Regulation

According to the Engineer, the District's improvements that have been financed with proceeds from certain of the Outstanding Bonds, or that will be financed with the proceeds of the Bonds, have been designed and the corresponding plans prepared in accordance with accepted engineering practices and specifications, as and if required for the particular improvements and the approval and permitting requirements of the Harris County, the Harris County Flood Control District, and the City of Houston, as applicable.

District Purpose

The District was created to construct and operate all major drainage and channel improvements necessary to serve the land within the boundaries of the District and to construct and operate certain recreational facilities. Although the District has the legal authority to provide water supply and distribution, wastewater collection and treatment, and other storm drainage facilities or services, it is not presently anticipated by the District that such authority will be exercised. Instead, MUD 418 (in its capacity as a provider of internal utilities), MUD 419 and MUD 489 will provide internal water distribution and wastewater collection services to the land located within their respective boundaries as well as internal storm drainage facilities connecting with the channels constructed by the District. In addition, MUD 418, in its capacity as the Master District, will provide major water supply and wastewater treatment to serve the development within the District (see "Master Facilities" below).

Major Channel and Detention Improvements

The drainage facilities constructed by the District are a series of interconnected detention basins that serve both as amenity lakes as well as detention and mitigation facilities. The detention facilities were designed and constructed in accordance with Harris County Flood Control District criteria and comply with the master drainage study prepared for the project. The purpose of these facilities is to provide outfall drainage and mitigate any negative flood plain effects caused by the development of Bridgeland. Construction of additional detention facilities has been phased to accommodate development as it occurs. The detention basins constructed to date encompass approximately 700 acres of land and detain enough storm water to develop approximately 1,900 acres of single-family residential, commercial and recreational land use.

PARK AND RECREATIONAL FACILITIES

23

Park and recreational facilities constructed within District include an approximate 10-mile system of interconnecting trails, community parks with amenities to include pavilions, restrooms, playgrounds, splash pads, a private 18-hole disc golf course, picnic areas, floating docks for catch-and-release fishing, various nature observation areas and a system of dual function amenity/detention lakes spanning approximately 550 acres. See "THE BONDS - Financing Recreational Facilities."

ROADS

Certain series of bonds were issued by MUD 419 and MUD 489 to finance the road system (the "Roads"), which serves the residents of the District by providing access to the major thoroughfares within Bridgeland and the surrounding area. Neither MUD 419, MUD 489, nor the District is responsible for operating or maintaining the Roads; the Roads are conveyed to Harris County, Texas for ownership, operation and maintenance in accordance with Harris County standard acceptance procedures.

WATER, WASTEWATER AND STORM DRAINAGE

Master Facilities

Master Water and Sanitary Sewer Facilities Contract: The District contains all the land within MUD 418 and MUD 419, approximately 428 acres of land within MUD 489, and certain other land that is not presently within the boundaries of any municipal utility district but which is in the process of being annexed into said districts. MUD 419 is served by a regional water supply and wastewater treatment system that is owned and operated by MUD 418, in its capacity as the "Master District," pursuant that certain Contract for Financing, Operation, and Maintenance of Master Water and Sanitary Sewer Facilities, dated August 1, 2006, by and among MUD 418 and MUD 419, as amended and supplemented from time to time (the "Master Contract"). MUD 489 was made a party to the Master Contract on August 14, 2013. The Master Contract provides that the Master District will acquire, construct, own, operate, and/or maintain central water supply and wastewater treatment facilities, as well as major trunk lines related to said facilities (the "Master Facilities"), to serve the land within the Service Area defined therein (which is currently coextensive with the boundaries of the District) and any other area subsequently added to the Bridgeland development or otherwise served by the Master District pursuant to the Master Contract. Each party to the Master Contract is referred to hereinafter at times as a "Participant." Each Participant is responsible for the acquisition, construction, ownership, operation, and/or maintenance of all internal water distribution, wastewater collection, and storm drainage facilities, not otherwise constructed by the Master District as part of the Master Facilities. As required by the Master Contract, a plan of proposed Master Facilities has been adopted by the Master District and approved by the Participants.

The Master Contract provides that capacity in the Master Facilities will be allocated to a Participant contingent upon the payment to the Master District of a "Connection Charge" (as more specifically detailed in the Master Contract) calculated to approximate, on a uniform per-connection basis, the incurred and projected capital expenditures, interest, and other attendant costs associated with the provision of the Master Facilities by the Master District ("Capital Costs"). The Master Contract requires that the Master District use the Connection Charges solely for payment of the Capital Costs of the Master Facilities, and further requires that the Connection Charge be recalculated from time to time but not less often than annually. Once a Connection Charge has been paid by a Participant, additional Capital Costs generally may not be recovered for the associated capacity in the Master Facilities acquired by payment of same. The current Connection Charge imposed by the Master District under the Master Contract is $4,435.56 per equivalent single-family connection for water supply capacity, and $3,309.11 for wastewater treatment capacity. Connection charges relative to wastewater collection service vary by geographic location within the service area, and range from $241.38 per equivalent single-family connection to $1,885.59 per equivalent single-family connection. The Master Contract additionally provides that Master Facilities may be constructed and conveyed to the Master District as an alternative to the payment of a Connection Charge, such Master Facilities being credited at their Capital Cost value towards Connection Charge payments.

The Master Contract requires that operations and maintenance expenses be paid to the Master District by the Participants on a monthly basis. Additionally, each Participant is required to advance funds to the Master District to create a reserve ("Reserve") for the benefit of such Participant in an amount equal to the Participant's projected share of operations and maintenance costs for a two-month period commencing at the beginning of the Master District's fiscal year (currently June 1). The amount of the required Reserve for any Participant is determined annually, and any shortfall is required to be funded by the Participant. The Master District's operations and maintenance expenses, as billed to Participant, may include a fee to fund a Participant's Reserve, subject to certain restrictions.

The Master Contract further requires that each Participant hold an election to authorize the levy and collection of ad valorem taxes to meet its obligations under the Master Contract. Such taxes are to be pledged to support debt service on contract revenue bonds, if issued, by the Master District. The Master Contract authorizes the issuance of such bonds by the Master District solely for the purpose or purposes of (1) providing surface water as an alternative to groundwater, if required by law; (2) the acquisition, construction, improvement, enlargement, extension, or repair of the Master Facilities, if required by law; (3) the payment of unbudgeted, extraordinary expenses of maintaining or repairing the Master Facilities for which sufficient funds have not been placed in the Reserve; or (4) meeting a request by a Participant that such bonds be issued by the Master District. The voters of MUD 418, in its capacity as a Participant, MUD 419 and MUD 489 have approved such a contract revenue tax proposition.

Water Supply: The Master District's current facilities include two water wells at Water Plant No. 1 with a total of 1,500 gallons per minute ("gpm") of capacity, two 15,000 gallon pressure tanks, two 250,000 gallon ground storage tanks, a 750,000 gallon elevated storage tank and 10,150 gpm of booster pump capacity, which can serve 5,075 equivalent single-family connections. The Master District receives treated surface water at Water Plant No. 1. See "Surface Water" below for a discussion of the additional source of water supply capacity as a result of a surface water supplied by the West Harris County Regional Water Authority (the "Authority"). Water Plant No. 2's current facilities includes one 1,200 gpm water well, one 20,000 gallon pressure tank, one 500,000 gallon ground storage tank and 5,900 gpm booster pump capacity, which can serve 2,000 equivalent single-family connections. Combined, the two water plants are able to serve a total of 7,075 equivalent single-family connections. Future expansions of Water Plant No. 2 include additional water wells, ground storage tanks, elevated storage tanks, booster pumps, and facilities to receive surface water, which will expand the service capacity of this water plant. Water Plant No. 1 is fully built out. It is currently anticipated that additional water supply plants will be added in the future.

Surface Water: The Master District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Master District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in areas within the Subsidence District's jurisdiction. In 2001, the Texas legislature created the Authority to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District). The Authority developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). In connection with its GRP, the Authority entered into a water supply contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The District is included within the Authority's GRP.

The Authority has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, rates, and charges as necessary to accomplish its purposes. The Authority currently charges the Master District, as owner of the water wells, and other major groundwater users, a fee of $3.45 per 1,000 gallons of groundwater pumped and a fee of $3.85 for each 1,000 gallons of surface water received. The Authority has $1,090,885,000 of principal amount of revenue bonds that remain outstanding that have been issued to fund, among other things, certain Authority surface water project costs. It is expected that the Authority will issue substantially more bonds by the year 2035 to finance the Authority's project costs.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand within the Authority's GRP; and (iii) beginning in the year 2035, to limit groundwater withdrawals to no more than 20% of the total annual water demand within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty ("Disincentive Fees"), imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total annual water demand within the Authority's GRP. The Disincentive Fee is currently $9.24 per 1,000 gallons of water, but is subject to increase at the discretion of the Subsidence District. In the event of such Authority's failure to comply and imposition of a disincentive fee penalty by the Subsidence District, the Authority may also seek to collect Disincentive Fees from the Master District. If the Master District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the Master District.

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

Pursuant to a contract dated August 13, 2008, among the Developer, the Master District and the Authority, the Authority has constructed a water line to provide treated surface water to the Master District's Water Plant No. 1. Capacity in certain portions of said water line also serves municipal utility districts which are not a part of Bridgeland and said districts entered into similar contracts with the Authority. Construction of the water line is complete and the Authority began delivering metered surface water to the Master District's Water Plant No. 1 as of June 5, 2013. Such water line provides the Master District with 2.10 million gallons per day ("gpd") of additional water supply. This additional water supply constitutes part of the Master Facilities that serve the Bridgeland development, and provides capacity for up to 2,500 additional water supply system connections. This source of supply supplements ground water supplied by wells installed or to be installed by the Master District to meet participant demands.

Wastewater Treatment: Wastewater treatment for the development within the District is provided by a 600,000 gpd interim wastewater treatment plant and a permanent 1,500,000 gpd wastewater treatment plant owned and operated by the Master District. The Master District's existing wastewater treatment facilities will adequately serve 9,130 equivalent single-family connections based on 230 gpd per connection. Future expansions of the Master District's wastewater treatment facilities will be planned as required by the needs of the Participants.

Major Trunk Lines: Major water distribution and wastewater collection lines have been constructed by the Developer on behalf of the Master District. There is no charge for water distribution system capacity in the Master District's trunk lines; however, there are charges applicable to wastewater collection system capacity in the Master District's trunk lines, as described hereinabove.

Allocation and Purchases of Capacity: MUD 419 has purchased water supply, wastewater treatment and wastewater collection capacity from the Master District for 3,865 equivalent single-family connections. MUD 489 has purchased water supply capacity form the Master District for 2,061 equivalent single-family connections and wastewater treatment and wastewater collection capacity from the Master District for 2,591 equivalent single family connections.

Internal Water Distribution, Wastewater Collection and Storm Drainage Facilities

Water distribution, wastewater collection and storm drainage facilities have been constructed by MUD 419 and MUD 489 to serve 3,997 single-family residential lots, an information center, a clubhouse/recreational facility, an elementary school, a church, two apartment communities (600 apartment units), a CVS Pharmacy, five retail strip centers and five one-story office buildings. See "THE DISTRICT - Land Use," " - Status of Development," and " - Future Development."

Flood Plain

According to the Engineer, none of the developable acreage in the District is currently located in the 100-year flood plain.

The National Weather Service recently completed a rainfall study known as Atlas 14 which shows that severe rainfall events are now occurring more frequently. Within Texas, the Atlas 14 study showed an increased number of rainfall events in a band extending from foe upper Gulf Coast in the east and running west generally along the 1-10 corridor to Central Texas. In particular, the study shows that the Upper Gulf Coast is more likely to experience larger storms than previously thought. Based on this study, various governmental entities, including Harris County, are contemplating amendments to their regulations that will potentially increase the size of the 100 year floodplain, which interim floodplain is based on the current 500-year floodplain, resulting in the interim floodplain regulations applying to a larger number of properties, and potentially increasing the size of detention ponds and drainage facilities required for future construction in all areas (not just in the floodplain). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on the higher statistical rainfall amount, and could result in less developable property within the District, higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

District Operations

The Bonds and the Outstanding Bonds are payable solely from the levy of an ad valorem tax, without legal limitation as to rate or amount, upon all taxable property in the District. The District's only significant source of revenue is maintenance taxes. Net revenues from operation of the District, if any, are available for any legal purpose, including, upon Board action, the payment of debt service on the Bonds and the Outstanding Bonds. It is anticipated that no significant operation revenues will be used for debt service on the Bonds or the Outstanding Bonds in the foreseeable future.

The following statement sets forth in condensed form the General Operating Fund for the District as shown in the District's audited financial statements for the years ended May 31, 2017, through and including May 31, 2021. Such figures are included for informational purposes only. Accounting principles customarily employed in the determination of net revenues have been observed and, in all instances, exclude depreciation. Reference is made to "APPENDIX A" for further and complete information.

	Fiscal Year Ended May 31 (a)				
	2021	**2020**	**2019**	**2018**	**2017**
REVENUES					
Property Taxes	$2,150,228	$1,786,178	$1,609,843	$1,266,228	$1,109,075
Penalty and interest	-	-	-	$23	-
Investment Income	$21,140	$48,215	$43,315	$21,671	$7,438
Sale of Capacity	-	$25,860	$28,051	$25,860	$284,340
Other Income	$1,382,069	$1,290,463	$637,340	-	$216,534
TOTAL REVENUES	**$3,553,437**	**$3,150,716**	**$2,318,549**	**$1,313,782**	**$1,617,387**
EXPENDITURES					
Service operations:					
Regional Water Fee (a)	$12,933	$6,331	$3,970	$150	$43
Professional Fees	$136,874	$138,125	$152,676	$187,793	$183,056
Contracted Services	$38,576	$40,286	$36,444	$35,927	$36,411
Utilities	$82,776	$81,994	$72,145	$63,636	$56,737
Repairs and Maintenance	$1,532,728	$1,225,246	$910,813	$900,397	$790,543
Other expenditures	$85,433	$80,494	$55,552	$66,521	$47,015
Tap Connections	$0	$4,815	$4,851	$66,920	-
Capital Outlay	$41,245	$74,863	$62,882	-	$10,335
Debt Issuance Costs	-	-	$349,999	-	$134
Debt Defeasance	-	-	-	$185,000	-
TOTAL EXPENDITURES	**$1,930,565**	**$1,652,154**	**$1,649,332**	**$1,506,344**	**$1,124,274**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES (b)	**$1,622,872**	**$1,498,562**	**$669,217**	**($192,562)**	**$493,113**
OTHER FINANCING SOURCES					
Insurance reimbursement	**$36,013**	**-**	**-**	**-**	**-**
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	**$1,658,885**	**$1,498,562**	**$669,217**	**($192,562)**	**$493,113**
FUND BALANCE (Beginning of Year)	**$3,946,770**	**$2,448,208**	**$1,778,991**	**$1,971,553**	**$1,478,440**
FUND BALANCE (End of Year)	**$5,605,655**	**$3,946,770**	**$2,448,208**	**$1,778,991**	**$1,971,553**

(a) The District pays fees to the West Harris County Regional Water Authority in connection with pumping make-up wells for the amenity lakes.

(b) As of September 9, 2021, the District's General Fund had an unaudited cash and temporary investment balance of approximately $2,519,376. For the fiscal year ending May 31, 2022 the General Fund is budgeting revenues of $2,212,679 and expenditures of $1,894,552.

AERIAL LOCATION MAP

FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)

7/1/2021 Estimated Taxable Value	$1,742,355,855	(a)
2021 Certified Taxable Value	$1,691,150,854	(b)
Direct Debt		
Outstanding Bonds (as of May 1, 2021)	$57,555,000	
The Bonds	$8,060,000	(c)
Total Direct Debt	$65,615,000	
Estimated Overlapping Debt	$297,562,751	
Direct and Estimated Overlapping Debt	$363,177,751	
Percentage of Direct Debt to:		
7/1/2021 Estimated Taxable Value	3.77%	
2021 Certified Taxable Value	3.88%	
Percentage of Direct and Estimated Overlapping Debt to:		
7/1/2021 Estimated Taxable Value	20.87%	
2021 Certified Taxable Value	21.51%	
2021 Tax Rate Per $100 of Assessed Value		
Debt Service Tax	$0.2656	
Maintenance Tax	$0.1463	
Total 2021 Tax Rate	$0.4119	
Cash and Temporary Investment Balances as of September 9, 2021		
General Fund	$2,519,376	
Debt Service Fund	$997,547	(d)

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of July 1, 2021, was prepared by HCAD and provided to the District. Such values are not binding on HCAD. See "TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the 2021 Certified Taxable Value according to data supplied to the District by HCAD. See "TAX DATA."

(c) Represents the $5,300,000 Unlimited Tax Bonds, Series 2021B and the $2,760,000 Unlimited Tax Park Bonds, Series 2021C.

(d) Neither Texas law nor the District's Bond Orders require that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA "

Investments of the District

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

Debt Service Requirements

The following sets forth the debt service on the Outstanding Bonds plus the debt service on the Bonds. See "USE AND DISTRIBUTION OF BOND PROCEEDS."

Year	Outstanding Debt Service Requirements	Plus: Debt Service on the Series 2021B Bonds		Plus: Debt Service on the Series 2021C Park Bonds		Total Debt Service Requirements
		Principal	Interest	Principal	Interest	
2022	$4,465,124		$94,279		$56,299	$4,615,702
2023	$4,422,423		$119,931		$71,617	$4,613,971
2024	$4,362,323	$215,000	$116,706		$71,617	$4,765,646
2025	$4,315,173	$225,000	$110,106		$71,617	$4,721,896
2026	$4,297,885	$225,000	$103,356		$71,617	$4,697,858
2027	$4,239,510	$225,000	$97,731		$71,617	$4,633,858
2028	$4,236,694	$225,000	$93,231		$71,617	$4,626,542
2029	$4,189,791	$225,000	$88,731		$71,617	$4,575,139
2030	$4,130,129	$225,000	$84,231		$71,617	$4,510,977
2031	$4,102,785	$250,000	$79,481		$71,617	$4,503,883
2032	$4,244,822	$250,000	$74,481		$71,617	$4,640,920
2033	$4,016,355	$250,000	$69,481		$71,617	$4,407,453
2034	$3,964,616	$250,000	$64,481		$71,617	$4,350,714
2035	$3,270,425	$275,000	$59,231		$71,617	$3,676,273
2036	$3,115,736	$275,000	$53,731		$71,617	$3,516,084
2037	$3,196,141	$275,000	$48,231		$71,617	$3,590,989
2038	$2,520,767	$300,000	$42,293		$71,617	$2,934,677
2039	$2,220,504	$305,000	$35,864		$71,617	$2,632,985
2040	$2,223,399	$325,000	$28,562		$71,617	$2,648,578
2041	$1,628,893	$325,000	$20,437		$71,617	$2,045,947
2042	$1,647,831	$325,000	$12,312		$71,617	$2,056,760
2043	$959,350	$330,000	$4,125		$71,617	$1,365,092
2044	$971,550			$310,000	$67,665	$1,349,215
2045	$967,375			$400,000	$58,612	$1,425,987
2046				$400,000	$48,412	$448,412
2047				$400,000	$38,062	$438,062
2048				$400,000	$27,562	$427,562
2049				$425,000	$16,734	$441,734
2050				$425,000	$5,578	$430,578
TOTALS	**$7,709,601**	**$5,300,000**	**$1,501,012**	**$2,760,000**	**$1,822,881**	**$89,093,494**

Tax Adequacy for Debt Service

The calculations shown below are solely for the purpose of illustration, reflect no net General Fund revenues, no transfers of surplus funds from the District's General Fund to the Debt Service Fund and no increase or decrease in assessed valuation over the 7/1/2021 Estimated Taxable Valuation and the 2021 Certified Taxable Valuation. The calculations utilize a tax rate adequate to service the District's total debt service requirements after issuance of the Bonds.

Maximum Annual Debt Service Requirements (2024) $4,765,646

Requires a $0.29 debt service tax rate on the 7/1/2021 Estimated Taxable Value of $1,742,355,855 @ 95% collection $4,482,084

Requires a $0.30 debt service tax rate on the 2021 Certified Taxable Value of $1,691,150,854 @ 95% collections $4,505,041

Estimated Overlapping Debt

The following table indicates the outstanding debt payable from ad valorem taxes of governmental entities within which the District is located and the estimated percentages and amounts of such indebtedness attributable to property within the District. Debt figures equated herein to outstanding obligations payable from ad valorem taxes are based upon data obtained from Texas Municipal Reports compiled and published by the Municipal Advisory Council of Texas as of May 5, 2020. Furthermore, certain entities listed below may have issued additional obligations since the date listed and may have plans to incur significant amounts of additional debt. Political subdivisions overlapping the District are authorized by Texas law to levy and collect ad valorem taxes for the purposes of operation, maintenance and/or general revenue purposes in addition to taxes for the payment of debt service and the tax burden for operation, maintenance and/or general revenue purposes is not included in these figures. The District has no control over the issuance of debt or tax levies of any such entities.

Taxing Entity	Outstanding Debt	Estimated Overlapping Percent	Estimated Overlapping Amount
Cypress-Fairbanks Independent School District	$3,107,910,000	2.93%	$91,202,406
Harris County	$1,293,922,125	0.33%	$4,241,641
Harris County Flood Control District	$334,270,000	0.33%	$1,119,697
Port of Houston Authority	$492,439,397	0.34%	$1,654,719
Harris County Hospital District	$81,540,000	0.34%	$274,400
Harris County Department of Education	$20,185,000	0.33%	$67,073
Lone Star College System	$518,505,000	0.75%	$3,903,849
Harris County MUD No. 419	$126,230,000	100.00%	$126,230,000
Harris County MUD No. 489	$62,240,000	100.00%	$62,240,000
Total Estimated Overlapping Debt			**$297,562,751**
The District (a)			$65,615,000
Total Direct & Estimated Overlapping Debt			**$363,177,751**

(a) Includes the Bonds.

Overlapping Taxes

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

Set forth below are all of the taxes levied for the 2020 tax year by all overlapping taxing jurisdictions and the 2020 tax rates levied by MUD 419, MUD 489 and the District. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges or any other levy of entities other than political subdivisions.

Taxing Jurisdictions	MUD 419 2020 Tax Rate	MUD 489 2020 Tax Rate
Cypress-Fairbanks Independent School District	$1.355500	$1.355500
Harris County (a)	$0.604193	$0.604193
Lone Star College System	$0.107800	$0.107800
Harris County Emergency Services District No. 9	$0.059492	$0.059492
Harris County Municipal Utility District No. 419 (2021) (b)	$0.930000	-
Harris County Municipal Utility District No. 489 (b)	-	$1.000000
Overlapping Taxes	**$3.056985**	**$3.126985**
The District (2021)	$0.411900	$0.411900
Total Direct & Overlapping Taxes	**$3.468885**	**$3.538885**

(a) Includes the 2020 taxes levied by Harris County, Harris County Flood Control District, Port of Houston, Harris County Hospital District, and Harris County Department of Education.

(b) See "INVESTMENT CONSIDERATIONS—Overlapping Debt and Taxes."

TAX DATA

Debt Service Tax

The Board covenants in the Bond Orders to levy and assess, for each year that all or any part of the Bonds and the Outstanding Bonds remain outstanding and unpaid, a tax adequate to provide funds to pay the principal of and interest on the Bonds and the Outstanding Bonds. See "Tax Rate Distribution" and "Tax Roll Information" below, and "TAXING PROCEDURES" and "INVESTMENT CONSIDERATIONS—Economic Factors and Interest Rates."

Maintenance and Operations Tax

The Board has the statutory authority to levy and collect an annual ad valorem tax for the operation and maintenance of the District, if such a maintenance tax is authorized by the District's voters. A maintenance tax election was held on May 7, 2005, and voters of the District authorized, among other things, the Board to levy a maintenance tax at a rate not to exceed $1.50 per $100 of taxable assessed valuation for general operations and maintenance costs. At said election held on May 7, 2005, voters also authorized the Board to levy a maintenance tax for operations and maintenance costs of recreational facilities at a rate not to exceed $0.10 per $100 of taxable assessed valuation. A maintenance tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds. See "Debt Service Tax" above.

Tax Exemptions

For the tax year 2021, the District has adopted a residential homestead exemption of $10,000 of assessed valuation for persons 65 years of age or older and an exemption of $20,000 of the assessed valuation of residential homesteads of individuals who are under a disability for purposes of payment of disability insurance under the Federal Old-Age Survivors and Disability Insurance Act. See "TAXING PROCEDURES—Property Subject to Taxation by the District."

Tax Rate Distribution

	2021	2020	2019	2018	2017
Debt Service	$0.2656	$0.2954	$0.3165	$0.3165	$0.3475
Maintenance/Operations	$0.1463	$0.1365	$0.1310	$0.1310	$0.1175
Total	**$0.4119**	**$0.4319**	**$0.4475**	**$0.4475**	**$0.4650**

Historical Tax Collections

The following represents the collection history of District taxes; the collections represent cumulative tax collections for each tax year as of June 30, 2021. According to the District's Tax Assessor/Collector, the District's current tax collections for the tax years 2016 through 2021 averaged more than 98%.

Tax Year	Taxable Valuation	Tax Rate	Total Tax Levy	Cumulative Collections (a) Amount	Cumulative Collections (a) Percent	Year Ended September 30
2021	$1,691,150,854(b)	$0.4119	$6,965,850			2022
2020	$1,575,667,030	$0.4319	$6,805,306	$6,735,852	98.49%	2021
2019	$1,375,546,675	$0.4475	$6,155,571	$6,145,584	99.84%	2020
2018	$1,230,029,830	$0.4475	$5,504,383	$5,500,442	99.93%	2019
2017	$1,077,077,361	$0.4650	$5,008,410	$5,004,251	99.92%	2018
2016	$957,800,143	$0.4650	$4,453,771	$4,450,133	99.92%	2017

(a) The figures above reflect unaudited tax collection data.

(b) Reflects the 2021 Certified Taxable Value according to data supplied to the District by HCAD.

Tax Roll Information

The District's taxable assessed value as of January 1 of each year is used by the District in establishing its tax rate. See "TAXING PROCEDURES—Valuation of Property for Taxation." The following represents the composition of property comprising the 2016 through 2021 Taxable Valuations.

Tax Roll Year	Land	Improvements	Personal Property	Gross Valuations	Exemptions	Taxable Valuations	
2021	$406,339,472	$1,347,731,888	$9,644,130	$1,763,715,490	$72,564,636	$1,691,150,854	(a)
2020	$364,913,324	$1,265,366,436	$15,128,137	$1,645,407,897	$69,740,867	$1,575,667,030	
2019	$314,219,521	$1,108,572,260	$11,618,584	$1,434,410,365	$58,863,690	$1,375,546,675	
2018	$297,180,844	$972,892,576	$10,463,400	$1,280,536,820	$50,506,990	$1,230,029,830	
2017	$265,498,889	$841,903,724	$9,365,974	$1,116,768,587	$39,691,226	$1,077,077,361	
2016	$249,580,109	$736,069,025	$7,706,165	$993,355,299	$35,555,156	$957,800,143	

____

(a) Reflects the 2021 Certified Taxable Value according to data supplied to the District by HCAD.

Principal Taxpayers

The following table represents the principal taxpayers, the taxable value of such property, and such taxable value as a percentage of the 2021 Taxable Valuation. The table below reflects the ownership of property as of January 1, 2021.

Tax Payer	Description	2021 Taxable Value	Percent
Bridgeland Development LP (a)	Land & Improvements	$44,836,297	2.65%
BLLV Apartment Holding Company LLC	Land, Improvements & Personal Property	$44,025,596	2.60%
LLH 236 LP	Land & Improvements	$40,659,000	2.40%
Lakeland Village Holding	Land & Improvements	$13,570,466	0.80%
Centerpoint Energy Hou El	Personal Property	$3,783,160	0.22%
Zhang Qian	Land & Improvements	$2,818,675	0.17%
Jia Puqing	Land & Improvements	$1,586,055	0.09%
Darling Homes of Texas LLC	Land, Improvements & Personal Property	$1,399,126	0.08%
Highland Homes Houston LLC	Land & Improvements	$1,281,600	0.08%
Alrizer Shawn P & Jana H	Land & Improvements	$1,219,224	0.07%
		$155,179,199	**9.18%**

____

(a) See "THE DEVELOPER."

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property in the District is subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately-owned utilities. Principal categories of exempt property include: property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older or under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least 20% of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2021 tax year, the District has granted an exemption of $10,000 of assessed valuation for persons 65 years of age and older and an exemption of $20,000 of assessed valuation to individuals who are under a disability for purposes of payment of disability insurance benefits under the Federal Old-Age Survivors and Disability Insurance Act. The District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between $5,000 and $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to an exemption for the full value of the veteran's residence homestead. Additionally, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied. A partially disabled veteran or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if (i) the residence homestead was donated by a charitable organization at no cost to the disabled veteran, or (ii) the residence was donated by a charitable organization at some cost to the disabled veteran if such cost is less than or equal to fifty percent (50%) of the total good faith estimate of the market value of the residence as of the date the donation is made. Also, the surviving spouse of a member of the armed forces or a first responder (as defined under Texas law) who was (i) killed in action, or (ii) subject to an amendment to the Texas Constitution to be considered at an election on November 2, 2021, fatally injured in the line of duty, is, subject to certain conditions, entitled to an exemption of the total appraised value of the surviving spouse's residence homestead, and subject to certain conditions, an exemption up to the same amount may be transferred to a subsequent residence homestead of the surviving spouse.

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

General Residential Homestead Exemption

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads, but not less than $5,000, if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The District has never granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon 100% of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus 10% of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal

District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every 3 years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone or county-wide basis.

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% physically damaged by a disaster and located within an area declared to be a disaster area by the governor of the State of Texas. This temporary exemption is automatic if the disaster is declared prior to a taxing unit, such as the District, adopting its tax rate for the tax year. A taxing unit, such as the District, may authorize the exemption at its discretion if the disaster is declared after the taxing unit has adopted its tax rate for the tax year. The amount of the exemption is based on the percentage of damage and is prorated based on the date of the disaster. Upon receipt of an application submitted within the eligible timeframe by a person who qualifies for a temporary exemption under the Property Tax Code, the Appraisal District is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

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

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

Agricultural, Open Space, Timberland, and Inventory Deferment

The Property Tax Code permits land designated for agricultural use (including wildlife management), open space, or timberland to be appraised at its value based on the land's capacity to produce agriculture or timber products rather than at its fair market value. The Property Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of any of such designations must apply for the designation, and the Appraisal District is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions and not as to others. If a claimant receives the designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based upon the new use for the 3 years prior to the loss of the designation for agricultural, timberland or open space land. According to the District's Tax Assessor/Collector, as of January 1, 2021, less than one acre of land within the District was designated for agricultural use, open space, inventory deferment or timberland.

Tax Abatement

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

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

Low Tax Rate Districts

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district's status as a Low Tax Rate District, Developed District or Developing District will be made by the Board of Directors on an annual basis. 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. The Board determined that the District was a developing district for 2021.

District's Rights in the Event of Tax Delinquencies

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

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

INVESTMENT CONSIDERATIONS

General

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

Infectious Disease Outlook (COVID-19)

In March 2020, the World Health Organization and the President of the United States separately declared the outbreak of a respiratory disease caused by a novel coronavirus ("COVID-19") to be a public health emergency. On March 13, 2020, the Governor of Texas (the "Governor") declared a state of disaster for all counties in the State of Texas (the "State") because of the effects of COVID-19. Subsequently, in response to a rise in COVID-19 infections in the State and pursuant to the Chapter 418 of the Texas Government Code, the Governor issued a number of executive orders intended to help limit the spread of COVID-19 and mitigate injury and the loss of life, including limitations imposed on business operations, social gatherings, and other activities.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2021 and a decrease in active COVID-19 cases generally in the United States, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

With the easing or removal of associated governmental restrictions, economic activity has increased. However, there are no assurances that such increased economic activity will continue or continue at the same rate, especially if there are future outbreaks of COVID-19. The District has not experienced any decrease in property values, unusual tax delinquencies, or interruptions to service as a result of COVID-19; however, the District cannot predict the long-term economic effect of COVID-19 or a similar virus should there be a reversal of economic activity and re-imposition of restrictions.

Extreme Weather Events; Hurricane Harvey

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

According to the District's Operator, the system serving the District did not sustain any material damage and there was no interruption of water and sewer service as a result of Hurricane Harvey. Further, according to the District's Engineer, no homes within the District experienced flooding or other material damage as a result of Hurricane Harvey. Some flooding was experienced in approximately 11 commercial establishments located in the District. Each of those establishments has been rehabilitated and are once again open for business.

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

Specific Flood Type Risks

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.

Economic Factors and Interest Rates

A substantial percentage of the taxable value of the District results from the current market value of single-family and multi-family residences, undeveloped land and developed lots which are currently being marketed by the Developer to the Builders for the construction of primary residences or commercial/retail improvements. The market value of such homes, lots and undeveloped land is related to general economic conditions affecting the demand for residences. Demand for lots and undeveloped land of this type and the construction of residential and commercial improvements thereon can be significantly affected by factors such as interest rates, credit availability, construction costs, energy availability, and the prosperity and demographic characteristics of the urban center toward which the marketing of lots is directed. Decreased levels of construction activity would tend to restrict the growth of property values in the District or could adversely impact such values. See "Credit Markets and Liquidity in the Financial Markets" below and "THE DISTRICT—Homebuilding."

Credit Markets and Liquidity in the Financial Markets

Interest rates and the availability of mortgage and development funding have a direct impact on the construction activity, particularly short-term interest rates at which developers are able to obtain financing for development costs. Interest rate levels may affect the ability of a landowner with undeveloped property to undertake and complete construction activities within the District. Because of the numerous and changing factors affecting the availability of funds, the District is unable to assess the future availability of such funds for continued construction within the District. In addition, since the District is located approximately 25 miles from the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and the national financial and credit markets. A downturn in the economic conditions of the City and the nation could adversely affect development and building plans in the District and restrain the growth or reduce the value of the District's property tax base.

Competition

The demand for and construction of single-family homes in the District, which is 25 miles from downtown Houston, could be affected by competition from other residential developments, including other residential developments located in the northwestern portion of the Houston area market. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in the area of the District. Such homes could represent additional competition for new homes proposed to be sold within the District.

The competitive position of the Builders in the sale of single-family residential houses within the District is affected by most of the factors discussed in this section. Such a competitive position directly affects the growth and maintenance of taxable values in the District and tax revenues to be received by the District. The District can give no assurance that building and marketing programs in the District by the Developer will be implemented or, if implemented, will be successful.

Development and Home Construction in the District

As of July 1, 2021, 423 developable acres of land in the District have not been fully provided with utility service necessary for development. Future increases in value will result primarily from the construction of homes by Builders and commercial and multi-family improvements. The District makes no representation with regard to whether or not homebuilding programs will be successful or commercial or multi-family improvements will be constructed. See "THE DISTRICT—Land Use," "THE DEVELOPER," and "Possible Impact on District Tax Rates" below.

Possible Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of owners of property within the District to pay their taxes. The 2021 Taxable Assessed Valuation is $1,691,150,854 and the Estimated Taxable Assessed Valuation as of July 1, 2021, is $1,742,355,855. After issuance of the Bonds, the maximum annual debt service requirement will be $4,765,646 (2024). Assuming no increase or decrease from the 2021 Taxable Assessed Valuation, the issuance of no additional debt, and no other funds available for the payment of debt service, tax rate of $0.30 per $100 of taxable assessed valuation at a 95% collection rate would be necessary to pay the maximum annual debt service requirement. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Debt Service Requirements."

The Estimated Taxable Assessed Valuation as of July 1, 2021, is $1,742,355,855, which reduces the above tax rate calculations to $0.29 per $100 of taxable assessed valuation. No representation or suggestion is made that the estimated values of land and improvements provided by the Appraisal District as of July 1, 2021, for the District will be certified as taxable value by the Appraisal District, and no person should rely upon such amounts or their inclusion herein as assurance of their attainment. See "TAXING PROCEDURES."

Overlapping Debt and Taxes

All of the land within the District is also included within or expected to be included within the boundaries of Harris County Municipal Utility District No. 419 ("MUD 419"), Harris County Municipal Utility District No. 418 ("MUD 418") or Harris County Municipal Utility District No. 489 ("MUD 489"). MUD 419 has heretofore issued bonds and each of such municipal utility districts is expected to issue bonds in the future in order to fund the internal water, sewer, drainage, recreational and road facilities needed for development and to levy an unlimited tax to pay debt service on such bonds. This tax is in addition to the tax levied by the District and the taxes levied by other taxing jurisdictions.

The District intends that the composite tax rate of the District and either MUD 418, MUD 419, or MUD 489, will not exceed $1.50 per $100 of taxable assessed valuation. However, the tax rate that may be required to service debt on any bonds issued by the District, MUD 418, MUD 419 or MUD 489, is subject to numerous uncertainties such as the growth of taxable values within the boundaries of MUD 418, MUD 419 or MUD 489, regulatory approvals, construction costs and interest rates. There can be no assurances that the composite of the tax rates imposed by all jurisdictions on property in the District will be competitive with the composite of the tax rates of competing projects in the Houston metropolitan area. To the extent that such composite tax rates are not competitive with competing developments, the growth of property tax values in the District and the investment quality or security of the Bonds could be adversely affected. A combined tax rate of $1.4319 per $100 of taxable assessed valuation is higher than the tax rate of many utility districts in the Houston metropolitan area, although such a combined rate is within the range of tax rates imposed for similar purposes by many utility districts in the Houston metropolitan area in stages of development comparable with the District.

The current TCEQ rules regarding the feasibility of a bond issue for utility districts in Harris County limit the projected combined total tax rate of entities levying a tax for water, wastewater, drainage, recreational facilities and roads to $1.50 per $100 of assessed valuation. In the case of the District, the total combined tax rate under current TCEQ rules includes the tax rate of the District in combination with MUD 418, MUD 419 or MUD 489. The 2020 combined tax rates of the District with MUD 419 and the District with MUD 489 is $1.3719 and $1.4319 per $100 of taxable assessed valuation, respectively, and is consistent with the rules of the TCEQ. If the total combined tax rate should ever exceed $1.50 per $100 of assessed valuation, the District and MUD 418, MUD 419 or MUD 489 could be prohibited under rules of the TCEQ from selling additional bonds. See "Possible Impact on District Tax Rates" above and "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED)—Overlapping Taxes."

Voters within the Bridgeland Management District ("Management District"), which includes 1,081 acres within the boundaries of the District, have approved the levy of a sales and use tax and a hotel occupancy tax and issuance of bonds payable from said taxes and/or property assessments. The Management District has not considered calling an election to authorize the levy, assessment and collection of ad valorem taxes or the issuance of bonds payable in whole or in part from ad valorem taxes. See "BRIDGELAND."

Tax Collections Limitations and Foreclosure Remedies

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

Registered Owners' Remedies

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

Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government's sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Orders may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

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

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

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

A district may not be forced into bankruptcy involuntarily.

Future Debt

The District has the right to issue obligations other than the Bonds, including tax anticipation notes and bond anticipation notes, and to borrow for any valid corporate purpose. A total of $256,600,000 in principal amount of unlimited tax bonds has been authorized by the District's voters for acquiring or constructing drainage facilities, and, after the issuance of the Series 2021B Bonds, $193,300,000 in principal amount remain authorized but unissued. A total of $204,300,000 in principal amount of unlimited tax bonds has been authorized by the District's voters for acquiring or constructing recreational facilities, and, after the issuance of the Series 2021C, $186,330,000 in principal amount remain authorized but unissued. In addition, voters have authorized $460,900,000 in principal amount of Unlimited Tax Bonds, of which $459,160,000 in principal amount remain authorized but unissued after the issuance of the Bonds. Voters may authorize the issuance of additional bonds secured by ad valorem taxes. The issuance of additional obligations may increase the District's tax rate and adversely affect the security for, and the investment quality and value of the Bonds.

According to the records of the Developer, the District owes the Developer approximately $1,110,000 for the engineering and construction costs associated with major drainage facilities, channel improvements; additionally, the District owes the Developer approximately $51,200,000 for engineering and construction costs associated with recreational facilities plus Developer interest for all of those advances previously made. However, the principal amount of bonds issued to finance parks and recreation facilities (including outstanding parks and recreation bonds) may not exceed 1% of the value of the taxable property in the District at the time of issuance of the bonds, or, in the event the District meets certain conditions, 3% of the value of the taxable property in the District at the time of issuance of the bonds, but in no event in an amount greater than the estimated costs in the District's park and recreational facilities plan. After the issuance of the Series 2021C Park Bonds, the District will have $11,570,000 principal amount recreational facility bonds outstanding. See "FINANCIAL INFORMATION CONCERNING THE DISTRICT - Outstanding Bonds." The District intends to issue additional bonds in the future in order to fully reimburse the Developer for facilities constructed or under construction and to provide major drainage facilities and channel improvements and recreational facilities to the remainder of undeveloped but developable land in the District. In addition, future changes in health or environmental regulations could require the construction and financing of additional improvements without any corresponding increases in taxable value in the District. The District does not employ any formula with respect to appraised valuations, tax collections or otherwise to limit the amount of parity bonds which it may issue. The issuance of additional bonds is subject to (among other requirements) the approval of the TCEQ and its rules regarding the issuance of bonds. See "Overlapping Debt and Taxes" in this section and "THE BONDS - Issuance of Additional Debt" and " - Financing of Recreational Facilities."

Marketability of the Bonds

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

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

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

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

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

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

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

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

Water Supply & Discharge Issues. Water supply and discharge regulations that water control and improvement 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 water control and improvement 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 water control and improvement district must comply may have an impact on the water control and improvement district's ability to obtain and maintain compliance with TPDES permits.

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

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

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

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

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

In June and July of 2021, the EPA and USACE announced plans to further revise the definition of "waters of the United States." On August 30, 2021, the United States District Court for the District of Arizona issued an order vacating the NWPR while the EPA and USACE make plans to replace it. In light of this order, the EPA and the USACE announced that they have halted implementation of the NWPR and are interpreting "waters of the United States" consistent with the pre-2015 regulatory regime until further notice while continuing to move forward with the rulemakings announced in June of 2021. Due to existing and possible future litigation and regulatory action, 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.

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.

Risk Factors Related to the Purchase of Municipal Bond Insurance

The District has applied for a commitment for a bond insurance policy (the “Policy”) to guarantee the scheduled payment of principal and interest on the Bonds. Investors should be aware of the following investment considerations:

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

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

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

Future 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 legislation, administrative action, or court decision could limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax-exempt interest. The likelihood of any such proposal being enacted cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Continuing Compliance with Certain Covenants

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

LEGAL MATTERS

Legal Opinions

The District will furnish to the Underwriters a transcript of certain certified proceedings incident to the issuance and authorization of the Bonds, including a certified copy of the approving legal opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Attorney General has examined a transcript of proceedings authorizing the issuance of the Bonds, and that based upon such examination, the Bonds are valid and binding obligations of the District payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The District will also furnish the approving legal opinion of Schwartz, Page & Harding, L.L.P., Houston, Texas, Bond Counsel, to the effect that, based upon an examination of such transcript, the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, except to the extent that enforcement of the rights and remedies of the Registered Owners of the Bonds may be limited by laws relating to bankruptcy, reorganization, or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District and to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statutes, regulations, published rulings and court decisions existing on the date of such opinion, assuming compliance by the District with certain covenants relating to the use and investment of the proceeds of the Bonds. See "Tax Exemption" below. The legal opinion of Bond Counsel will further state that the Bonds are payable, both as to principal and interest, from the levy of ad valorem taxes, without legal limitation as to rate or amount, upon all taxable property within the District. Bond Counsel's opinion will also address the matters described below.

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

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

Legal Review

In its capacity as Bond Counsel, Schwartz, Page & Harding, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections "THE BONDS," "THE DISTRICT - General," "MANAGEMENT OF THE DISTRICT-District Consultants - Bond Counsel and General Counsel," "TAXING PROCEDURES," and "LEGAL MATTERS solely to determine whether such information fairly summarizes the law and documents referred to therein. Bond Counsel has not independently verified factual information contained in this Official Statement, nor have such firms conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firms' limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

Tax Exemption

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

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

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result. Existing Law, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. 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 ownership of the Bonds.

Qualified Tax-Exempt Obligations

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

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

disregarded, then such obligations might fail to satisfy the aforementioned dollar limitation and the Bonds would not be "qualified tax-exempt obligations."

Collateral Federal Income Tax Consequences

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

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

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

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

State, Local and Foreign Taxes

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

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

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

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

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

Under Existing Law, the original issue discount on each Original Issue Discount Bond is accrued daily to the stated maturity thereof (in amounts calculated as described below for each 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 amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (b) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition of Original Issue Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those described above. ALL OWNERS OF ORIGINAL ISSUE DISCOUNT BONDS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION FOR FEDERAL, STATE AND LOCAL INCOME TAX PURPOSES OF INTEREST ACCRUED UPON REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

The initial public offering price to be paid for certain maturities of the Bonds may be greater than the amount payable on such Bonds at maturity (the "Premium Bonds"). An amount equal to the difference between the initial public offering price of a Premium Bond (assuming that a substantial amount of the Premium Bonds of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Bonds. The basis for federal income tax purposes of a Premium Bond in the hands of such initial purchaser must be reduced each year by the amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Bond. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity. PURCHASERS OF THE PREMIUM BONDS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS WITH RESPECT TO THE DETERMINATION OF AMORTIZABLE BOND PREMIUM WITH RESPECT TO THE PREMIUM BONDS FOR FEDERAL INCOME TAX PURPOSES AND WITH RESPECT TO THE STATE AND LOCAL TAX CONSEQUENCES OF OWNING PREMIUM BONDS.

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

The GMS Group, L.L.C. is employed as the Financial Advisor to the District to render certain professional services, including advising the District on the plan of financing for the Bonds and compiling the information included in this OFFICIAL STATEMENT, for the sale of the Bonds. In its capacity as Financial Advisor, The GMS Group, L.L.C. has also edited this OFFICIAL STATEMENT. The Financial Advisor has reviewed the information in this OFFICIAL STATEMENT in accordance with, and as a part of, its responsibilities to the District and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

Consultants

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

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

Engineer: The information contained in this OFFICIAL STATEMENT relating to engineering and to the description of the System and, in particular that information included in the sections entitled "THE DISTRICT" and "THE SYSTEM," "PARK AND RECREATIONAL FACILITIES," "ROADS," and "WATER, WASTEWATER AND DRAINAGE" has been provided by BGE, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The financial statements of the District as of May 31, 2021, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Updating the Official Statement

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

Certification of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Orders, the District has made the following agreement for the benefit of the registered 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 events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system.

Annual Reports

The District will provide annually to the MSRB certain updated financial information and operating data. 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 "THE SYSTEM," "FINANCIAL INFORMATION CONCERNING THE DISTRICT (UNAUDITED) - Debt Service Requirements," "TAX DATA" and in "APPENDIX A" (Independent Auditor's Report and Financial Statements and supplemental schedules). The District will update and provide this information within six months after the end of each fiscal year ending in or after May 31, 2022.

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 the District commissions an audit and the audit is completed by the required time. If the audit of such financial statements is not complete within such period, then the District will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Orders 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 May 31. Accordingly, it must provide updated information by November 30 in each year, unless the District changes its fiscal year. If the District changes its fiscal year, it will notify 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 (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect Beneficial Owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under the Rule. The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Resolution makes any provisions for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide financial information, operating data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

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

Limitations and Amendments

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

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

Compliance with Prior Undertakings

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

MISCELLANEOUS

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

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS

of the District for the year ended May 31, 2021

The information contained in this appendix includes the audited financial statements of Harris County Water Control and Improvement District No. 157 and certain supplemental information for the fiscal year ended May 31, 2021.

Harris County Water Control and Improvement District No. 157

Harris County, Texas

Independent Auditor's Report and Financial Statements

May 31, 2021

BKD
CPAs & Advisors

Harris County Water Control and Improvement District No. 157
May 31, 2021

Contents

BKD
CPAs & Advisors

2700 Post Oak Boulevard, Suite 1500 | Houston, TX 77056-5829
713.499.4600 | Fax 713.499.4699 | bkd.com

Independent Auditor's Report

Board of Directors
Harris County Water Control and
Improvement District No. 157
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Water Control and Improvement District No. 157 (the District), as of and for the year ended May 31, 2021, 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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 May 31, 2021, and the respective changes in financial position thereof 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 budgetary comparison schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not 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 other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
October 7, 2021

Harris County Water Control and Improvement District No. 157
Management's Discussion and Analysis
May 31, 2021

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to financial statements. This report also contains supplementary information required by the Governmental Accounting Standards Board and other information required by the District's state oversight agency, the Texas Commission on Environmental Quality (the Commission).

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of drainage services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

The focus of government-wide financial statements is on the overall financial position and activities of the District. The District's government-wide financial statements include the statement of net position and statement of activities, which are prepared using accounting principles that are similar to commercial enterprises. The purpose of the statement of net position is to attempt to report all of the assets, liabilities, and deferred inflows and outflows of resources of the District. The District reports all of its assets when it acquires or begins to maintain the assets and reports all of its liabilities when they are incurred.

The difference between the District's assets, liabilities, and deferred inflows and outflows of resources is labeled as net position and this difference is similar to the total stockholders' equity presented by a commercial enterprise.

The purpose of the statement of activities is to present the revenues and expenses of the District. Again, the items presented on the statement of activities are measured in a manner similar to the approach used by a commercial enterprise in that revenues are recognized when earned or established criteria are satisfied and expenses are reported when incurred by the District. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported even when they may not be collected for several months or years after the end of the accounting period and expenses are recorded even though they may not have used cash during the current year.

Although the statement of activities looks different from a commercial enterprise's statement of income, the financial statement is different only in format, not substance. Whereas the bottom line in a commercial enterprise is its net income, the District reports an amount described as change in net position, essentially the same thing.

Fund Financial Statements

Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the District rather than the District as a whole. Except for the general fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations.

Governmental Funds

Governmental-fund financial statements consist of a balance sheet and a statement of revenues, expenditures and changes in fund balances and are prepared on an accounting basis that is significantly different from that used to prepare the government-wide financial statements.

In general, these financial statements have a short-term emphasis and, for the most part, measure and account for cash and other assets that can easily be converted into cash. For example, amounts reported on the balance sheet include items such as cash and receivables collectible within a very short period of time, but do not include capital assets such as land and drainage systems. Fund liabilities include amounts that are to be paid within a very short period after the end of the fiscal year. The difference between a fund's assets, liabilities, and deferred inflows and outflows of resources is labeled the fund balance and generally indicates the amount that can be used to finance the next fiscal year's activities. Likewise, the operating statement for governmental funds reports only those revenues and expenditures that were collected in cash or paid with cash, respectively, during the current period or very shortly after the end of the fiscal year.

Because the focus of the government-wide and fund financial statements is different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in the notes to financial statements that describes the adjustments to fund balances to arrive at net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in the notes to financial statements that reconciles the total change in fund balances for all governmental funds to the change in net position, as reported in the governmental activities column in the statement of activities.

Notes to Financial Statements

The notes to financial statements provide additional information that is essential to a full understanding of the data found in the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

The District's overall financial position and activities for the past two years are summarized as follows, based on the information included in the government-wide financial statements.

Summary of Net Position

	2021	2020
Current and other assets	$ 10,826,659	$ 9,297,241
Capital assets	71,001,148	71,756,083
Total assets	81,827,807	81,053,324
Deferred outflows of resources	1,353,305	1,428,020
Total assets and deferred outflows of resources	$ 83,181,112	$ 82,481,344
Long-term liabilities	$ 74,843,960	$ 77,386,243
Other liabilities	830,035	956,825
Total liabilities	75,673,995	78,343,068
Net position:		
Net investment in capital assets	(2,199,842)	(3,905,642)
Restricted	4,063,808	4,068,009
Unrestricted	5,643,151	3,975,909
Total net position	$ 7,507,117	$ 4,138,276

The total net position of the District increased by $3,368,841, or about 81 percent. The majority of the increase in net position is related to property tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2021	2020
Revenues:		
Property taxes	$ 6,830,233	$ 6,143,040
Other revenues	1,460,103	1,453,752
Total revenues	8,290,336	7,596,792
Expenses:		
Services	2,046,615	1,756,393
Depreciation	796,180	794,118
Debt service	2,078,700	2,364,223
Total expenses	4,921,495	4,914,734
Change in net position	3,368,841	2,682,058
Net position, beginning of year	4,138,276	1,456,218
Net position, end of year	$ 7,507,117	$ 4,138,276

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended May 31, 2021, were $10,331,207, an increase of $1,607,261 from the prior year.

The general fund's fund balance increased by $1,658,885, primarily due to property tax revenue and other income exceeding service operating expenditures.

The debt service fund's fund balance decreased by $45,551, primarily due to property tax revenues being less than bond principal and interest requirements and contracted services expenditures.

The capital projects fund's fund balance decreased by $6,073, primarily due to capital outlay expenditures incurred.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax revenues being greater than anticipated and other income and repairs and maintenance expenditures being less than anticipated. The fund balance as of May 31, 2021, was expected to be $5,701,193 and the actual end-of-year fund balance was $5,605,655.

Capital Assets and Related Debt

Capital Assets

Capital assets held by the District at the end of the current and previous fiscal years are summarized below:

Capital Assets (Net of Accumulated Depreciation)

	2021	2020
Land and improvements	$ 59,905,371	$ 59,905,371
Parks and recreation	11,095,777	11,850,712
Total capital assets	$ 71,001,148	$ 71,756,083

During the current year, additions to capital assets were as follows:

Booster pump motors Nos. 1, 2 and 4	$ 41,245

The developer of the District has constructed drainage and recreational facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues subject to the approval of the Commission. At May 31, 2021, a liability for developer-constructed capital assets of $13,881,540 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended May 31, 2021, are summarized as follows:

Long-term debt payable, beginning of year	$ 77,386,243
Decreases in long-term debt	(2,542,283)
Long-term debt payable, end of year	$ 74,843,960

At May 31, 2021, the District had $198,600,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the drainage system within the District and $189,090,000 for financing and constructing recreational facilities.

The District's bonds carry an underlying rating of "A2" from Moody's Investor's Service. The Series 2015 refunding bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Municipal Assurance Corp. The Series 2015A, Series 2016 refunding, Series 2017, Series 2017B refunding, Series 2018, Series 2018A and Series 2019 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company. The Series 2016A and Series 2017A bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston (the City), the District must conform to the 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 must assume the District's assets and obligations (including the bonded indebtedness) and abolish the District within 90 days.

Subsequent Events

On July 26, 2021, the District issued its Series 2021 unlimited tax refunding bonds in the amount of $1,120,000, to refund $1,085,000 of outstanding Series 2012 bonds. The District refunded the bonds to reduce total debt service payments over future years by $168,822 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $137,196.

In addition, on July 26, 2021, the District issued its Series 2021A unlimited tax park refunding bonds in the amount of $3,820,000, to refund $3,800,000 of outstanding Series 2013 park bonds. The District refunded the bonds to reduce total debt service payments over future years by $858,627 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $723,802.

Harris County Water Control and Improvement District No. 157

Statement of Net Position and Governmental Funds Balance Sheet

May 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets						
Cash	$ 39,920	$ 194,253	$ 300	$ 234,473	$ -	$ 234,473
Certificates of deposit	1,460,000	-	-	1,460,000	-	1,460,000
Short-term investments	4,372,437	4,248,768	349,238	8,970,443	-	8,970,443
Property taxes receivable	37,496	85,101	-	122,597	-	122,597
Accrued penalty and interest	-	-	-	-	28,553	28,553
Accrued interest	6,898	-	-	6,898	-	6,898
Due from others	3,695	-	-	3,695	-	3,695
Interfund receivable	65,023	-	-	65,023	(65,023)	-
Capital assets (net of accumulated depreciation):						
Land and improvements	-	-	-	-	59,905,371	59,905,371
Parks and recreation	-	-	-	-	11,095,777	11,095,777
Total assets	5,985,469	4,528,122	349,538	10,863,129	70,964,678	81,827,807
Deferred Outflows of Resources						
Deferred amount on debt refundings	0	0	0	0	1,353,305	1,353,305
Total assets and deferred outflows of resources	$ 5,985,469	$ 4,528,122	$ 349,538	$ 10,863,129	$ 72,317,983	$ 83,181,112

Harris County Water Control and Improvement District No. 157

Statement of Net Position and Governmental Funds Balance Sheet (Continued)

May 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities						
Accounts payable	$ 342,318	$ 742	$ 1,242	$ 344,302	$ -	$ 344,302
Accrued interest payable	-	-	-	-	485,733	485,733
Interfund payable	-	65,023	-	65,023	(65,023)	-
Long-term liabilities:						
Due within one year	-	-	-	-	2,600,000	2,600,000
Due after one year	-	-	-	-	72,243,960	72,243,960
Total liabilities	342,318	65,765	1,242	409,325	75,264,670	75,673,995
Deferred Inflows of Resources						
Deferred property tax revenues	37,496	85,101	0	122,597	(122,597)	0
Fund Balances/Net Position						
Fund balances:						
Restricted:						
Unlimited tax bonds	-	4,377,256	-	4,377,256	(4,377,256)	-
Drainage and detention	-	-	103,246	103,246	(103,246)	-
Parks and recreation	2,709,409	-	245,050	2,954,459	(2,954,459)	-
Unassigned	2,896,246	-	-	2,896,246	(2,896,246)	-
Total fund balances	5,605,655	4,377,256	348,296	10,331,207	(10,331,207)	0
Total liabilities, deferred inflows of resources and fund balances	$ 5,985,469	$ 4,528,122	$ 349,538	$ 10,863,129		
Net position:						
Net investment in capital assets					(2,199,842)	(2,199,842)
Restricted for debt service					4,005,177	4,005,177
Restricted for capital projects					58,631	58,631
Unrestricted					5,643,151	5,643,151
Total net position					$ 7,507,117	$ 7,507,117

Harris County Water Control and Improvement District No. 157

Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances

Year Ended May 31, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues						
Property taxes	$ 2,150,228	$ 4,658,759	$ -	$ 6,808,987	$ 21,246	$ 6,830,233
Penalty and interest	-	7,530	-	7,530	5,664	13,194
Investment income	21,140	6,927	760	28,827	-	28,827
Other income	1,382,069	-	-	1,382,069	36,013	1,418,082
Total revenues	3,553,437	4,673,216	760	8,227,413	62,923	8,290,336
Expenditures/Expenses						
Service operations:						
Regional water fee	12,933	-	-	12,933	-	12,933
Professional fees	136,874	6,868	-	143,742	5,683	149,425
Contracted services	38,576	121,489	-	160,065	1,150	161,215
Utilities	82,776	-	-	82,776	-	82,776
Repairs and maintenance	1,532,728	-	-	1,532,728	-	1,532,728
Other expenditures	85,433	22,105	-	107,538	-	107,538
Capital outlay	41,245	-	6,833	48,078	(48,078)	-
Depreciation	-	-	-	-	796,180	796,180
Debt service:						
Principal retirement	-	2,570,000	-	2,570,000	(2,570,000)	-
Interest and fees	-	1,998,305	-	1,998,305	80,395	2,078,700
Total expenditures/expenses	1,930,565	4,718,767	6,833	6,656,165	(1,734,670)	4,921,495
Excess (Deficiency) of Revenues Over Expenditures	1,622,872	(45,551)	(6,073)	1,571,248	1,797,593	
Other Financing Sources						
Insurance reimbursement	36,013	-	-	36,013	(36,013)	
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,658,885	(45,551)	(6,073)	1,607,261	(1,607,261)	
Change in Net Position					3,368,841	$ 3,368,841
Fund Balances/Net Position						
Beginning of year	3,946,770	4,422,807	354,369	8,723,946	-	4,138,276
End of year	$ 5,605,655	$ 4,377,256	$ 348,296	$ 10,331,207	$ 0	$ 7,507,117

Harris County Water Control and Improvement District No. 157
Notes to Financial Statements
May 31, 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Harris County Water Control and Improvement District No. 157 (the District) was created by an order of the Texas Commission on Environmental Quality (the Commission), effective February 21, 2005, in accordance with Article XVI, Section 59, of the Texas Constitution and the Texas Water Code, Chapter 51. The District operates in accordance with Chapters 49 and 51 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate drainage facilities and recreational facilities and to provide such facilities to the landowners of the District.

The District is governed by a Board of Directors (the Board) consisting of five individuals who are residents or owners of property within the District and are elected by voters within the District. The Board sets the policies of the District. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America for state and local governments, as defined by the Governmental Accounting Standards Board. The following is a summary of the significant accounting and reporting policies of the District:

Reporting Entity

The accompanying government-wide financial statements present the financial statements of the District. There are no component units that are legally separate entities for which the District is considered to be financially accountable. Accountability is defined as the District's substantive appointment of the voting majority of the component unit's governing board. Furthermore, to be financially accountable, the District must be able to impose its will upon the component unit or there must be a possibility that the component unit may provide specific financial benefits to, or impose specific financial burdens on, the District.

Government-wide and Fund Financial Statements

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of drainage and other related services. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented with a column for adjustments to convert to the government-wide financial statements.

The government-wide financial statements report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, charges for services and intergovernmental revenues. The statement of activities reflects the revenues and expenses of the District.

The fund financial statements provide information about the District's governmental funds. Separate statements for each governmental fund are presented. The emphasis of fund financial statements is directed to specific activities of the District.

The District presents the following major governmental funds:

General Fund – The general fund is the primary operating fund of the District which accounts for all financial resources not accounted for in another fund. Revenues are derived primarily from property taxes, charges for services and interest income.

Debt Service Fund – The debt service fund is used to account for financial resources that are restricted, committed or assigned to expenditures for principal and interest related costs, as well as the financial resources being accumulated for future debt service.

Capital Projects Fund – The capital projects fund is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays.

Fund Balances – Governmental Funds

The fund balances for the District's governmental funds can be displayed in up to five components:

Nonspendable – Amounts that are not in a spendable form or are required to be maintained intact.

Restricted – Amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may be changed or lifted only with the consent of resource providers.

Committed – Amounts that can be used only for the specific purposes determined by resolution of the Board. Commitments may be changed or lifted only by issuance of a resolution by the District's Board.

Assigned – Amounts intended to be used by the District for specific purposes as determined by management. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

Unassigned – The residual classification for the general fund and includes all amounts not contained in the other classifications.

The District considers restricted amounts to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available. The District applies committed amounts first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows.

Nonexchange transactions, in which the District receives (or gives) value without directly giving (or receiving) equal value in exchange, include property taxes and donations. Recognition standards are based on the characteristics and classes of nonexchange transactions. Revenues from property taxes are recognized in the period for which the taxes are levied. Intergovernmental revenues are recognized as revenues, net of estimated refunds and uncollectible amounts, in the accounting period when an enforceable legal claim to the assets arises and the use of resources is required or is first permitted. Donations are recognized as revenues, net of estimated uncollectible amounts, as soon as all eligibility requirements imposed by the provider have been met. Amounts received before all eligibility requirements have been met are reported as liabilities.

Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and liabilities are generally included on the balance sheet. The statement of governmental funds revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in spendable resources. General capital asset acquisitions are reported as expenditures and proceeds of long-term debt are reported as other financing sources. Under the modified accrual basis of accounting, revenues are recognized when both measurable and available. The District considers revenues reported in the governmental funds to be available if they are collectible within 60 days after year-end. Principal revenue sources considered susceptible to accrual include taxes, charges for services and investment income. Other revenues are considered to be measurable and available only when cash is received by the District. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, which are recognized as expenditures when payment is due.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources is a consumption of net position that is applicable to a future reporting period and a deferred inflow of resources is an acquisition of net position that is applicable to a future reporting period.

Interfund Transactions

Transfers from one fund to another fund are reported as interfund receivables and payables if there is intent to repay the amount and if there is the ability to repay the advance on a timely basis. Operating transfers represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Pension Costs

The District does not participate in a pension plan and, therefore, has no pension costs.

Use of 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 amounts of assets, liabilities, and deferred inflows and outflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

Investments and Investment Income

Investments in certificates of deposit, mutual funds, U.S. Government and agency securities, and certain pooled funds, which have a remaining maturity of one year or less at the date of purchase, are recorded at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market values.

Investment income includes dividends and interest income and the net change for the year in the fair value of investments carried at fair value. Investment income is credited to the fund in which the investment is recorded.

Property Taxes

An appraisal district annually prepares appraisal records listing all property within the District and the appraised value of each parcel or item as of January 1. Additionally, on January 1, a tax lien attaches to property to secure the payment of all taxes, penalty and interest ultimately imposed for the year on the property. After the District receives its certified appraisal roll from the appraisal district, the rate of taxation is set by the Board of the District based upon the aggregate appraisal value. Taxes are due and payable October 1 or when billed, whichever is later, and become delinquent after January 31 of the following year.

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended May 31, 2021, include collections during the current period or within 60 days of year-end related to the 2020 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended May 31, 2021, the 2020 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an individual cost of $5,000 or more and an estimated useful life of two years or more. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Capital assets are depreciated using the straight-line method over their estimated useful lives as follows:

	Years
Recreational facilities	20-40

Deferred Amount on Debt Refundings

In the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt in a debt refunding is deferred and amortized to interest expense using the effective interest rate method over the remaining life of the old debt or the life of the new debt, whichever is shorter. Such amounts are classified as deferred outflows or inflows of resources.

Debt Issuance Costs

Debt issuance costs, other than prepaid insurance, do not meet the definition of an asset or deferred outflows of resources since the costs are not applicable to a future period and, therefore, are recognized as an expense/expenditure in the period incurred.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Premiums and discounts on bonds are recognized as a component of long-term liabilities and amortized over the life of the related debt using the effective interest rate method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize premiums and discounts on bonds during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position/Fund Balances

Fund balances and net position are reported as restricted when constraints placed on them are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or are imposed by law through constitutional provisions or enabling legislation.

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

Reconciliation of Government-wide and Fund Financial Statements

Amounts reported for net position of governmental activities in the statement of net position and fund balances in the governmental funds balance sheet are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$	71,001,148
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.		122,597
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.		28,553
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.		1,353,305

Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.	$	(485,733)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(74,843,960)
Adjustment to fund balances to arrive at net position.	$	(2,824,090)

Amounts reported for change in net position of governmental activities in the statement of activities are different from change in fund balances in the governmental funds statement of revenues, expenditures and changes in fund balances because:

Change in fund balances.	$	1,607,261
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and noncapitalized costs exceeded capital outlay expenditures in the current period.		(754,935)
Governmental funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.		2,570,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.		62,923
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(80,395)
Change in net position of governmental activities.	$	3,368,841

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law requires collateralization of all deposits with federal depository insurance; a surety bond; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the State of Texas; or certain collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States.

At May 31, 2021, none of the District's bank balances were exposed to custodial credit risk.

Investments

The District may legally invest in obligations of the United States or its agencies and instrumentalities, direct obligations of Texas or its agencies or instrumentalities, collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, other obligations guaranteed as to principal and interest by the State of Texas or the United States or their agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States, obligations of states, agencies and counties and other political subdivisions with an investment rating not less than "A," insured or collateralized certificates of deposit, and certain bankers' acceptances, repurchase agreements, mutual funds, commercial paper, guaranteed investment contracts and investment pools.

The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in Texas CLASS, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Trustees, elected by the participants, has oversight of Texas CLASS. The District's investments may be redeemed at any time. Texas CLASS attempts to minimize its exposure to market and credit risk through the use of various strategies and credit monitoring techniques and limits its investments in any issuer to the top two ratings issued by nationally recognized statistical rating organizations.

At May 31, 2021, the District had the following investments and maturities.

Harris County Water Control and Improvement District No. 157

Notes to Financial Statements

May 31, 2021

Type	Fair Value	Maturities in Years: Less Than 1	1-5	6-10	More Than 10
Texas CLASS	$ 8,970,443	$ 8,970,443	$ 0	$ 0	$ 0

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy does not allow investments in certain mortgage-backed securities, collateralized mortgage obligations with a final maturity date in excess of 10 years and interest rate indexed collateralized mortgage obligations. The external investment pool is presented as an investment with a maturity of less than one year because it is redeemable in full immediately.

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At May 31, 2021, the District's investments in Texas CLASS were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown above are included in the balance sheet at May 31, 2021, as follows:

Carrying value:		
Deposits	$	1,694,473
Investments		8,970,443
Total	$	10,664,916

Included in the following statement of net position captions:

Cash	$	234,473
Certificates of deposit		1,460,000
Short-term investments		8,970,443
Total	$	10,664,916

Investment Income

Investment income of $28,827 for the year ended May 31, 2021, consisted of interest income.

Fair Value Measurements

The District has the following recurring fair value measurements as of May 31, 2021:

- Pooled investments of $8,970,443 are valued at fair value per share of the pool's underlying portfolio.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended May 31, 2021, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 59,905,371	$ -	$ 59,905,371
Capital assets, depreciable:			
Parks and recreation	15,578,102	41,245	15,619,347
Less accumulated depreciation:			
Parks and recreation	(3,727,390)	(796,180)	(4,523,570)
Total governmental activities, net	$ 71,756,083	$ (754,935)	$ 71,001,148

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended May 31, 2021, were as follows:

Governmental Activities	Balances, Beginning of Year	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:				
General obligation bonds	$ 62,670,000	$ 2,570,000	$ 60,100,000	$ 2,600,000
Less discounts on bonds	806,189	30,505	775,684	-
Add premiums on bonds	50,326	2,788	47,538	-
	61,914,137	2,542,283	59,371,854	2,600,000
Developer advances	1,590,566	-	1,590,566	-
Due to developer	13,881,540	-	13,881,540	-
Total governmental activities long-term liabilities	$ 77,386,243	$ 2,542,283	$ 74,843,960	$ 2,600,000

Harris County Water Control and Improvement District No. 157
Notes to Financial Statements
May 31, 2021

General Obligation Bonds

	Series 2011	Series 2012
Amounts outstanding, May 31, 2021	$145,000	$1,125,000
Interest rates	4.15%	3.00% to 4.15%
Maturity dates, serially beginning/ending	September 1, 2021	September 1, 2021/2037
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2019	September 1, 2019

	Series 2013	Series 2014
Amounts outstanding, May 31, 2021	$4,050,000	$4,860,000
Interest rates	3.00% to 5.00%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2021/2037	September 1, 2021/2038
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2021	September 1, 2022

	Refunding Series 2015	Series 2015A
Amounts outstanding, May 31, 2021	$4,655,000	$4,250,000
Interest rates	2.000% to 3.125%	2.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2021/2034	September 1, 2021/2040
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2022	September 1, 2023

	Refunding Series 2016	Series 2016A
Amounts outstanding, May 31, 2021	$8,655,000	$4,200,000
Interest rates	2.00% to 3.25%	2.000% to 3.125%
Maturity dates, serially beginning/ending	September 1, 2021/2034	September 1, 2021/2040
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2023	September 1, 2023

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

	Series 2017	Series 2017A
Amounts outstanding, May 31, 2021	$6,650,000	$4,150,000
Interest rates	2.00% to 4.00%	2.125% to 3.375%
Maturity dates, serially beginning/ending	September 1, 2021/2042	September 1, 2021/2042
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2024	September 1, 2024

	Refunding Series 2017B	Series 2018
Amounts outstanding, May 31, 2021	$4,400,000	$8,150,000
Interest rates	2.00% to 4.00%	3.00% to 4.00%
Maturity dates, serially beginning/ending	September 1, 2021/2037	March 1, 2022/2045
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	September 1, 2024	March 1, 2024

	Series 2018A	Series 2019
Amounts outstanding, May 31, 2021	$1,190,000	$3,620,000
Interest rates	3.75% to 4.00%	2.25% to 3.00%
Maturity dates, serially beginning/ending	March 1, 2036/2038	March 1, 2032/2045
Interest payment dates	September 1/ March 1	September 1/ March 1
Callable dates*	March 1, 2024	March 1, 2025

*Or any date thereafter; callable at par plus accrued interest to the date of redemption.

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at May 31, 2021.

Year	Principal	Interest	Total
2022	$ 2,600,000	$ 1,906,644	$ 4,506,644
2023	2,660,000	1,827,259	4,487,259
2024	2,690,000	1,750,419	4,440,419
2025	2,715,000	1,675,238	4,390,238
2026	2,765,000	1,600,232	4,365,232
2027-2031	14,555,000	6,707,287	21,262,287
2032-2036	15,625,000	4,228,803	19,853,803
2037-2041	11,585,000	1,879,500	13,464,500
2042-2045	4,905,000	378,341	5,283,341
Total	$ 60,100,000	$ 21,953,723	$ 82,053,723

The bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

Bonds voted:	
Drainage facilities	$ 256,600,000
Recreational facilities	204,300,000
Bonds sold:	
Drainage facilities	58,000,000
Recreational facilities	15,210,000
Refunding bonds voted	460,900,000
Refunding bonds authorization used	1,685,000

The developer of the District has constructed drainage and recreational facilities on behalf of the District. The District is maintaining these facilities and has agreed to reimburse the developer for construction costs and interest to the extent approved by the Commission from the proceeds of future bonds sales. The District's engineer estimates reimbursable costs for completed projects are $13,881,540. These amounts have been recorded in the financial statements as long-term liabilities.

Since inception, the developer has advanced $1,590,566 to the District for operations (net of repayments). The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bonds sales.

Note 5: Significant Bond Order and Commission Requirements

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended May 31, 2021, the District levied an ad valorem debt service tax at the rate of $0.2954 per $100 of assessed valuation, which resulted in a tax levy of $4,669,421 on the taxable valuation of $1,580,716,222 for the 2020 tax year. The interest and principal requirements to be paid from the tax revenues and available resources are $4,547,430, of which $1,200,965 has been paid and $3,346,465 is due September 1, 2021.

Note 6: Maintenance Taxes

At an election held May 7, 2005, voters authorized a general operations and maintenance tax not to exceed $1.50 per $100 valuation on all property within the District subject to taxation. During the year ended May 31, 2021, the District levied an ad valorem general operations and maintenance tax at the rate of $0.1365 per $100 of assessed valuation, which resulted in a tax levy of $2,157,671 on the taxable valuation of $1,580,716,222 for the 2020 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

At an election held May 7, 2005, voters authorized a recreational facilities maintenance tax not to exceed $0.10 per $100 valuation on all property within the District subject to taxation. During the year ended May 31, 2021, the District did not levy an ad valorem recreational facilities and maintenance tax rate.

Note 7: 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. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three years.

Note 8: Subsequent Events

On July 26, 2021, the District issued its Series 2021 unlimited tax refunding bonds in the amount of $1,120,000, to refund $1,085,000 of outstanding Series 2012 bonds. The District refunded the bonds to reduce total debt service payments over future years by $168,822 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $137,196.

In addition, on July 26, 2021, the District issued its Series 2021A unlimited tax park refunding bonds in the amount of $3,820,000, to refund $3,800,000 of outstanding Series 2013 park bonds. The District refunded the bonds to reduce total debt service payments over future years by $858,627 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $723,802.

Note 9: Uncertainties

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position and results of operations of the District. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Required Supplementary Information

Harris County Water Control and Improvement District No. 157

Budgetary Comparison Schedule – General Fund

Year Ended May 31, 2021

	Original Budget	Final Amended Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	$ 1,775,287	$ 2,049,998	$ 2,150,228	$ 100,230
Investment income	45,300	45,300	21,140	(24,160)
Other income	1,144,429	1,701,519	1,382,069	(319,450)
Total revenues	2,965,016	3,796,817	3,553,437	(243,380)
Expenditures				
Service operations:				
Regional water fee	5,000	5,000	12,933	(7,933)
Professional fees	142,500	142,500	136,874	5,626
Contracted services	40,700	40,700	38,576	2,124
Utilities	82,500	82,500	82,776	(276)
Repairs and maintenance	1,657,210	1,667,209	1,532,728	134,481
Tap connections	5,000	5,000	-	5,000
Other expenditures	79,485	79,485	85,433	(5,948)
Capital outlay	20,000	20,000	41,245	(21,245)
Total expenditures	2,032,395	2,042,394	1,930,565	111,829
Excess of Revenues Over Expenditures	932,621	1,754,423	1,622,872	(131,551)
Other Financing Sources				
Insurance reimbursement	-	-	36,013	36,013
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	932,621	1,754,423	1,658,885	(95,538)
Fund Balance, Beginning of Year	3,946,770	3,946,770	3,946,770	-
Fund Balance, End of Year	$ 4,879,391	$ 5,701,193	$ 5,605,655	$ (95,538)

Harris County Water Control and Improvement District No. 157

Notes to Required Supplementary Information

May 31, 2021

Budgets and Budgetary Accounting

An annual operating budget is prepared for the general fund by the District's consultants. The budget reflects resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budget prior to the start of its fiscal year. The budget is not a spending limitation (a legally restricted appropriation). The original budget of the general fund was amended during fiscal 2021.

The District prepares its annual operating budget on a basis consistent with accounting principles generally accepted in the United States of America. The Budgetary Comparison Schedule - General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Other Information

Harris County Water Control and Improvement District No. 157

Other Schedules Included Within This Report

May 31, 2021

(Schedules included are checked or explanatory notes provided for omitted schedules.)

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 12-26

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

[X] Schedule of Long-term Debt Service Requirements by Years

[X] Changes in Long-term Bonded Debt

[X] Comparative Schedule of Revenues and Expenditures – General Fund and Debt Service Fund - Five Years

[X] Board Members, Key Personnel and Consultants

Harris County Water Control and Improvement District No. 157

Schedule of Services and Rates

Year Ended May 31, 2021

1. Services provided by the District:

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

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

___ Other ______________________________

Harris County Water Control and Improvement District No. 157
Schedule of General Fund Expenditures
Year Ended May 31, 2021

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 18,900	
Legal	65,654	
Engineering	52,320	
Financial advisor	-	136,874
Purchased Services for Resale		
Bulk water and wastewater service purchases		-
Regional Water Fee		12,933
Contracted Services		
Bookkeeping	31,376	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	-	
Other contracted services	7,200	38,576
Utilities		82,776
Repairs and Maintenance		1,532,728
Administrative Expenditures		
Directors' fees	9,900	
Office supplies	1,554	
Insurance	18,343	
Other administrative expenditures	55,636	85,433
Capital Outlay		
Capitalized assets	41,245	
Expenditures not capitalized	-	41,245
Tap Connection Expenditures		-
Solid Waste Disposal		-
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 1,930,565

Harris County Water Control and Improvement District No. 157

Schedule of Temporary Investments

May 31, 2021

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 12552	1.01%	06/09/21	$ 240,000	$ 2,358
No. 4191225	0.60%	07/20/21	244,000	1,263
No. 36000827	0.55%	10/15/21	244,000	838
No. 6002400833	0.65%	08/07/21	244,000	1,291
No. 440011459	0.35%	11/17/21	244,000	456
No. 2000000208	0.45%	10/13/21	244,000	692
Texas CLASS	0.07%	Demand	1,989,251	-
Texas CLASS	0.07%	Demand	2,383,186	-
			5,832,437	6,898
Debt Service Fund				
Texas CLASS	0.07%	Demand	4,248,768	0
Capital Projects Fund				
Texas CLASS	0.07%	Demand	34,766	-
Texas CLASS	0.07%	Demand	8,951	-
Texas CLASS	0.07%	Demand	23,604	-
Texas CLASS	0.07%	Demand	60,471	-
Texas CLASS	0.07%	Demand	23,721	-
Texas CLASS	0.07%	Demand	197,725	-
			349,238	0
Total			$ 10,430,443	$ 6,898

Harris County Water Control and Improvement District No. 157

Analysis of Taxes Levied and Receivable

Year Ended May 31, 2021

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 29,139	$ 72,212
Additions and corrections to prior years' taxes	914	2,227
Adjusted receivable, beginning of year	30,053	74,439
2020 Original Tax Levy	1,853,322	4,010,780
Additions and corrections	304,349	658,641
Adjusted tax levy	2,157,671	4,669,421
Total to be accounted for	2,187,724	4,743,860
Tax collections: Current year	(2,128,725)	(4,606,778)
Prior years	(21,503)	(51,981)
Receivable, end of year	$ 37,496	$ 85,101
Receivable, by Years		
2020	$ 28,946	$ 62,643
2019	3,005	7,259
2018	1,166	2,818
2017	1,057	3,126
2016	900	2,738
2015	1,056	2,564
2014	842	2,666
2013	447	1,150
2012	77	137
Receivable, end of year	$ 37,496	$ 85,101

Harris County Water Control and Improvement District No. 157

Analysis of Taxes Levied and Receivable (Continued)

Year Ended May 31, 2021

	2020	2019	2018	2017
Property Valuations				
Land	$ 364,683,452	$ 314,874,236	$ 299,904,404	$ 264,088,188
Improvements	1,270,725,352	1,107,222,976	971,358,092	842,187,997
Personal property	12,731,621	10,752,302	7,918,677	5,886,219
Exemptions	(67,424,203)	(57,856,067)	(47,300,321)	(34,352,460)
Total property valuations	$ 1,580,716,222	$ 1,374,993,447	$ 1,231,880,852	$ 1,077,809,944
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.2954	$ 0.3165	$ 0.3165	$ 0.3475
Maintenance tax rates*	0.1365	0.1310	0.1310	0.1175
Total tax rates per $100 valuation	$ 0.4319	$ 0.4475	$ 0.4475	$ 0.4650
Tax Levy	$ 6,827,092	$ 6,153,076	$ 5,512,647	$ 5,011,801
Percent of Taxes Collected to Taxes Levied**	98%	99%	99%	99%

*Maximum tax rates approved by voters: $1.50 for general operations and $0.10 for recreational facilities operations on May 7, 2005.

**Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years

May 31, 2021

	Series 2011		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 145,000	$ 3,009	$ 148,009

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

	Series 2012		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 40,000	$ 44,387	$ 84,387
2023	45,000	42,950	87,950
2024	45,000	41,319	86,319
2025	50,000	39,475	89,475
2026	50,000	37,475	87,475
2027	55,000	35,375	90,375
2028	55,000	33,175	88,175
2029	60,000	30,875	90,875
2030	65,000	28,375	93,375
2031	65,000	25,775	90,775
2032	70,000	23,075	93,075
2033	75,000	20,175	95,175
2034	80,000	17,015	97,015
2035	85,000	13,591	98,591
2036	90,000	9,960	99,960
2037	95,000	6,121	101,121
2038	100,000	2,075	102,075
Totals	$ 1,125,000	$ 451,193	$ 1,576,193

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

	Series 2013		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 250,000	$ 173,312	$ 423,312
2023	250,000	165,500	415,500
2024	250,000	157,063	407,063
2025	250,000	148,000	398,000
2026	250,000	138,312	388,312
2027	250,000	128,063	378,063
2028	250,000	117,500	367,500
2029	250,000	106,562	356,562
2030	250,000	95,156	345,156
2031	250,000	83,438	333,438
2032	250,000	71,250	321,250
2033	250,000	58,750	308,750
2034	200,000	47,500	247,500
2035	200,000	37,500	237,500
2036	250,000	26,250	276,250
2037	200,000	15,000	215,000
2038	200,000	5,000	205,000
Totals	$ 4,050,000	$ 1,574,156	$ 5,624,156

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

	Series 2014		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 270,000	$ 163,013	$ 433,013
2023	270,000	154,912	424,912
2024	270,000	146,812	416,812
2025	270,000	138,713	408,713
2026	270,000	130,612	400,612
2027	270,000	122,513	392,513
2028	270,000	114,075	384,075
2029	270,000	105,300	375,300
2030	270,000	96,187	366,187
2031	270,000	86,737	356,737
2032	270,000	77,288	347,288
2033	270,000	67,669	337,669
2034	270,000	57,712	327,712
2035	270,000	47,588	317,588
2036	270,000	37,462	307,462
2037	270,000	27,000	297,000
2038	270,000	16,200	286,200
2039	270,000	5,400	275,400
Totals	$ 4,860,000	$ 1,595,193	$ 6,455,193

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

Due During Fiscal Years Ending May 31	Refunding Series 2015 Principal Due September 1	Refunding Series 2015 Interest Due September 1, March 1	Refunding Series 2015 Total
2022	$ 60,000	$ 139,550	$ 199,550
2023	60,000	138,350	198,350
2024	65,000	136,775	201,775
2025	350,000	130,550	480,550
2026	360,000	119,900	479,900
2027	375,000	108,875	483,875
2028	380,000	97,550	477,550
2029	395,000	85,925	480,925
2030	405,000	73,925	478,925
2031	415,000	61,625	476,625
2032	430,000	48,950	478,950
2033	440,000	35,625	475,625
2034	455,000	21,641	476,641
2035	465,000	7,265	472,265
Totals	$ 4,655,000	$ 1,206,506	$ 5,861,506

Harris County Water Control and Improvement District No. 157
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2021

	Series 2015A		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 150,000	$ 142,625	$ 292,625
2023	150,000	138,125	288,125
2024	150,000	133,625	283,625
2025	150,000	129,125	279,125
2026	150,000	124,625	274,625
2027	150,000	120,125	270,125
2028	150,000	115,625	265,625
2029	150,000	111,125	261,125
2030	150,000	106,625	256,625
2031	150,000	102,125	252,125
2032	150,000	97,531	247,531
2033	150,000	92,844	242,844
2034	300,000	85,625	385,625
2035	300,000	75,875	375,875
2036	300,000	65,750	365,750
2037	300,000	55,250	355,250
2038	300,000	44,000	344,000
2039	300,000	32,000	332,000
2040	325,000	19,500	344,500
2041	325,000	6,500	331,500
Totals	$ 4,250,000	$ 1,798,625	$ 6,048,625

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

	Refunding Series 2016		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 625,000	$ 226,225	$ 851,225
2023	850,000	204,100	1,054,100
2024	870,000	182,650	1,052,650
2025	595,000	168,000	763,000
2026	600,000	155,300	755,300
2027	605,000	140,988	745,988
2028	615,000	125,354	740,354
2029	630,000	108,619	738,619
2030	640,000	90,356	730,356
2031	655,000	70,931	725,931
2032	670,000	51,056	721,056
2033	685,000	30,303	715,303
2034	310,000	14,756	324,756
2035	305,000	4,956	309,956
Totals	$ 8,655,000	$ 1,573,594	$ 10,228,594

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

	Series 2016A		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 200,000	$ 115,935	$ 315,935
2023	200,000	109,935	309,935
2024	200,000	103,938	303,938
2025	200,000	98,938	298,938
2026	200,000	94,813	294,813
2027	200,000	90,438	290,438
2028	200,000	85,813	285,813
2029	200,000	80,938	280,938
2030	200,000	75,813	275,813
2031	200,000	70,437	270,437
2032	200,000	64,688	264,688
2033	200,000	58,687	258,687
2034	225,000	52,313	277,313
2035	225,000	45,562	270,562
2036	225,000	38,672	263,672
2037	225,000	31,641	256,641
2038	225,000	24,609	249,609
2039	225,000	17,578	242,578
2040	225,000	10,547	235,547
2041	225,000	3,516	228,516
Totals	$ 4,200,000	$ 1,274,811	$ 5,474,811

Harris County Water Control and Improvement District No. 157
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2021

	Series 2017		
Due During Fiscal Years Ending May 31	Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 250,000	$ 195,750	$ 445,750
2023	250,000	188,250	438,250
2024	250,000	183,250	433,250
2025	250,000	178,250	428,250
2026	250,000	172,000	422,000
2027	250,000	164,500	414,500
2028	250,000	157,000	407,000
2029	250,000	149,500	399,500
2030	250,000	142,000	392,000
2031	250,000	134,500	384,500
2032	250,000	127,000	377,000
2033	250,000	119,500	369,500
2034	300,000	111,250	411,250
2035	300,000	102,250	402,250
2036	350,000	92,281	442,281
2037	375,000	80,953	455,953
2038	375,000	69,235	444,235
2039	375,000	57,281	432,281
2040	375,000	45,094	420,094
2041	400,000	32,500	432,500
2042	400,000	19,500	419,500
2043	400,000	6,500	406,500
Totals	$ 6,650,000	$ 2,528,344	$ 9,178,344

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

Due During Fiscal Years Ending May 31	Series 2017A Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 150,000	$ 124,656	$ 274,656
2023	150,000	120,156	270,156
2024	150,000	115,656	265,656
2025	150,000	111,156	261,156
2026	150,000	107,313	257,313
2027	150,000	104,031	254,031
2028	150,000	100,469	250,469
2029	150,000	96,344	246,344
2030	150,000	91,844	241,844
2031	150,000	87,344	237,344
2032	150,000	82,844	232,844
2033	150,000	78,344	228,344
2034	175,000	73,469	248,469
2035	175,000	68,109	243,109
2036	225,000	61,859	286,859
2037	250,000	54,282	304,282
2038	250,000	46,156	296,156
2039	250,000	38,031	288,031
2040	250,000	29,906	279,906
2041	250,000	21,781	271,781
2042	250,000	13,500	263,500
2043	275,000	4,641	279,641
Totals	$ 4,150,000	$ 1,631,891	$ 5,781,891

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

Due During Fiscal Years Ending May 31	Refunding Series 2017B Principal Due September 1	Interest Due September 1, March 1	Total
2022	$ 235,000	$ 128,875	$ 363,875
2023	185,000	124,675	309,675
2024	190,000	119,025	309,025
2025	200,000	112,725	312,725
2026	210,000	107,075	317,075
2027	220,000	100,625	320,625
2028	230,000	93,875	323,875
2029	240,000	86,825	326,825
2030	250,000	79,475	329,475
2031	260,000	71,825	331,825
2032	275,000	63,800	338,800
2033	285,000	55,400	340,400
2034	295,000	46,700	341,700
2035	310,000	37,431	347,431
2036	320,000	27,588	347,588
2037	340,000	17,063	357,063
2038	355,000	5,768	360,768
Totals	$ 4,400,000	$ 1,278,750	$ 5,678,750

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

	Series 2018		
Due During Fiscal Years Ending May 31	**Principal Due March 1**	**Interest Due September 1, March 1**	**Total**
2022	$ 225,000	$ 303,869	$ 528,869
2023	250,000	294,869	544,869
2024	250,000	284,868	534,868
2025	250,000	274,869	524,869
2026	275,000	267,369	542,369
2027	275,000	256,369	531,369
2028	315,000	248,118	563,118
2029	325,000	238,275	563,275
2030	325,000	227,713	552,713
2031	350,000	217,150	567,150
2032	350,000	204,900	554,900
2033	375,000	192,650	567,650
2034	375,000	179,525	554,525
2035	400,000	166,400	566,400
2036	-	152,400	152,400
2037	-	152,400	152,400
2038	-	152,400	152,400
2039	470,000	152,400	622,400
2040	490,000	133,600	623,600
2041	515,000	114,000	629,000
2042	535,000	93,400	628,400
2043	575,000	72,000	647,000
2044	600,000	49,000	649,000
2045	625,000	25,000	650,000
Totals	$ 8,150,000	$ 4,453,544	$ 12,603,544

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

Due During Fiscal Years Ending May 31	Series 2018A Principal Due March 1	Interest Due September 1, March 1	Total
2022	$ -	$ 46,838	$ 46,838
2023	-	46,837	46,837
2024	-	46,838	46,838
2025	-	46,837	46,837
2026	-	46,838	46,838
2027	-	46,837	46,837
2028	-	46,838	46,838
2029	-	46,837	46,837
2030	-	46,838	46,838
2031	-	46,837	46,837
2032	-	46,838	46,838
2033	-	46,837	46,837
2034	-	46,838	46,838
2035	-	46,837	46,837
2036	305,000	46,838	351,838
2037	435,000	35,400	470,400
2038	450,000	18,000	468,000
Totals	$ 1,190,000	$ 755,963	$ 1,945,963

Harris County Water Control and Improvement District No. 157
Schedule of Long-term Debt Service Requirements by Years (Continued)
May 31, 2021

	Series 2019		
Due During Fiscal Years Ending May 31	Principal Due March 1	Interest Due September 1, March 1	Total
2022	$ -	$ 98,600	$ 98,600
2023	-	98,600	98,600
2024	-	98,600	98,600
2025	-	98,600	98,600
2026	-	98,600	98,600
2027	-	98,600	98,600
2028	-	98,600	98,600
2029	-	98,600	98,600
2030	-	98,600	98,600
2031	-	98,600	98,600
2032	200,000	98,600	298,600
2033	200,000	94,100	294,100
2034	225,000	89,600	314,600
2035	225,000	84,537	309,537
2036	225,000	79,194	304,194
2037	250,000	73,850	323,850
2038	250,000	67,288	317,288
2039	250,000	60,725	310,725
2040	275,000	53,850	328,850
2041	275,000	45,600	320,600
2042	300,000	37,350	337,350
2043	300,000	28,350	328,350
2044	320,000	19,350	339,350
2045	325,000	9,750	334,750
Totals	$ 3,620,000	$ 1,828,144	$ 5,448,144

Harris County Water Control and Improvement District No. 157

Schedule of Long-term Debt Service Requirements by Years (Continued)

May 31, 2021

Due During Fiscal Years Ending May 31	Annual Requirements for All Series: Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	$ 2,600,000	$ 1,906,644	$ 4,506,644
2023	2,660,000	1,827,259	4,487,259
2024	2,690,000	1,750,419	4,440,419
2025	2,715,000	1,675,238	4,390,238
2026	2,765,000	1,600,232	4,365,232
2027	2,800,000	1,517,339	4,317,339
2028	2,865,000	1,433,992	4,298,992
2029	2,920,000	1,345,725	4,265,725
2030	2,955,000	1,252,907	4,207,907
2031	3,015,000	1,157,324	4,172,324
2032	3,265,000	1,057,820	4,322,820
2033	3,330,000	950,884	4,280,884
2034	3,210,000	843,944	4,053,944
2035	3,260,000	737,901	3,997,901
2036	2,560,000	638,254	3,198,254
2037	2,740,000	548,960	3,288,960
2038	2,775,000	450,731	3,225,731
2039	2,140,000	363,415	2,503,415
2040	1,940,000	292,497	2,232,497
2041	1,990,000	223,897	2,213,897
2042	1,485,000	163,750	1,648,750
2043	1,550,000	111,491	1,661,491
2044	920,000	68,350	988,350
2045	950,000	34,750	984,750
Totals	$ 60,100,000	$ 21,953,723	$ 82,053,723

Harris County Water Control and Improvement District No. 157

Changes in Long-term Bonded Debt

Year Ended May 31, 2021

	Bond			
	Series 2011	Series 2012	Series 2013	Series 2014
Interest rates	4.15%	3.00% to 4.15%	3.00% to 5.00%	2.00% to 4.00%
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
Maturity dates	September 1, 2021	September 1, 2021/2037	September 1, 2021/2037	September 1, 2021/2038
Bonds outstanding, beginning of current year	$ 285,000	$ 1,165,000	$ 4,300,000	$ 5,130,000
Retirements, principal	140,000	40,000	250,000	270,000
Bonds outstanding, end of current year	$ 145,000	$ 1,125,000	$ 4,050,000	$ 4,860,000
Interest paid during current year	$ 8,817	$ 45,638	$ 180,813	$ 171,112

Paying agent's name and address:

Series 2011	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2012	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2013	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2014	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2015A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2016A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2017B	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2018	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2018A	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2019	- The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:	Tax Bonds	Recreational Bonds	Refunding Bonds
Amount authorized by voters	$ 256,600,000	$ 204,300,000	$ 460,900,000
Amount issued	$ 58,000,000	$ 15,210,000	$ 1,685,000
Remaining to be issued	$ 198,600,000	$ 189,090,000	$ 459,215,000

Debt service fund cash and temporary investment balances as of May 31, 2021:	$ 4,443,021
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,418,905

Issues

Refunding Series 2015	Series 2015A	Refunding Series 2016	Series 2016A	Series 2017	Series 2017A	Refunding Series 2017B
2.000% to 3.125%	2.00% to 4.00%	2.00% to 3.25%	2.000% to 3.125%	2.00% to 4.00%	2.125% to 3.375%	2.00% to 4.00%
September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1	September 1/ March 1
September 1, 2021/2034	September 1, 2021/2040	September 1, 2021/2034	September 1, 2021/2040	September 1, 2021/2042	September 1, 2021/2042	September 1, 2021/2037
$ 4,715,000	$ 4,400,000	$ 9,255,000	$ 4,400,000	$ 6,900,000	$ 4,300,000	$ 4,635,000
60,000	150,000	600,000	200,000	250,000	150,000	235,000
$ 4,655,000	$ 4,250,000	$ 8,655,000	$ 4,200,000	$ 6,650,000	$ 4,150,000	$ 4,400,000
$ 140,750	$ 146,375	$ 244,600	$ 121,937	$ 205,750	$ 129,156	$ 134,750

Harris County Water Control and Improvement District No. 157

Changes in Long-term Bonded Debt (Continued)

Year Ended May 31, 2021

	Bond Issues			
	Series 2018	Series 2018A	Series 2019	Totals
Interest rates	3.00% to 4.00%	3.75% to 4.00%	2.25% to 3.00%	
Dates interest payable	September 1/ March 1	September 1/ March 1	September 1/ March 1	
Maturity dates	March 1, 2022/2045	March 1, 2036/2038	March 1, 2032/2045	
Bonds outstanding, beginning of current year	$ 8,375,000	$ 1,190,000	$ 3,620,000	$ 62,670,000
Retirements, principal	225,000	-	-	2,570,000
Bonds outstanding, end of current year	$ 8,150,000	$ 1,190,000	$ 3,620,000	$ 60,100,000
Interest paid during current year	$ 312,869	$ 46,838	$ 98,600	1,988,005

Harris County Water Control and Improvement District No. 157

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended May 31,

	Amounts				
	2021	2020	2019	2018	2017
General Fund					
Revenues					
Property taxes	$ 2,150,228	$ 1,786,178	$ 1,609,843	$ 1,266,228	$ 1,109,075
Penalty and interest	-	-	-	23	-
Investment income	21,140	48,215	43,315	21,671	7,438
Sale of capacity	-	25,860	28,051	25,860	284,340
Other income	1,382,069	1,290,463	637,340	-	216,534
Total revenues	3,553,437	3,150,716	2,318,549	1,313,782	1,617,387
Expenditures					
Service operations:					
Regional water fee	12,933	6,331	3,970	150	43
Professional fees	136,874	138,125	152,676	187,793	183,056
Contracted services	38,576	40,286	36,444	35,927	36,411
Utilities	82,776	81,994	72,145	63,636	56,737
Repairs and maintenance	1,532,728	1,225,246	910,813	900,397	790,543
Other expenditures	85,433	80,494	55,552	66,521	47,015
Tap connections	-	4,815	4,851	66,920	-
Capital outlay	41,245	74,863	62,882	-	10,335
Debt issuance costs	-	-	349,999	-	134
Debt defeasance	-	-	-	185,000	-
Total expenditures	1,930,565	1,652,154	1,649,332	1,506,344	1,124,274
Excess (Deficiency) of Revenues Over Expenditures	1,622,872	1,498,562	669,217	(192,562)	493,113
Other Financing Sources					
Insurance reimbursement	36,013	-	-	-	-
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	1,658,885	1,498,562	669,217	(192,562)	493,113
Fund Balance, Beginning of Year	3,946,770	2,448,208	1,778,991	1,971,553	1,478,440
Fund Balance, End of Year	$ 5,605,655	$ 3,946,770	$ 2,448,208	$ 1,778,991	$ 1,971,553
Total Active Retail Water Connections	N/A	N/A	N/A	N/A	N/A
Total Active Retail Wastewater Connections	N/A	N/A	N/A	N/A	N/A

Percent of Fund Total Revenues				
2021	**2020**	**2019**	**2018**	**2017**
60.5 %	56.7 %	69.4 %	96.4 %	68.6 %
-	-	-	0.0	-
0.6	1.5	1.9	1.6	0.4
-	0.8	1.2	2.0	17.6
38.9	41.0	27.5	-	13.4
100.0	100.0	100.0	100.0	100.0
0.4	0.2	0.2	0.0	0.0
3.8	4.4	6.6	14.3	11.3
1.1	1.3	1.5	2.7	2.3
2.3	2.6	3.1	4.8	3.5
43.1	38.9	39.3	68.5	48.9
2.4	2.5	2.4	5.1	2.9
-	0.1	0.2	5.1	-
1.2	2.4	2.7	-	0.6
-	-	15.1	-	0.0
-	-	-	14.1	-
54.3	52.4	71.1	114.6	69.5
45.7 %	47.6 %	28.9 %	(14.6) %	30.5 %

Harris County Water Control and Improvement District No. 157

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended May 31,

	Amounts				
	2021	2020	2019	2018	2017
Debt Service Fund					
Revenues					
Property taxes	$ 4,658,759	$ 4,315,887	$ 3,893,585	$ 3,745,030	$ 3,365,177
Penalty and interest	7,530	41,812	20,935	20,902	21,357
Investment income	6,927	57,762	76,966	46,630	17,967
Other income	-	-	-	20	32
Total revenues	4,673,216	4,415,461	3,991,486	3,812,582	3,404,533
Expenditures					
Current:					
Professional fees	6,868	4,289	14,163	5,664	3,546
Contracted services	121,489	119,343	95,468	94,863	87,137
Other expenditures	22,105	20,688	21,099	17,862	17,994
Debt service:					
Principal retirement	2,570,000	2,495,000	2,310,000	1,805,000	1,475,000
Interest and fees	1,998,305	1,996,662	1,745,546	1,448,273	1,375,238
Debt issuance costs	-	-	-	177,474	-
Total expenditures	4,718,767	4,635,982	4,186,276	3,549,136	2,958,915
Excess (Deficiency) of Revenues Over Expenditures	(45,551)	(220,521)	(194,790)	263,446	445,618
Other Financing Sources (Uses)					
General obligation bonds issued	-	-	-	4,930,578	142,938
Deposit with escrow agent	-	-	-	(4,567,463)	-
Total other financing sources	0	0	0	363,115	142,938
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(45,551)	(220,521)	(194,790)	626,561	588,556
Fund Balance, Beginning of Year	4,422,807	4,643,328	4,838,118	4,211,557	3,623,001
Fund Balance, End of Year	$ 4,377,256	$ 4,422,807	$ 4,643,328	$ 4,838,118	$ 4,211,557

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
99.7 %	97.7 %	97.6 %	98.2 %	98.9 %
0.2	1.0	0.5	0.6	0.6
0.1	1.3	1.9	1.2	0.5
-	-	-	0.0	0.0
100.0	100.0	100.0	100.0	100.0
0.1	0.1	0.4	0.1	0.2
2.6	2.7	2.4	2.5	2.5
0.5	0.5	0.5	0.5	0.5
55.0	56.5	57.9	47.3	43.3
42.8	45.2	43.7	38.0	40.4
-	-	-	4.7	-
101.0	105.0	104.9	93.1	86.9
(1.0) %	(5.0) %	(4.9) %	6.9 %	13.1 %

CLEAR PRINT

Harris County Water Control and Improvement District No. 157

Board Members, Key Personnel and Consultants

Year Ended May 31, 2021

Complete District mailing address:	Harris County Water Control and Improvement District No. 157 c/o Schwartz, Page & Harding, L.L.P. 1300 Post Oak Boulevard, Suite 1400 Houston, Texas 77056
District business telephone number:	713.623.4531
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):	September 10, 2020
Limit on fees of office that a director may receive during a fiscal year:	$ 7,200

Board Members	Term of Office Elected & Expires*	Fees**	Expense Reimbursements	Title at Year-end
Keith Nystrom	Elected 05/18-05/22	$ 2,250	$ 0	President
Cameron Dickey	Elected 05/18-05/22	2,100	0	Vice President
Jordan Williams	Elected 11/20-05/24	1,650	380	Secretary
Dane Bubela	Elected 11/20-05/24	900	0	Assistant Secretary
Greg Kaine	Elected 11/20-05/24	900	0	Assistant Secretary
David Redburn	Elected 05/16-11/20	900	0	Term Expired
James Motejzik	Elected 05/16-11/20	750	0	Term Expired
Shane Bueno	Elected 05/16-09/20	450	0	Resigned

*May 2020 director election was deferred until November 2020.
**Fees are the amounts actually paid to a director during the District's fiscal year.

Harris County Water Control and Improvement District No. 157

Board Members, Key Personnel and Consultants (Continued)

Year Ended May 31, 2021

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BGE, Inc.	04/14/05	$ 52,320	Engineer
BKD, LLP	05/10/07	18,900	Auditor
The GMS Group, L.L.C.	09/13/18	0	Financial Advisor
Harris County Appraisal District	Legislative Action	50,940	Appraiser
Inframark, LLC	03/08/07	293,038	Operator
Municipal Accounts & Consulting, L.P.	03/03/05	34,328	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	02/09/06	6,868	Delinquent Tax Attorney
Schwartz, Page & Harding, L.L.P.	03/03/05	80,050	General Counsel
Wheeler & Associates, Inc.	03/03/05	91,402	Tax Assessor/ Collector
Investment Officers			
Mark M. Burton and Ghia Lewis	07/14/05	N/A	Bookkeepers

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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