OFFICIAL STATEMENT DATED OCTOBER 7, 2021

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

The District has designated the Bonds as "qualified tax-exempt obligations" for financial institutions. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

NEW ISSUE - Book-Entry Only

Ratings: S&P Global Ratings (BAM Insured) …. "AA" (stable outlook)
S&P Global Ratings (Underlying) … "A" (stable outlook)
See "BOND INSURANCE" and "RATINGS" herein

$2,625,000
RENN ROAD MUNICIPAL UTILITY DISTRICT OF HARRIS AND FORT BEND COUNTIES, TEXAS
(A Political Subdivision of the State of Texas, located within Harris and Fort Bend Counties, Texas)
UNLIMITED TAX BONDS, SERIES 2021

Dated: November 1, 2021
Interest Accrual Date: Date of Delivery

Due: September 1, as shown on inside cover

Principal of the above bonds (the "Bonds") is payable by the paying agent/registrar, initially, The Bank of New York Mellon Trust Company, N. A., currently in Dallas, Texas, or any successor paying agent/registrar (the "Paying Agent," "Registrar" or "Paying Agent/Registrar"). Interest on the Bonds accrues from the initial date of delivery (expected November 4, 2021) (the "Date of Delivery"), and is payable on March 1, 2022, and on each September 1 and March 1 thereafter until the earlier of maturity or redemption. The Bonds are issued in denominations of $5,000 or any integral multiple thereof in fully registered form only.

The Bonds are subject to redemption prior to maturity at the option of Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas (the "District"), as a whole or in part, on September 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed at any time, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District in integral multiples of $5,000 within any one maturity. If fewer than all of the Bonds of any given maturity are to be redeemed at any time, the particular Bonds to be redeemed shall be selected by such method of random selection as determined by the Registrar (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bond so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Beneficial owners of the Bonds will not receive physical certificates representing the Bonds, but will receive a credit balance on the books of the nominees of such beneficial owners. So long as Cede & Co. is the registered owner of the Bonds, the principal of and interest on the Bonds will be paid by the Paying Agent directly to DTC, which will, in turn, remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. See "THE BONDS - Book-Entry-Only System."

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

BAM

See Maturity Schedule on the inside cover

The Bonds constitute the ninth series of bonds issued by the District for the purpose of acquiring and constructing the District's System (as defined herein). Voters in the District have authorized a total of $50,625,000 principal amount of bonds for the purpose of acquiring and constructing the System to serve the District and $8,000,000 principal amount of bonds for refunding such bonds. Following the issuance of the Bonds, $29,675,000 unlimited tax bonds to construct the System and refunding of such bonds, and $6,269,706.30 principal amount of unlimited tax bonds for refunding purposes authorized by the District's voters will remain unissued. See "THE BONDS - Issuance of Additional Debt."

The Bonds, when issued, constitute valid and binding obligations of the District, and are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. See "THE BONDS - Source of Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Fort Bend County, Harris County, the City of Houston, Texas, or any entity other than the District. Investment in the Bonds is subject to special investment considerations as 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 Attorney General of Texas and the approval of certain legal matters by Allen Boone Humphries Robinson LLP, Houston, Texas, Bond Counsel. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel. Delivery of the Bonds in book-entry form through the facilities of DTC is expected on or about November 4, 2021.

MATURITY SCHEDULE

CUSIP Prefix (a): 759724

Maturity (September 1)	Principal Amount	Interest Rate	Initial Reoffering Yield (b)	CUSIP Suffix (a)
2028 (c)	500,000	1.000%	1.30%	FV4
2029 (c)	500,000	1.250	1.45	FW2
2030 (c)	525,000	1.500	1.60	FX0
2031 (c)	550,000	1.625	1.70	FY8
2032 (c)	550,000	1.750	1.80	FZ5

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

(b) Information with respect to the initial reoffering yields of the Bonds is the responsibility of the Underwriter. Initial reoffering yields represent the initial offering price to the public which has been established by the Underwriter for public offerings, and which subsequently may be changed.

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

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

This Official Statement does not constitute, and is not authorized by the District for use in connection with, an offer to sell or the solicitation of any offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

All of the summaries of the statutes, orders, resolutions, contracts, audited financial statements, and engineering and other related reports set forth in the Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from the Financial Advisor.

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

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

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (referred to herein as the "Underwriter" or the "Initial Purchaser") to purchase the Bonds bearing the interest rates shown under "MATURITY SCHEDULE" at a price of 97.178933% of the principal amount thereof, which resulted in a net effective interest rate of 1.795288%, as calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The District has no control over the reoffering yields or prices of the Bonds or 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 prices of the Bonds may be greater than the difference between the bid and asked prices of bonds of comparable maturity and quality issued by more traditional municipal entities, as bonds of such entities are more generally bought, sold, or traded in the secondary market.

The prices and other terms respecting the offering and sale of the Bonds may be changed from time to time by the Underwriter after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial offering price, including sales to dealers who may sell the Bonds into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

BOND INSURANCE

Bond Insurance Policy

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

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com. BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of June 30, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $488.6 million, $165.5 million and $323.1 million, respectively.

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

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

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

Additional Information Available from BAM

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

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

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

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

BOND INSURANCE RISK FACTORS

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

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

The long-term ratings on the Bonds are dependent in part on the financial strength of the Insurer and its claim paying ability. The Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Insurer and of the ratings on the Bonds insured by the Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See “BOND INSURANCE” and “RATINGS” herein. As is stated in this Official Statement under the caption “LEGAL MATTERS - No Material Adverse Change,” the rating of the Insurer’s creditworthiness by any rating agency does not in any manner affect the District’s financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not constitute a change, material or otherwise, in the District’s financial condition, and therefore cannot be a basis for termination by the Underwriters of their obligation to take up and pay for the Bonds.

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

RATINGS

S&P Global Ratings (“S&P”) is a business unit of Standard & Poor’s Financial Services LLC. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present S&P assigns long-term debt ratings with symbols “AAA” (the highest rating) through “D” (the lowest ratings).

The Bonds are expected to receive an insured rating of “AA” (stable outlook) from S&P based upon the issuance of the Policy by the Insurer at the time of delivery of the Bonds. The underlying credit rating of the Bonds assigned by S&P is “A” (stable outlook).

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

The District is not aware of any ratings assigned the Bonds other than the ratings of S&P. See “BOND INSURANCE” and “BOND INSURANCE RISK FACTORS.”

OFFICIAL STATEMENT SUMMARY

The following summary of certain information contained herein is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement. The reader should refer particularly to sections that are indicated for more complete information.

THE BONDS

The Issuer	Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas (the "District"), a political subdivision of the State of Texas, is located in Harris and Fort Bend Counties, Texas. See "THE DISTRICT."
The Issue	$2,625,000 Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas Unlimited Tax Bonds, Series 2021 (the "Bonds"), are dated November 1, 2021, and mature on September 1 in each of the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Bonds accrues from the Date of Delivery and is payable on March 1, 2022, and on each September 1 and March 1 thereafter until maturity or redemption. The Bonds are subject to redemption, in whole or in part from time to time, at the option of the District on or after September 1, 2026, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If fewer than all of the Bonds are redeemed, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District, and if fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall select the Bonds within such maturity to be redeemed by lot or other method of random selection. The Bonds are issued pursuant to a bond resolution (the "Bond Resolution") adopted by the Board of Directors of the District. The Bonds are issued in fully registered form only, transferrable only upon presentation to the Registrar. The Bonds are issued in the denomination of $5,000 each, or integral multiples thereof. See "THE BONDS - General," " - Redemption Provisions," " - Authority for Issuance" and " - Issuance of Additional Debt."
Book-Entry-Only System	The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").
Source of Payment..	Principal of and interest on the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District. The Bonds are obligations solely of the District, and are not obligations of the State of Texas, Fort Bend County, Texas, Harris County, Texas, the City of Houston, Texas, or any entity other than the District. See "THE BONDS - Source of Payment," "TAX DATA - Tax Rate Calculations," and "INVESTMENT CONSIDERATIONS - Maximum Impact on District Tax Rates."

Use of Proceeds .... Proceeds of the sale of the Bonds will be used by the District to finance the District's cost of acquisition or construction of (i) water supply and distribution, wastewater collection and treatment, and storm drainage facilities (the "System"), to serve Eldridge Park, Section 1; (ii) clearing and grubbing and Storm Water Pollution Prevention, both serving Eldridge Park, Section 1; (iii) land acquisition costs for Eldridge Park Detention Pond; and (iv) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), engineering fees, and certain financing costs related to the issuance of the Bonds. See "THE BONDS - Use and Distribution of Bond Proceeds."

Authority for Issuance and Payment Record .... The Bonds are the ninth issue out of a total authorization of $50,625,000 principal amount of unlimited tax bonds authorized by District voters for the acquisition and construction of waterworks, wastewater, and drainage facilities (the "System"). The District has previously issued its Unlimited Tax Bonds, Series 1982 (the "Series 1982 Bonds), Unlimited Tax Bonds, Series 1984 (the "Series 1984 Bonds"), Unlimited Tax Bonds, Series 1994 (the "Series 1994 Bonds"), Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"), Unlimited Tax Bonds, Series 2006 (the "Series 2006 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds") and Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds") for the acquisition and construction of the System. The District has also issued its Unlimited Tax and Refunding Bonds, Series 1999 (the "Series 1999 Tax and Refunding Bonds") to finance components of the System and to refund outstanding bonds of the District, Unlimited Tax Refunding Bonds, Series 1992 (the "Series 1992 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), and Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds that have been previously issued by the District as the "Prior Bonds." See "THE BONDS - Outstanding Bonds and Payment Record." After issuance of the Bonds, $7,525,000 of the aggregate principal amount of the Prior Bonds will not have been retired by the District (the "Outstanding Bonds"), and the District's total bonded indebtedness, including the Bonds, will be $10,150,000. The District has timely made all payments of the principal of and the interest on the Prior Bonds when due. Following the issuance of the Bonds, $29,675,000 additional unlimited tax bonds for acquisition and construction of the System and for refunding such bonds, and $6,269,706.30 principal amount of unlimited tax bonds for refunding such bonds will remain authorized for issuance by the District and unissued after the delivery of the Bonds. See "THE BONDS - Authority for Issuance," "- Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," and "DISTRICT DEBT - Debt Service Requirement Schedule."

Qualified Tax-Exempt Obligations .... The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. See "TAX MATTERS - Qualified Tax-Exempt Obligations."

Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "BOND INSURANCE" and "BOND INSURANCE RISK FACTORS."
Municipal Bond Rating	S&P Global Ratings (BAM Insured) "AA" (stable outlook). S&P Global Ratings (Underlying) "A" (stable outlook). See "BOND INSURANCE," "BOND INSURANCE RISK FACTORS" and "RATINGS."
Bond Counsel	Allen Boone Humphries Robinson LLP, Houston, Texas. See "LEGAL MATTERS" and "TAX MATTERS."
Financial Advisor	Rathmann & Associates, L.P., Houston, Texas.
Registrar	The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas.

THE DISTRICT

Description	Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas, a political subdivision of the State of Texas located in Harris and Fort Bend Counties, Texas, was created by the Texas Water Commission, now the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission") on December 22, 1978, and operates pursuant to Chapters 49 and 54 of the Texas Water Code. The District contains approximately 340.09 acres of land. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas, approximately 17 miles southwest of the central business district of the City of Houston. Approximately 64.60 acres of the District lie within Fort Bend County, and the balance of the District lies within Harris County, Texas. The entire District is located within the boundaries of the West Keegans Bayou Improvement District (the "Improvement District"), an overlapping water control and improvement district which provides major drainage outfall and flood protection for approximately 2,352 acres of land, and thus all of the land located within the District is subject to taxation by the Improvement District. See "District Tax Levy and Overlapping District Taxes and Functions" below. The District is partially bounded on the south by Old Richmond Road, on the north by Renn Road, and on the west by Sugarland-Howell Road. The District is bounded on the west by Kingsbridge Municipal Utility District and on the north by Beechnut Municipal Utility District. Bissonnet Road traverses the east to the west boundaries of the District. See "THE DISTRICT - Authority" and " - Description," "AERIAL PHOTOGRAPH OF THE DISTRICT," and "APPENDIX A - LOCATION MAP."
Authority	The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Constitution of the State of Texas and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended. See "THE DISTRICT - Authority."
Development of the District and Home Construction	As of July 1, 2021, the District contained 1,316 homes, including 30 homes under construction. K. Hovnanian Homes is currently building homes within the District that range in size from approximately 1,955 to 2,208 square feet of building area and in sales price from approximately $358,990 to $392,990. Land within the District that has been developed to date has been developed primarily for single-family

residential usage as the subdivisions of Keegans Wood, Sections 1 through 3; Kingspoint, Sections 1 through 3; Oak Bend Place; Kingsville Park, Sections 1 and 2; Sugarfield, Sections 1 and 2; and Eldridge Park, Section 1. The development of approximately 299.1 acres within the District is complete. Such approximately 299.1 acres have been subdivided into (i) the aforementioned aggregate of 1,333 single-family residential lots, and (ii) eleven unrestricted reserves containing an aggregate of approximately 29.2 acres, nine of which (aggregating approximately 27.1 acres) are commercial reserves. The District financed its cost of construction or acquisition of water supply and distribution, wastewater collection and treatment, and storm drainage facilities (the "System") to serve all of such lots and reserves located within the District except Eldridge Park, Section 1, with portions of the proceeds of the sale of the Prior Bonds. Approximately 23.1 acres within the District are located within certain major thoroughfare or drainage channel rights-of-way, or are otherwise not available for development, and approximately 6.6 acres that are available for future development are currently not platted and are undeveloped. None of the owners of any of such approximately 6.6 currently undeveloped acres located within the District has reported any development plans to the District nor are any of such owners under any obligation to the District to develop any of such acres according to any schedule, for any particular purpose, or at all, and thus the District cannot predict when, or whether any of such currently undeveloped acres located within the District will be developed, or the ultimate usage of such land. See "FUTURE DEVELOPMENT." In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt."

District Tax Levy and Overlapping District Taxes and Functions ....

As is stated above, the entirety of the District is located within the Improvement District. The Improvement District, which covers 2,352 acres of land, has issued bonds to finance the acquisition or construction of drainage improvements to provide major outfall drainage and flood protection to areas which lie within the Improvement District, all of which bonds have been fully paid and discharged by the Improvement District. See "THE SYSTEM - West Keegans Bayou Improvement District." The Improvement District levies a tax on the land located within the District, which tax is in addition to the tax levied by the District. The Improvement District levied a tax of $0.091 per $100 of Assessed Valuation in 2020, all of which is a maintenance tax. As stated in this Official Statement under the captions "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and " - District Tax Levy and Overlapping District Taxes and Functions," the District's 2020 tax rate of $0.71 per $100 of assessed valuation plus the Improvement District's 2020 tax rate of $0.091 per $100 of assessed valuation totals $0.801 per $100 of assessed valuation, and, as is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the tax levies of all units of government which levy taxes against the property located within the District plus the District's 2021 tax levy is (i) $2.775256 per $100 of assessed valuation for the approximate 275.49 acres located within the District which lie within and are thus subject to taxation by Harris County and the Alief Independent School District, and (ii) $2.574407 per $100 of assessed valuation for the approximate 64.60 acres located within the District which lie within and are thus subject to taxation by Fort Bend County and the Fort Bend Independent School District. Both of such aggregate levies are within the range of the aggregate of the tax levies of districts in the Houston metropolitan area that are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District and the Improvement District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the investment quality or security of the Bonds could be adversely affected.

Infectious Disease Outbreak (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.

INVESTMENT CONSIDERATIONS

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

SELECTED FINANCIAL INFORMATION
(UNAUDITED)

2020 Assessed Valuation (As of January 1, 2020) See "TAX DATA" and "TAXING PROCEDURES"	$	238,303,222	(a)
2021 Assessed Valuation (As of January 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"	$	268,746,326	(b)
Estimated Valuation at July 1, 2021 (As of July 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"	$	282,387,994	(c)
Direct Debt			
Outstanding Bonds (as of September 2, 2021)	$	7,525,000	
The Bonds		2,625,000	
Total	$	10,150,000	(d)
Estimated Overlapping Debt	$	7,487,277	
Total Direct and Estimated Overlapping Debt	$	17,637,277	(d)
Direct Debt Ratios			
: as a percentage of 2020 Assessed Valuation		4.26	%
: as a percentage of 2021 Assessed Valuation		3.78	%
: as a percentage of Estimated Valuation at July 1, 2021		3.59	%
Direct and Estimated Overlapping Debt Ratios			
: as a percentage of 2020 Assessed Valuation		7.40	%
: as a percentage of 2021 Assessed Valuation		6.56	%
: as a percentage of Estimated Valuation at July 1, 2021		6.25	%
Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds	$	802,822	(e)
General Fund Balance as of September 7, 2021	$	2,913,461	
2020 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax $0.40			
Maintenance Tax 0.31			
Total	$	0.71	(f)
2020 Combined District and Improvement District Tax Rate per $100 of Assessed Valuation			
District Tax $0.710			
Improvement District Tax 0.091			
Total	$	0.801	(f)
2021 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax $0.38			
Maintenance Tax 0.31			
Total	$	0.69	(f)
Average Percentage of Total Tax Collections (2010-2019) (As of August 31, 2021)		99.86	%
Percentage of Total Tax Collections of 2020 Levy as of August 31, 2021 (In process of collection)		99.04	%

Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2022-2031)	$	1,084,678
Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2031)	$	1,297,863
Tax Rate per $100 of Assessed Valuation Required to Pay Average Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2022-2031) at 95% Tax Collections		
Based Upon 2020 Assessed Valuation	$	0.48
Based Upon 2021 Assessed Valuation	$	0.43
Based Upon Estimated Valuation at July 1, 2021	$	0.41
Tax Rate per $100 of Assessed Valuation Required to Pay Maximum Annual Debt Service Requirements on the Bonds and the Outstanding Bonds (2031) at 95% Tax Collections		
Based Upon 2020 Assessed Valuation	$	0.58
Based Upon 2021 Assessed Valuation	$	0.51
Based Upon Estimated Valuation at July 1, 2021	$	0.49
Number of Single Family Residences as of July 1, 2021 (including 30 residences under construction)		1,316

(a) As of January 1, 2020. Depending on its location, property in the District is valued on the tax rolls by either the Fort Bend Central Appraisal District or the Harris County Appraisal District (the “Appraisal Districts”), as appropriate, at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board or the Harris County Appraisal Review Board (the “Appraisal Review Boards”), as appropriate. See “TAXING PROCEDURES” and “INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments.”

(b) As of January 1, 2021, and comprises the District's 2021 tax roll. The tax roll provided by the Fort Bend Central Appraisal District includes an uncertified component of $295,890, and the tax roll proved by the Harris County Appraisal District includes an uncertified component of $24,899,856, both of which are included in the amount of $268,746,326. The District’s ultimate 2021 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Boards, and thus may vary from such sum of $268,746,326. See “TAXING PROCEDURES.”

(c) Provided by the Appraisal Districts for informational purposes only, this amount is an estimate of the value of all taxable property located within the District as of July 1, 2021, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2020, through June 30, 2021. The ultimate assessed valuation of such additions to the District's tax roll resulting from development and construction activity from January 1, 2020, through December 31, 2020, may vary significantly from this estimate when the Appraisal Review Boards certify the valuation of District property for the purpose of determining the District's 2021 tax roll, which will be based on the valuation of District property as of January 1, 2021. Moreover, the ultimate assessed valuation of such additions to the District's tax roll resulting from development and construction activity from January 1, 2021, through June 30, 2021, may vary significantly from this estimate when the Appraisal Review Boards certify the valuation of District property for the purpose of determining the District's 2022 tax roll, which will be based on the valuation of District property as of January 1, 2022.

(d) See “DISTRICT DEBT.” In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt,” “INVESTMENT CONSIDERATIONS - Future Debt,” and “THE SYSTEM.”

(e) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the District's Debt Service Fund. Such fund balance gives effect to the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due for 2021. The District's initial debt service payment on the Bonds, consisting of an interest payment thereon, is due on March 1, 2022.

(f) The District levied a total tax of $0.71 per $100 of Assessed Valuation for 2020, consisting of a debt service tax of $0.40 per $100 of Assessed Valuation and a maintenance tax of $0.31 per $100 of Assessed Valuation. The District has levied a total tax of $0.69 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.38 and $0.31 per $100 of Assessed Valuation, respectively. The District's 2020 tax rate of $0.71 per $100 of Assessed Valuation plus the West Keegans Bayou Improvement District's (the "Improvement District") 2020 tax rate of $0.091 per $100 of assessed valuation totals $0.801 per $100 of assessed valuation, and, as is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District plus the District's and Improvement District's 2021 tax levy is (i) $2.775256 per $100 of Assessed Valuation for the approximate 275.49 District acres located within Harris County and the Alief Independent School District, and (ii) $2.574407 per $100 of Assessed Valuation for the approximate 64.60 District acres located within Fort Bend County and the Fort Bend Independent School District. Both of such aggregate levies are within the range of the aggregate of the tax levies of districts in the Houston metropolitan area that are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located with the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District and the Improvement District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the investment quality or security of the Bonds could be adversely affected. See "TAXING PROCEDURES," "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and " - District Tax Levy and Overlapping District Taxes and Functions."

$2,625,000
RENN ROAD MUNICIPAL UTILITY DISTRICT
UNLIMITED TAX BONDS
SERIES 2021

INTRODUCTION

This Official Statement of Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas (the "District") is provided to furnish information with respect to the public sale by the District of its $2,625,000 Unlimited Tax Bonds, Series 2021 (the "Bonds"). The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended, an order of the Texas Commission on Environmental Quality (the "TCEQ"), an election held in the District, and pursuant to a resolution (the "Bond Resolution") adopted by the Board of Directors of the District (the "Board").

There follow in this Official Statement descriptions of the Bonds, the use of proceeds of the Bonds, and the Bond Resolution and certain information about the District and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District upon payment of the costs of duplication thereof. Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Resolution, except as otherwise indicated herein.

THE BONDS

General

The 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 Resolution.

The Bonds are dated November 1, 2021, and mature on September 1 in each of the years and in the principal amounts shown under "MATURITY SCHEDULE" on the inside cover page of this Official Statement. Interest on the Bonds accrues from the Date of Delivery, at the rates shown on the inside cover hereof, and is payable on March 1, 2022, and on each September 1 and March 1 thereafter until maturity or redemption. The Bonds are subject to redemption, in whole or in part from time to time, at the option of the District on or after September 1, 2026, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. If fewer than all of the Bonds are redeemed, the particular maturities and amounts of the Bonds to be redeemed shall be selected by the District, and if fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall select the Bonds within such maturity to be redeemed by lot or other method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). 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-only system described herein. No physical delivery of the Bonds will be made to the purchasers thereof. See "Book-Entry-Only System" below.

Book-Entry-Only System

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

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

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

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

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

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

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

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

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

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

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

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.

Assignments, Transfers and Exchanges

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

Lost, Stolen or Destroyed Bonds

In the event the book-entry-only system is discontinued, upon the presentation and surrender to the Registrar of a mutilated Bond, the Registrar shall authenticate and deliver in exchange therefore a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Bond is lost, stolen, or destroyed, the District, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall, upon receipt of certain documentation from the Registered Owner and an indemnity bond, execute and the Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount bearing a number not contemporaneously outstanding. Registered Owners of lost, stolen or destroyed bonds will be required to pay the District's costs to replace such bond. In addition, the District or the Registrar may require the Registered Owner to pay a sum sufficient to cover any tax or other governmental charge that may be imposed.

Source of Payment

The Outstanding Bonds (hereinafter defined) and the Bonds are payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property located within the District. In the Bond Resolution, the District covenants to levy and annually assess and collect in due time, form and manner, and at the same time as other District taxes are assessed, levied and collected, in each year, an annual ad valorem tax, without legal limit as to rate or amount, upon all taxable property in the District sufficient to pay the interest on the Outstanding Bonds and the Bonds as the same becomes due and to pay each installment of the principal of the Outstanding Bonds and the Bonds as the same matures, with full allowance being made for delinquencies and costs of collection.

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

No Arbitrage

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

Redemption Provisions

The Bonds are subject to redemption and payment at the option of the District, in whole or from time to time in part, on September 1, 2026, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest to the date fixed for redemption. Notice of the exercise of the reserved right of redemption will be given by the Paying Agent/Registrar at least thirty (30) days prior to the redemption date by sending such notice by first class mail to the Registered Owner of each Bond to be redeemed in whole or in part at the address shown on the bond register. If fewer than all of the Bonds are redeemed at any time, the particular maturity or maturities and amounts to be redeemed shall be selected by the District. If fewer than all of the Bonds within a maturity are to be redeemed, the Registrar shall designate by method of random selection the Bonds within such maturity to be redeemed (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form). The Registered Owner of any Bond, all or a portion of which has been called for redemption, shall be required to present same to the Registrar for payment of the redemption price on the portion of the Bonds so called for redemption and issuance of a new Bond in the principal amount equal to the portion of such Bond not redeemed.

Replacement of Registrar

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

Authority for Issuance

The Bonds are the ninth issue of a total authorization of $50,625,000 bonds for construction of the System authorized by District voters at bond elections held within the District on January 20, 1979, April 4, 1981, January 15, 1983, and May 6, 2017. In addition, District voters have authorized a total of $8,000,000 bonds for refunding of bonds previously issued by the District at a bond election held within the District on May 5, 1990.

The Bonds are issued pursuant to the Bond Resolution, Chapters 49 and 54 of the Texas Water Code, as amended, Article XVI, Section 59 of the Constitution of the State of Texas, and an order of the Texas Commission on Environmental Quality (the "TCEQ").

Outstanding Bonds and Payment Record

The Bonds are the ninth issue out of a total authorization of $50,625,000 principal amount of unlimited tax bonds authorized by District voters for the acquisition and construction of waterworks, wastewater, and drainage facilities (the "System"). The District has previously issued its Unlimited Tax Bonds, Series 1982 (the "Series 1982 Bonds), Unlimited Tax Bonds, Series 1984 (the "Series 1984 Bonds"), Unlimited Tax Bonds, Series 1994 (the "Series 1994 Bonds"), Unlimited Tax Bonds, Series 2002 (the "Series 2002 Bonds"), Unlimited Tax Bonds, Series 2006 (the "Series 2006 Bonds"), Unlimited Tax Bonds, Series 2016 (the "Series 2016 Bonds") and Unlimited Tax Bonds, Series 2020 (the "Series 2020 Bonds") for the acquisition and construction of the System. The District has also issued its Unlimited Tax and Refunding Bonds, Series 1999 (the "Series 1999 Tax and Refunding Bonds") to finance components of the System and to refund outstanding bonds of the District, Unlimited Tax Refunding Bonds, Series 1992 (the "Series 1992 Refunding Bonds"), Unlimited Tax Refunding Bonds, Series 2010 (the "Series 2010 Refunding Bonds"), and Unlimited Tax Refunding Bonds, Series 2013 (the "Series 2013 Refunding Bonds") to refund outstanding bonds of the District. Collective reference is made in this Official Statement to all of such bonds that have been previously issued by the District as the "Prior Bonds." After issuance of the Bonds, $7,525,000 of the aggregate principal amount of the Prior Bonds will not have been retired by the District (the "Outstanding Bonds"), and the District's total bonded indebtedness, including the Bonds, will be $10,150,000. The District has timely made all payments of the principal of and the interest on the Prior Bonds when due. Following the issuance of the Bonds, $29,675,000 additional unlimited tax bonds for acquisition and construction of the System and for refunding such bonds, and $6,269,706.30 principal amount of unlimited tax bonds for refunding such bonds will remain authorized for issuance by the District and unissued after the delivery of the Bonds. See "THE BONDS - Authority for Issuance," " - Issuance of Additional Debt," "INVESTMENT CONSIDERATIONS - Future Debt," and "DISTRICT DEBT - Debt Service Requirement Schedule."

Issuance of Additional Debt

The District's voters have authorized a total issuance of $50,625,000 principal amount of unlimited tax bonds for construction and acquisition of the System and for refunding of such bonds and $8,000,000 principal amount of unlimited tax bonds for refunding such bonds, and could authorize additional amounts. Following issuance of the Bonds, the District will have $29,675,000 additional unlimited tax bonds for System purposes and for refunding of such bonds, and $6,269,706.30 principal amount of unlimited tax bonds for refunding purposes authorized but unissued. See "INVESTMENT CONSIDERATIONS - Future Debt."

The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ.) In addition to the water distribution, wastewater collection, storm drainage/detention facilities that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "Use and Distribution of Bond Proceeds" below and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional water distribution, wastewater collection, storm drainage/detention facilities with portions of the proceeds of the sale of bonds, if any, in the future.

The District also is authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue fire-fighting bonds payable from taxes, the following actions would be required: (a) authorization of a detailed master plan and bonds for such purpose by the qualified voters in the District;

(b) approval of the master plan and issuance of bonds by the TCEQ; and (c) approval of bonds by the Attorney General of Texas. The Board has not considered calling an election to authorize fire-fighting bonds at this time. Issuance of bonds for fire-fighting activities could dilute the investment security for the Bonds.

The District is authorized by statute to develop parks and recreational facilities, including the issuance of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) approval of the park plan and bonds by the TCEQ; and (b) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless, effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not three percent of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

Defeasance

The Bond Resolution provides that the District may discharge its obligations to the Registered Owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State of Texas a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or redemption or (ii) by depositing with any place of payment (paying agent) of the Bonds or other obligations of the District payable from revenues or from ad valorem taxes or both, or with a commercial bank or trust company designated in the proceedings authorizing such discharge, amounts sufficient to provide for the payment and/or redemption of the Bonds; provided that such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) non-callable 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) non-callable 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 Resolution.

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid and thereafter the District will have no further responsibility with respect to amounts available to such paying agent (or other financial institution permitted by applicable law) for the payment of such defeased bonds, including any insufficiency therein caused by the failure of such paying agent (or other financial institution permitted by applicable law) to receive payment when due on the defeasance securities. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the District: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Annexation and Dissolution

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

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

Strategic Partnership

The District is authorized to enter into a strategic partnership agreement with the City of Houston to provide the terms and conditions under which the services would be provided and funded by the parties and under which the District would continue to exist for an extended period if the land within the District were annexed for full or limited purposes by the City. The terms of any such agreement would be determined by the City and the District, and could provide for the conversion of a limited purpose annexation to a general purpose annexation, or the payment of a fee in lieu of annexation to be derived from residential property within the District based on the costs of providing municipal services to the District. Although the City has negotiated and entered into such an agreement with other districts in its extraterritorial jurisdiction, none is currently contemplated with respect to the District, although no representation can be made regarding the future likelihood of an agreement or the terms thereof.

Consolidation

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

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.

Amendments

The District has reserved the right to amend the Bond Resolution without the consent of the Registered Owners as may be required (a) by the provisions of the Bond Resolution, (b) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission in the Bond Resolution, or (c) in connection with any other change not to the prejudice of the Registered Owners of the Bonds, but may not otherwise amend the terms of the Bonds or of the Bond Resolution without the consent of the Registered Owners of the Bonds.

Registered Owners' Remedies

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

Except for the remedy of mandamus, the Bond Resolution does not specifically provide for remedies to a Registered Owner in the event of a District default, nor does it provide for the appointment of a trustee to protect and enforce the interests of the Registered Owners. In addition, any legal action taken to seek any such remedies may be limited by the doctrine of sovereign immunity. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Even if the Registered Owners could obtain a judgment against the District, such judgment cannot be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on the property of the District or sell property within the District in order to pay the principal of or interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may be further limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. For example, a Chapter 9 bankruptcy proceeding by the District could delay or eliminate payment of principal or interest to the Registered Owners. See “Bankruptcy Limitation to Registered Owners' Rights” below and “INVESTMENT CONSIDERATIONS - Registered Owners’ Remedies and Bankruptcy.”

Bankruptcy Limitation to Registered Owners' Rights

The enforceability of the rights and remedies of the Registered Owners may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District. Subject to the requirements of Texas law, the District may voluntarily proceed under Chapter 9 of the Federal Bankruptcy Code, 11 U.S.C. 901-946, if the District: (1) is generally authorized to file for federal bankruptcy protection by State law; (2) is insolvent or unable to meet its debts as they mature; (3) desires to effect a plan to adjust such debts; and (4) has either obtained the agreement of or negotiated in good faith with its creditors or is unable to negotiate with its creditors because negotiation is impracticable. Under Texas law, a municipal utility district such as the District must obtain the approval of the TCEQ prior to filing for bankruptcy. The TCEQ must investigate the financial condition of the District and will authorize the District to proceed only if the TCEQ determines that the District has fully exercised its rights and powers under Texas law and remains unable to meet its debts and other obligations as they mature.

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

The District may not be placed into bankruptcy involuntarily.

Use and Distribution of Bond Proceeds

Proceeds of the sale of the Bonds will be used by the District to finance the District's cost of acquisition or construction of (i) water supply and distribution, wastewater collection and treatment, and storm drainage facilities (the "System"), to serve Eldridge Park, Section 1; (ii) clearing and grubbing and Storm Water Pollution Prevention, both serving Eldridge Park, Section 1; (iii) land acquisition costs for Eldridge Park Detention Pond; and (iv) pay for administrative and issuance costs, legal fees, fiscal agent's fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ" or the "Commission"), engineering fees, and certain financing costs related to the issuance of the Bonds.

	District's Share
I. Construction Costs	
A. Developer Contribution Items [a]	
1. Eldridge Park, Section 1 - Water, Wastewater and Drainage	$1,124,783
2. Eldridge Park, Section 1 - Clearing and Grubbing	172,968
3. Eldridge Park, Section 1 - Storm Water Pollution Prevention	28,600
4. Engineering Fees	176,592
5. Land Costs	702,309
TOTAL DEVELOPER CONTRIBUTION ITEMS	$2,205,252
B. District Items - None	
TOTAL CONSTRUCTION COSTS	$2,205,252
II. Non-Construction Costs	
1. Legal Fees	$78,750
2. Fiscal Agent Fees	52,500
3. Developer Interest [b]	119,590
4. Bond Discount	74,053
6. Bond Issuance Expenses	30,970
8. Bond Application Report Costs	50,000
9. Attorney General Fee	2,625
10. TCEQ Bond Issuance Fee	6,563
11. Contingency [c]	4,697
TOTAL NON-CONSTRUCTION COSTS	$419,748
TOTAL BOND ISSUE REQUIREMENT	**$2,625,000**

(a) The rules of the TCEQ require in certain instances that developers within a district subject to the jurisdiction of the TCEQ contribute to the construction program of such district an amount of money equal to thirty percent (30%) of the construction costs of certain water, sewer and drainage facilities in that district. The District requested an exemption from such developer participation requirement with respect to certain facilities being financed with portions of the proceeds of the sale of the Bonds on the basis of one of the criteria under TCEQ rules for such exemption. The TCEQ granted the request for such exemption in its Order authorizing the District to issue the Bonds.

(b) Represents interest owed on advances of construction costs and engineer fees and operating expenses made on the District's behalf. The actual amount of interest owed will be calculated at the lesser of (i) the net effective interest rate borne by the Bonds or (ii) the interest rate at which the party that has advanced such sums has borrowed funds.

(c) The TCEQ directed that any surplus funds resulting from the sale of bonds at a lower interest rate than proposed shall be shown as a contingency line item. The use of these funds is subject to approval by the TCEQ.

In the instance that approved estimated amounts exceed actual costs, the difference comprises a surplus which may be expended for uses approved by the TCEQ. In the instance that actual costs exceed previously approved estimated amounts and contingencies, additional TCEQ approval and the issuance of additional bonds may be required. The Engineer has advised the District that the proceeds of the sale of the Bonds should be sufficient to reimburse the Developer for the costs of the above-described facilities. However, the District cannot and does not guarantee the sufficiency of such funds for such purposes.

THE DISTRICT

Authority

The District is a municipal utility district created by an order of the Texas Water Commission (now the TCEQ) dated December 22, 1978, pursuant to the authority of Chapters 49 and 54, Texas Water Code, as amended, and Article XVI, Section 59 of the Texas Constitution. The creation of the District was confirmed at an election held within the District on January 20, 1979. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, including particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ.

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

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

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

Description

The District encompassed approximately 249.49 acres of land when originally created. Subsequent annexations of land have increased the District's boundaries to its present size of approximately 340.09 acres of land. The District is located entirely within the extraterritorial jurisdiction of the City of Houston, Texas, approximately 17 miles southwest of the central business district of the City of Houston. Approximately 64.60 acres of the District lie within Fort Bend County, and the balance of the land lies within Harris County, Texas. The entirety of the District is located within the boundaries of the West Keegans Bayou Improvement District (the "Improvement District"), which provides major drainage outfall and flood protection for approximately 2,352 acres of land, and thus all of the land located within the District is subject to taxation by the Improvement District. See "THE SYSTEM - West Keegans Bayou Improvement District" and "INVESTMENT CONSIDERATIONS - District Tax Levy and Overlapping District Taxes and Functions." The District is partially bounded on the south by Old Richmond Road, on the north by Renn Road, and on the west by Sugarland-Howell Road. The District is bounded on the west by Kingsbridge Municipal Utility District and on the north by Beechnut Municipal Utility District. Bissonnet Road traverses the east to the west boundaries of the District. See “AERIAL PHOTOGRAPH OF THE DISTRICT,” and “APPENDIX A - LOCATION MAP.”

Management of the District

The District is governed by a board of directors, consisting of five directors (the “Board of Directors”), who have control over and management supervision of all affairs of the District. The Directors serve four year staggered terms. Elections are held in even numbered years in May. The current members and officers of the Board, along with their respective terms of office, are listed below.

Name	Position	Term Expires in May
Russell G. Cook	President	2024
Kathleen Farris	Vice President	2022
Mario Peralta	Secretary	2024
Bertha Fair	Assistant Vice President	2024
Vickey Estick	Assistant Secretary	2022

Although the District does not have a general manager or any full time employee, it has contracted for utility system operating, bookkeeping, tax assessing and collecting, auditing, engineering, and legal services as follows:

Tax Assessor/Collector - The District's Tax Assessor/Collector is Bob Leared of Bob Leared Interests. According to Bob Leared Interests, its employees serve as tax assessor/collector for approximately 150 taxing jurisdictions. The Tax Assessor/Collector applies the District's tax levy to tax rolls prepared by the Appraisal District and bills and collects such levy.

Bookkeeper - The District's bookkeeper is Myrtle Cruz, Inc. According to Myrtle Cruz, Inc., it currently serves approximately 359 utility districts as bookkeeper.

Utility System Operator - Inframark LLC is the general operator of the System. According to Inframark LLC, it is currently engaged as utility system operator for approximately 125 utility districts.

Auditor - As required by the Texas Water Code, the District retains an independent auditor to audit the District's financial statements annually, which annual audited financial statements are filed with the TCEQ. The financial statements of the District as of September 30, 2020, 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 B.”

Engineer - The District has employed Vogler & Spencer Engineering, Inc., Houston, Texas, as Consulting Engineer (the “Engineer”) in connection with overall planning activities and the design of the System.

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

Disclosure Counsel - McCall, Parkhurst & Horton L.L.P., Houston, Texas, serves as Disclosure Counsel to the District. The fee to be paid Disclosure Counsel for services rendered in connection with the issuance of the Bonds is contingent on the issuance, sale and delivery of the Bonds.

Financial Advisor - The District has engaged Rathmann & Associates, L.P., as financial advisor (the “Financial Advisor”) to the District. The fees paid the Financial Advisor for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued and sold. Therefore, the payment of such fees is contingent upon the sale and delivery of the Bonds. Rathmann & Associates, L.P. is an independent municipal advisor registered with the United

States Securities and Exchange Commission (the “SEC”) and the Municipal Securities Rulemaking Board (the “MSRB”). Rathmann & Associates, L.P.’s SEC registration number is 867-00217 and its MSRB registration number is K0161. Rathmann & Associates, L.P.’s SEC registration Forms MA and MA-1's, which constitute Rathmann & Associates, L.P.’s registration filings, may be accessed through http://www.sec.gov/edgar/searchedgar/company search.html.

DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION

As of July 1, 2021, the District contained 1,316 homes, including 30 homes under construction. K. Hovnanian Homes is currently building homes within the District that range in size from approximately 1,955 to 2,208 square feet of building area and in sales price from approximately $358,990 to $392,990. Land within the District that has been developed to date has been developed primarily for single-family residential usage as the subdivisions of Keegans Wood, Sections 1 through 3; Kingspoint, Sections 1 through 3; Oak Bend Place; Kingsville Park, Sections 1 and 2; Sugarfield, Sections 1 and 2, and Eldridge Park, Section 1. The development of approximately 299.1 acres within the District is complete. Such approximately 299.1 acres have been subdivided into (i) the aforementioned aggregate of 1,333 single-family residential lots, and (ii) eleven unrestricted reserves containing an aggregate of approximately 29.2 acres, nine of which (aggregating approximately 27.1 acres) are commercial reserves. The District financed its cost of construction or acquisition of water supply and distribution, wastewater collection and treatment, and storm drainage facilities (the “System”) to serve all of such lots and reserves located within the District except Eldridge Park, Section 1, with portions of the proceeds of the sale of the Prior Bonds. Approximately 23.1 acres within the District are located within certain major thoroughfare or drainage channel rights-of-way, or are otherwise not available for development, and approximately 6.6 acres that are available for future development are currently not platted and are undeveloped. None of the owners of any of such approximately 6.6 currently undeveloped acres located within the District has reported any development plans to the District nor are any of such owners under any obligation to the District to develop any of such acres according to any schedule, for any particular purpose, or at all, and thus the District cannot predict when, or whether any of such currently undeveloped acres located within the District will be developed, or the ultimate usage of such land. See “FUTURE DEVELOPMENT.” In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see “THE BONDS - Use and Distribution of Bond Proceeds” and “THE SYSTEM”), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See “THE BONDS - Issuance of Additional Debt.”

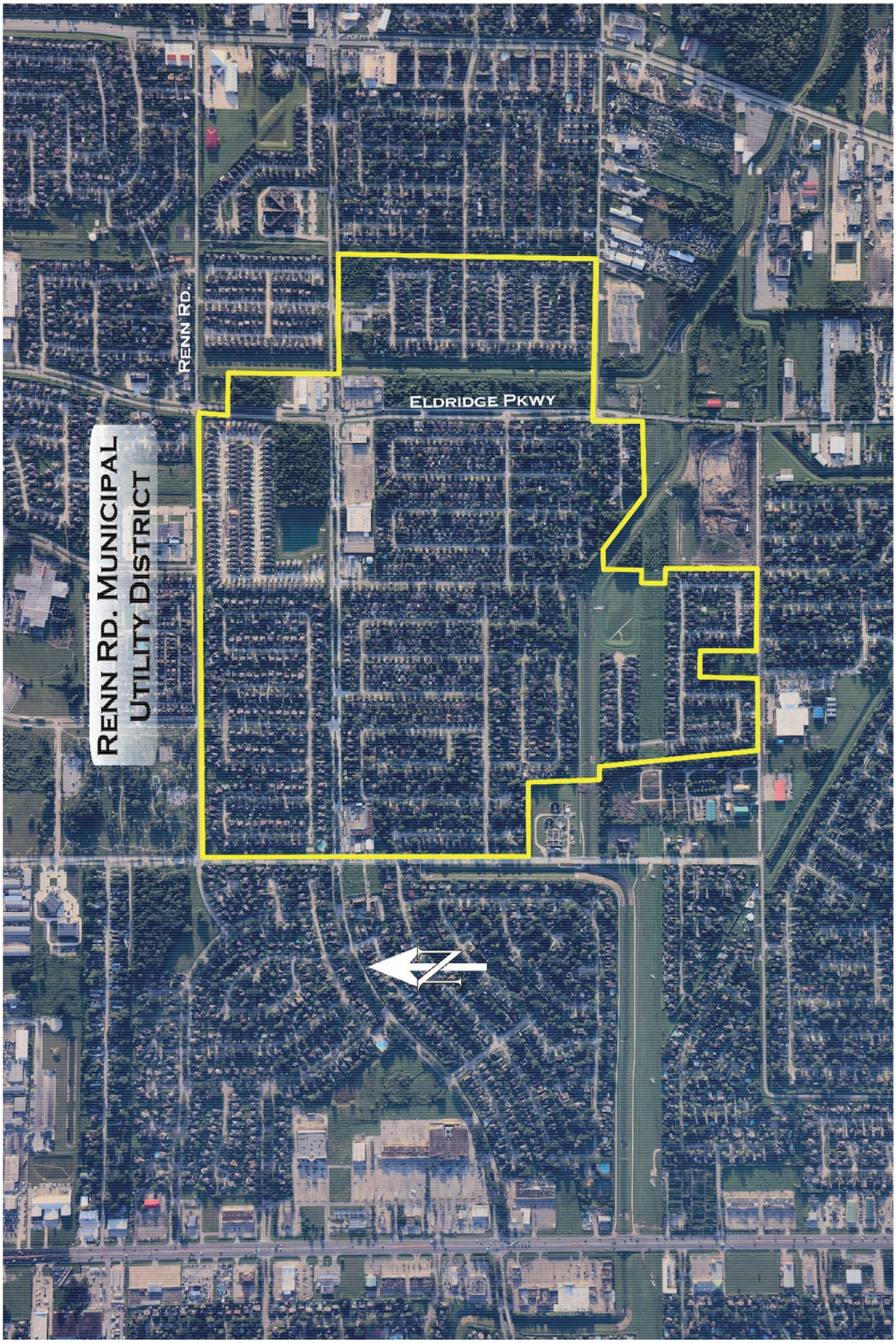
As of July 1, 2021, the status of lot development and home construction in the District was as follows:

	LOTS				HOMES				
			Under		Under Construction		Completed		
Subdivision	Developed	Acres	Development	Acres	Sold	Unsold	Sold	Unsold	Totals
Keegans Wood									
Section 1	292	59.7			0	0	292	0	292
Section 2	218	44.1			0	0	218	0	218
Section 3	136	42.3			0	0	136	0	136
Kingspoint									
Section 1	86	19.6			0	0	86	0	86
Section 2	56	13.5			0	0	56	0	56
Section 3	58	12.9			0	0	58	0	58
Oak Bend Place	19	5.9			0	0	19	0	19
Kingsville Park									
Section 1	85	21.6			0	0	85	0	85
Section 2	91	16.5			0	0	91	0	91
Sugarfield									
Section 1	101	21.9			0	0	101	0	101
Section 2	58	16.9			0	0	58	0	58
Eldridge Park									
Section 1	133	24.2			27	3	85	1	116
TOTALS	1,333	299.1	0	0	27	3	1,285	1	1,316

FUTURE DEVELOPMENT

There are approximately 6.6 acres of land located in the District that are available for future development that are currently not platted and are undeveloped. Such undeveloped acres are owned by several different parties. See "TAX DATA - Principal 2020 Taxpayers." No owner of any of the currently undeveloped land located in the District has reported any development plan for any of such land to the District. Therefore, the District can make no representation whether, or when, any development might occur on any of the currently undeveloped land located within the District. In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt."

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken September 2021)



PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken August 2021)






PHOTOGRAPHS TAKEN WITHIN THE DISTRICT
(taken August 2021)

DISTRICT DEBT

Debt Service Requirement Schedule

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

Year Ending	Current Total	Plus: The Bonds		New Total
December 31	Debt Service	Principal	Interest	Debt Service
2021	$926,255			$926,255
2022	945,209		$31,092	976,301
2023	951,615		37,688	989,303
2024	965,490		37,688	1,003,178
2025	981,490		37,688	1,019,178
2026	888,990		37,688	926,678
2027	870,190		37,688	907,878
2028	685,190	$500,000	37,688	1,222,878
2029	701,300	500,000	32,688	1,233,988
2030	718,100	525,000	26,438	1,269,538
2031	729,300	550,000	18,563	1,297,863
2032		550,000	9,625	559,625
	$9,363,129	$2,625,000	$344,534	$12,332,663

Average Annual Requirements: (2022-2031) $1,084,678
Maximum Annual Requirement: (2031) $1,297,863

Bonded Indebtedness

2020 Assessed Valuation (As of January 1, 2020) See "TAX DATA" and "TAXING PROCEDURES"		$ 238,303,222	(a)
2021 Assessed Valuation (As of January 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"		$ 268,746,326	(b)
Estimated Valuation at July 1, 2021 (As of July 1, 2021) See "TAX DATA" and "TAXING PROCEDURES"		$ 282,387,994	(c)
Direct Debt:			
Outstanding Bonds (as of September 2, 2021)		$ 7,525,000	
The Bonds		2,625,000	
Total		$ 10,150,000	(d)
Estimated Overlapping Debt		$ 7,487,277	
Total Direct and Estimated Overlapping Debt		$ 17,637,277	(d)
Direct Debt Ratios			
: as a percentage of 2020 Assessed Valuation		4.26 %	
: as a percentage of 2021 Assessed Valuation		3.78 %	
: as a percentage of Estimated Valuation at June 1, 2021		3.59 %	
Direct and Estimated Overlapping Debt Ratios			
: as a percentage of 2020 Assessed Valuation		7.40 %	
: as a percentage of 2021 Assessed Valuation		6.56 %	
: as a percentage of Estimated Valuation at June 1, 2021		6.25 %	
Debt Service Fund Balance Estimated as of the Date of Delivery of the Bonds		$ 802,822	(e)
General Fund Balance as of September 7, 2021		$ 2,913,461	
2020 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$0.40		
Maintenance Tax	0.31		
Total		$ 0.71	(f)
2020 Combined District and Improvement District Tax Rate per $100 of Assessed Valuation			
District Tax	$0.710		
Improvement District Tax	0.091		
Total		$ 0.801	(f)
2021 Tax Rate per $100 of Assessed Valuation			
Debt Service Tax	$0.38		
Maintenance Tax	0.31		
Total		$ 0.69	(f)
Average Percentage of Total Tax Collections (2010-2019) (As of August 31, 2021)		99.86 %	

Percentage of Total Tax Collections 2020 Tax Levy as of August 31, 2021 (In process of collection)	99.04 %

(a) As of January 1, 2020. Depending on its location, property in the District is valued on the tax rolls by either the Fort Bend Central Appraisal District or the Harris County Appraisal District (the "Appraisal Districts"), as appropriate, at 100% of assessed valuation as of January 1 of each year. The District's tax roll is certified by the Fort Bend County Appraisal Review Board or the Harris County Appraisal Review Board (the "Appraisal Review Boards"), as appropriate. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments."

(b) As of January 1, 2021, and comprises the District's 2021 tax roll. The tax roll provided by the Fort Bend Central Appraisal District includes an uncertified component of $295,890, and the tax roll proved by the Harris County Appraisal District includes an uncertified component of $24,899,856, both of which are included in the amount of $268,746,326. The District's ultimate 2021 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Boards, and thus may vary from such sum of $268,746,326. See "TAXING PROCEDURES."

(c) Provided by the Appraisal Districts for informational purposes only; this amount is an estimate of the value of all taxable property located within the District as of July 1, 2021, and includes an estimate of values resulting from the construction of taxable improvements from January 1, 2020, through June 30, 2021. The ultimate assessed valuation of such additions to the District's tax roll resulting from development and construction activity from January 1, 2020, through December 31, 2020, may vary significantly from this estimate when the Appraisal Review Boards certify the valuation of District property for the purpose of determining the District's 2021 tax roll, which will be based on the valuation of District property as of January 1, 2021. Moreover, the ultimate assessed valuation of such additions to the District's tax roll resulting from development and construction activity from January 1, 2021, through June 30, 2021, may vary significantly from this estimate when the Appraisal Review Boards certify the valuation of District property for the purpose of determining the District's 2022 tax roll, which will be based on the valuation of District property as of January 1, 2022.

(d) In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds, and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future.

(e) Neither Texas law nor the Bond Resolution requires the District to maintain any particular sum in the District's Debt Service Fund. Such fund balance gives effect to the timely payment by the District of the entirety of its debt service requirements on the Outstanding Bonds that were due for 2021. The District's initial debt service payment on the Bonds, consisting of an interest payment thereon, is due on March 1, 2022.

(f) The District levied a total tax of $0.71 per $100 of Assessed Valuation for 2020, consisting of a debt service tax of $0.40 per $100 of Assessed Valuation and a maintenance tax of $0.31 per $100 of Assessed Valuation. The District has levied a total tax of $0.69 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.38 and $0.31 per $100 of Assessed Valuation, respectively. The District's 2020 tax rate of $0.71 per $100 of Assessed Valuation plus the West Keegans Bayou Improvement District's (the "Improvement District") 2020 tax rate of $0.091 per $100 of assessed valuation totals $0.801 per $100 of assessed valuation, and, as is described in this Official Statement under the caption "TAX DATA - Estimated Overlapping Taxes," the aggregate of the 2020 tax levies of all units of government which levy taxes against the property located within the District plus the District's and Improvement District's 2021 tax levy is (i) $2.775256 per $100 of Assessed Valuation for the approximate 275.49 District acres located within Harris County and the Alief Independent School District, and (ii) $2.574407 per $100 of Assessed Valuation for the approximate 64.60 District acres located within Fort Bend County and the Fort Bend Independent School District. Both of such aggregate levies are within the range of the aggregate of the tax levies of districts in the Houston metropolitan area that are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located with the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District and the Improvement District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the investment quality or security of the Bonds could be adversely affected. See "INVESTMENT CONSIDERATIONS - Factors Affecting Taxable Values and Tax Payments" and - "District Tax Levy and Overlapping District Taxes and Functions."

Estimated Direct and Overlapping Debt Statement

The following table indicates the direct and estimated overlapping debt of the District. The table includes the estimated amount of indebtedness of governmental entities overlapping the District, defined as outstanding bonds payable from ad valorem taxes, and the estimated percentages and amounts of such indebtedness attributable to property located within the District. This information is based upon data secured from the individual jurisdictions and/or the *Texas Municipal Reports* published by the Municipal Advisory Council of Texas. The calculations by which the statement was derived were made in part by comparing the reported assessed valuation of the property in the overlapping taxing jurisdictions with the Assessed Valuation of property within the District. No effect has been given to the tax burden levied by any applicable taxing jurisdiction for maintenance and operational or other purposes. Except for the amount relating to the District, the District has not independently verified the accuracy or completeness of such information and no person is entitled to rely upon such information as being accurate or complete. Furthermore, certain entities listed below may have issued additional bonds since the dates cited.

	Debt as of	Estimated Overlapping	
Taxing Jurisdiction	**July 1, 2021**	**Percent**	**Amount**
Harris County [(i)]	$1,672,657,125	0.03202%	$535,509
Harris County Department of Education	20,185,000	0.03202%	6,462
Harris County Flood Control District	334,270,000	0.03202%	107,018
Harris County Hospital District	81,540,000	0.03202%	26,105
Port of Houston Authority	492,439,397	0.03202%	157,657
Alief Independent School District	351,352,000	0.91022%	3,198,070
Houston Community College System	492,485,000	0.07127%	350,986
Fort Bend County	622,289,567	0.09956%	619,565
Fort Bend County Drainage District	25,405,000	0.10036%	25,497
Fort Bend County Independent School District	1,461,158,767	0.16839%	2,460,408
Total Estimated Overlapping Debt			$7,487,277
Total Direct Debt (the Bonds and the Outstanding Bonds)			10,150,000
Total Direct and Estimated Overlapping Debt			$17,637,277

[(i)] The Harris County Toll Road Authority bonds are considered to be self-supporting, and are not included in this schedule.
[(ii)] The entirety of the District is located within the boundaries of the West Keegans Bayou Improvement District, and is subject to taxation by the Improvement District. See "INVESTMENT CONSIDERATIONS - District Tax Levy and Overlapping District Taxes and Functions."

Debt Ratios

	% of 2020 Assessed Valuation	% of 2021 Assessed Valuation	% of Estimated Valuation at July 1, 2021
Direct Debt	4.26%	3.78%	3.59%
Direct and Estimated Overlapping Debt....	7.40%	6.56%	6.25%

TAX DATA

Debt Service Tax

All taxable property within the District is subject to the assessment, levy, and collection by the District of an annual ad valorem tax without legal limitation as to rate or amount, sufficient to pay principal of and interest on the Bonds, the Outstanding Bonds, and any future tax-supported bonds which may be issued by the District from time to time as authorized. The Board of Directors of the District has in its Bond Resolution covenanted to assess and levy for each year that all or any part of the Bonds remain outstanding and unpaid a tax ample and sufficient to produce funds to pay the principal of and interest on the Bonds when due. The actual rate of such tax is determined annually as a function of the District's tax base, its debt service requirements, and available funds. The District levied a tax for debt service for 2020 at a rate of $0.40 per $100 of Assessed Valuation, and has levied a debt service tax of $0.38 per $100 of Assessed Valuation for 2021.

Maintenance Tax

The Board of Directors of the District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors. On May 6, 2017, the Board was authorized by a vote of the District's electors to levy such maintenance tax in an amount not to exceed $0.50 per $100 of assessed valuation. Such tax, when levied, is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds and any parity bonds which may be issued in the future. The District levied a maintenance tax in 2020 of $0.31 per $100 of Assessed Valuation, and has levied the same maintenance tax of $0.31 per $100 of Assessed Valuation in 2021.

Tax Rate Limitation

Debt Service:	Unlimited (no legal limit as to rate or amount).
Maintenance:	$0.50 per $100 Assessed Valuation.

Historical Values and Tax Collection History

The following statement of tax collections sets forth in condensed form the historical Assessed Valuation and tax collections of the District. Such summary has been prepared for inclusion herein based upon information obtained from District records. Reference is made to such records, including the District's annual audited financial statements, for more complete information.

				% Collections	
Tax Year	Assessed Valuation	Tax Rate[(a)]	Adjusted Levy	Current & Prior Years[(b)]	Year Ended 09/30
2010	$154,671,010	$0.665	$1,027,827	99.99%	2011
2011	150,966,275	0.690	1,040,826	99.99	2012
2012	143,097,016	0.760	1,087,287	99.98	2013
2013	145,284,363	0.760	1,103,616	99.98	2014
2014	155,262,310	0.750	1,164,273	99.94	2015
2015	169,451,339	0.750	1,270,334	99.88	2016
2016	180,713,619	0.720	1,300,462	99.85	2017
2017	194,644,113	0.700	1,362,509	99.74	2018
2018	206,603,144	0.700	1,446,222	99.71	2019
2019	222,069,130	0.710	1,576,691	99.55	2020
2020	238,303,222	0.710	1,691,953	99.04[(c)]	2021
2021	268,746,326[(d)]	0.690[(e)]	[(e)]	[(e)]	2021

(a) Per $100 of Assessed Valuation.
(b) Such percentages reflect cumulative total collections for each year from the time each respective annual tax was levied through August 31, 2021. The amount of tax collected for each levy on a current basis (by September 30 of the year following each respective annual levy) is not reflected in this statement.
(c) As of August 31, 2021. In process of collection.
(d) The tax roll provided by the Fort Bend Central Appraisal District includes an uncertified component of $295,890, and the tax roll proved by the Harris County Appraisal District includes an uncertified component of $24,899,856, both of which are included in the amount of $268,746,326. The District's ultimate 2021 Assessed Valuation will not be determined until such uncertified values are certified by the Appraisal Review Boards, and thus may vary from such sum of $268,746,326.
(e) The District has levied a total tax rate of $0.69 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.38 and $0.31 per $100 of Assessed Valuation, respectively.

Tax Rate Distribution

	2021	2020	2019	2018	2017
Debt Service	$0.38	$0.40	$0.40	$0.45	$0.45
Maintenance	0.31	0.31	0.31	0.25	0.25
Total	$0.69	$0.71	$0.71	$0.70	$0.70

Exemptions

The District has adopted a residential homestead exemption of residence homesteads for persons 65 years or older or disabled persons in the amount of $10,000, but has not granted a general residential homestead exemption. See "TAXING PROCEDURES."

An aggregate of approximately 6.6 acres of the land owned located in the District are undeveloped and at some future date could be used for agricultural purposes. Accordingly, the owner(s) of such land could be entitled to have such land valued on the basis of its agricultural productivity (qualified open space land), which would be a small fraction of its fair market value. No owner of any of such land has claimed an agricultural valuation in the past.

Analysis of Tax Base

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

	2020		2019		2018	
Type of Property	Assessed Valuation	%	Assessed Valuation	%	Assessed Valuation	%
Land	$51,442,076	21.59%	$48,363,306	21.78%	$42,454,667	20.55%
Improvements	198,337,550	83.23%	186,041,542	83.78%	173,835,548	84.14%
Personal Property	3,370,253	1.41%	3,202,380	1.44%	3,097,351	1.50%
Exemptions	(14,846,657)	-6.23%	(15,538,098)	-7.00%	(12,784,422)	-6.19%
TOTAL	$238,303,222	100.00%	$222,069,130	100.00%	$206,603,144	100.00%

	2017		2016	
Type of Property	Assessed Valuation	%	Assessed Valuation	%
Land	$41,528,167	21.34%	$41,508,838	22.97%
Improvements	162,874,281	83.68%	148,276,418	82.05%
Personal Property	3,800,747	1.95%	3,296,759	1.82%
Exemptions	(13,559,082)	-6.97%	(12,368,396)	-6.84%
TOTAL	$194,644,113	100.00%	$180,713,619	100.00%

Principal 2020 Taxpayers

Based upon information supplied by the District's Tax Assessor/Collector, the following table lists principal District taxpayers, type of property owned by such taxpayers, and the assessed valuation of such property as of January 1, 2020. The information reflects the composition of property ownership reflected on the District's 2020 tax roll.

Taxpayer	Type of Property	Assessed Valuation 2020 Tax Roll	% of 2020 Tax Roll
Santikos Properties LLC	Land	$3,007,996	1.26%
Ameripak Group, Inc.	Land & Improvements	2,359,954	0.99%
K Hovnanian Houston Eldridge Park	Land	1,904,070	0.80%
Auto Zone, Inc.	Land, Improvements & Personal Property	1,490,253	0.63%
Kacci Group LLC	Land & Improvements	1,414,743	0.59%
Thao Hoa Corporation	Land & Improvements	1,403,459	0.59%
Lucena M. DeVilla	Land	1,146,144	0.48%
Van Siblings LLC	Land	1,031,530	0.43%
Khawar & Sons Inc	Land	960,850	0.40%
O'Reilly Auto Enterprises	Land & Improvements	730,251	0.31%
		$15,449,250	6.48%

Tax Rate Calculations

The tax rate calculations set forth below are presented to indicate the tax rates per $100 of Assessed Valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2020 Assessed Valuation, the 2021 Assessed Valuation or the Estimated Valuation at July 1, 2021. The calculations also assume collection of 95% of taxes levied, no use of District funds on hand, and the sale of no additional bonds by the District.

Average Annual Debt Service Requirements (2022-2031)	$1,084,678
Tax Rate of $0.48 on the 2020 Assessed Valuation ($238,303,222) produces	$1,086,663
Tax Rate of $0.43 on the 2021 Assessed Valuation ($268,746,326) produces	$1,097,829
Tax Rate of $0.41 on the Estimated Valuation at July 1, 2021 ($282,387,994) produces	$1,099,901
Maximum Annual Debt Service Requirement (2031)	$1,297,863
Tax Rate of $0.58 on the 2020 Assessed Valuation ($238,303,222) produces	$1,313,051
Tax Rate of $0.51 on the 2021 Assessed Valuation ($268,746,326) produces	$1,302,076
Tax Rate of $0.49 on the Estimated Valuation at July 1, 2021 ($282,387,994) produces	$1,314,516

The District levied a debt service tax of $0.40 per $100 of Assessed Valuation and a maintenance tax of $0.31 per $100 of Assessed Valuation, for a total 2020 tax rate of $0.71 per $100 of Assessed Valuation. The District has levied a total tax rate of $0.69 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.38 and $0.31 per $100 of Assessed Valuation, respectively. As the above table indicates, the 2021 debt service tax rate of $0.38 per $100 of Assessed Valuation will not be sufficient to pay the Average Annual Debt Service Requirements and the Maximum Debt Service Requirement on the Bonds and the Outstanding Bonds assuming taxable values in the District at the level of the Estimated Valuation at July 1, 2021, assuming the District will have a tax collection rate of 95%, and the issuance of no additional bonds by the District other than the Bonds and the Prior Bonds. However, the District's Debt Service Fund balance (unaudited) is estimated to be $802,822 as of the Date of Delivery of the Bonds. Although neither Texas law nor the Bond Resolution requires that any specific amount be retained in the Debt Service Fund at any time, the District expects to apply earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Bonds and the Outstanding Bonds. The District has in the past applied earnings from the investment of monies held in the Debt Service Fund to meet the debt service requirements of the Prior Bonds as is delineated in "APPENDIX B - INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS" that is appended to this Official Statement. Moreover, as is illustrated above under the caption "Historical Values and Tax Collection History," as of August 31, 2021, the District has collected an average annual percentage of its property taxes of 99.86% for the period

2010 through 2019, and its 2020 tax levy was 99.04% collected as of such date. Therefore, the District anticipates that it will be able to meet its debt service requirements on the Bonds without increasing the District's debt service tax rate above the rate which it has levied for 2021 - $0.38 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds" and "THE SYSTEM"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "INVESTMENT CONSIDERATIONS - Future Debt, " "THE BONDS - Authority for Issuance," and - "Issuance of Additional Debt."

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, a lien is created upon the property which is to be taxed as of January 1 of each year. Such lien is discharged annually as the tax is paid. A tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions (see "DISTRICT DEBT - Estimated Direct and Overlapping Debt Statement"), certain taxing jurisdictions are authorized by Texas law to assess, levy and collect ad valorem taxes for operation, maintenance, administrative and/or general revenue purposes.

Set forth below is an estimation of all 2020 taxes per $100 of assessed valuation levied by such jurisdictions plus the District's 2021 tax rate. No recognition is given to local assessments for civic association dues, emergency medical service contributions, fire department contributions, or any other charges made by entities other than political subdivisions. Approximately 275.49 of the total of approximately 340.09 acres located within the District lie within Harris County and the Alief Independent School District, and approximately 64.60 District acres lie within Fort Bend County and the Fort Bend Independent School District. The following chart illustrates, respectively, (i) the composite tax rates of all taxing jurisdictions, including the District, which cover the portion of the District which lies within Harris County and the Alief Independent School District, and (ii) the composite tax rates of all taxing jurisdictions, including the District, which cover the portion of the District which lies within Fort Bend County and the Fort Bend Independent School District. See "INVESTMENT CONSIDERATIONS - District Tax Levy and Overlapping District Taxes and Functions."

Composite Tax Rates Covering 275.49 District Acres
Which Lie Within Harris County

Taxing Jurisdiction	2020 Tax Rate Per $100 of A.V.
The District (i)	$0.690000
Harris County	0.391160
Harris County Department of Education	0.004993
Harris County Flood Control District	0.031420
Harris County Hospital District	0.166710
Port of Houston Authority	0.009910
Alief Independent School District	1.204800
Houston Community College System	0.100263
West Keegans Bayou Improvement District (ii)	0.091000
Fort Bend-Harris Emergency Service District No. 100	0.085000
Total Tax Rate	$2.775256

Composite Tax Rates Covering 64.60 District Acres
Which Lie Within Fort Bend County

Taxing Jurisdiction	2020 Tax Rate Per $100 of A.V.
The District [(i)]	$0.390000
Fort Bend County	0.435876
Fort Bend County Drainage District	0.017331
Fort Bend Independent School District	1.240200
West Keegans Bayou Improvement District [(ii)]	0.091000
Fort Bend Emergency Service District No. 5	0.100000
Total Tax Rate	$2.574407

[(i)] The District levied a total tax of $0.71 per $100 of Assessed Valuation for 2020, consisting of a debt service tax of $0.40 per $100 of Assessed Valuation and a maintenance tax of $0.31 per $100 of Assessed Valuation. The District has levied a total tax rate of $0.69 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.38 and $0.31 per $100 of Assessed Valuation, respectively.

[(ii)] The Improvement District has levied a tax of $0.091 per $100 of Assessed Valuation for 2020, all of which is a maintenance tax.

No prediction can be made of the tax rates that will be levied in future years by the respective taxing jurisdictions.

TAXING PROCEDURES

Authority to Levy Taxes

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

Property Tax Code and County-wide Appraisal District

Title I of the Texas Tax Code (the "Property Tax Code"), specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units within a county and an appraisal review board with the responsibility for reviewing and equalizing the values established by the appraisal district. The Fort Bend Central Appraisal District and the Harris County Appraisal District (together, the "Appraisal Districts") have the responsibility of appraising property for all taxing units within Fort Bend and Harris Counties, including the District. Such appraisal values will be subject to review and change by the Fort Bend County Appraisal Review Board and the Harris County Appraisal Review Board (together, the "Appraisal Review Boards").

Property Subject to Taxation by the District

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

Residential Homestead Exemptions: The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised market value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1.

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

Tax Abatement

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

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal Districts at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Boards, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on one hundred percent (100%) of market value, as such is defined in the Property Tax Code. In determining market value, either the replacement cost or the income or the market data method of valuation may be used, whichever is appropriate. Nevertheless, certain land may be appraised at less than market value under the Property Tax Code. Increases in the appraised value of residence homesteads are limited by the Texas Constitution to 10 percent annually regardless of the market value of the property.

The Property Tax Code permits land designated for agricultural use, open space or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Property Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business be valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Provisions of the Property Tax Code are complex and are not fully summarized here. Landowners wishing to avail themselves of the agricultural use, open space or timberland designation or residential real property inventory designation must apply for the designation and the appraiser is required by the Property Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use, open space land and timberland.

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

The Property Tax Code provides for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property that is at least 15% 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 Districts are required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

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

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

Levy and Collection of Taxes

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

Rollback of Operation and Maintenance Tax Rate

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

Special Taxing Units

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

Developed Districts

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

Developing Districts

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

The District

A determination as to a district's status as a Special Taxing Unit, Developed District or Developing District will be made by the Board of Directors on an annual basis. The District cannot give any assurances as to what its classification will be at any point in time or whether the District's future tax rates will result in a total tax rate that will reclassify the District into a new classification and new election calculation. For the 2021 tax rate year, a determination has been made by the District's Board of Directors that the District is a Developing District.

Additional Penalties

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

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property as of January 1 of the year for which the tax is imposed. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property. The lien exists in favor of each local taxing unit, including the District, having the power to tax the property. The District's tax lien is on a parity with the tax liens of other such taxing units (see "TAX DATA - Estimated Overlapping Taxes"). A tax lien on real property takes priority over the claims of most creditors and other holders of liens on the property encumbered by the tax lien, whether or not the debt or lien existed before the attachment of the tax lien; however, whether a lien of the United States is on a parity with or takes priority over a tax lien of the District is determined by applicable federal law. Personal property, under certain circumstances, is subject to seizure and sale for the payment of delinquent taxes, penalty and interest.

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six (6) months for commercial property and two (2) years for residential and all other types of property after the purchaser's deed issued at the foreclosure sale is filed in the county records) or by bankruptcy proceedings which restrict the collection of taxpayer debts. The District's ability to foreclose its tax lien or collect penalties or interest on delinquent taxes may be limited on property owned by a financial institution which is under receivership by the Federal Deposit Insurance Corporation pursuant to the Federal Deposit Insurance Act, 12 U.S.C. 1825, as amended. See "INVESTMENT CONSIDERATIONS - Tax Collection Limitations."

Tax Payment Installments after Disaster

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

Additionally, the Texas Tax Code authorizes a taxing jurisdiction such as the District, solely at the jurisdiction's discretion, to adopt a similar installment payment option for taxes imposed on property that is located within a designated disaster area or emergency area and is owned or leased by certain qualified business entities, regardless of whether the property has been damaged as a direct result of the disaster or emergency.

THE SYSTEM

Regulation

According to the Engineer, the District's water supply and distribution, wastewater collection and treatment, and storm drainage facilities (collectively, the "System") have been designed in accordance with accepted engineering practices and the requirements of various agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities. The construction and operation of the System must be accomplished in accordance with the standards and specifications of such entities and are subject to inspection by each such entity. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage is subject to the regulatory authority of the TCEQ and the U.S. Environmental Protection Agency. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District, Fort Bend County, and, in some instances, West Keegans Bayou Improvement District, the TCEQ and the U.S. Army Corps of Engineers. Harris County, Fort Bend County, and the City of Houston also exercise regulatory jurisdiction over the District's System.

Description

Proceeds of the sale of the Prior Bonds were used to finance the District's cost of acquisition or construction of underground water distribution, wastewater collection, and storm drainage facilities to serve the 1,200 fully developed single-family residential lots and building sites located in Keegans Wood, Sections 1 through 3, Kingspoint, Sections 1 through 3; Oak Bend Place; Sugarfield, Sections 1 and 2; Kingsville Park, Sections 1 and 2 and other property located in the District as is described in this Official Statement under the caption "DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION." The District will finance the cost of acquisition or construction of underground water distribution, wastewater collection, and storm drainage facilities to serve Eldridge Park, Section 1; clearing and grubbing and Storm Water Pollution Prevention, both serving Eldridge Park, Section 1; land acquisition costs associated with the detention pond serving Eldridge Park, Section 1; and associated engineering fees with portions of the proceeds of the sale of the Bonds. In addition, the following water supply and wastewater treatment facilities, including a wastewater treatment plant clarifier replacement, water well and water plant rehabilitation, acquisition and installation of electronic water meters and storm sewer replacement, were acquired or constructed by the District with the proceeds of the sale of the Prior Bonds. In addition to the components of the System that the District has financed with portions of the proceeds of the sale of the Prior Bonds and is financing with portions of the proceeds of the sale of the Bonds (see "THE BONDS - Use and Distribution of Bond Proceeds"), the District expects to finance the acquisition or construction of additional components of the System with portions of the proceeds of the sale of bonds, if any, in the future. See "THE BONDS - Issuance of Additional Debt."

Water Supply

The District is served by a water well and water plant, which consists of a 1,200 gallons-per-minute ("g.p.m.") water well, a 500,000 gallon ground storage tank, two 25,000 gallon hydropneumatic tanks, a total of 3,000 g.p.m. of booster pump capacity, a control building, chlorination facilities, an auxiliary power unit, and related appurtenances. The District shares two joint water interconnection lines with the adjoining Kingsbridge Municipal Utility District ("Kingsbridge MUD"), and one joint water interconnection line with Fort Bend County Municipal District No. 2, which provide emergency second sources of water for both such districts and the District. The District financed such facilities with portions of the proceeds of the sale of the Prior Bonds. According to the District's Engineer, the aforementioned water supply and treatment facilities contain adequate capacity to provide service to the total of 1,333 existing and proposed connections located in Keegans Wood, Sections 1 through 3, Kingspoint, Sections 1 through 3, Oak Bend Place, Kingsville Park, Sections 1 and 2, Sugarfield, Sections 1 and 2, and Eldridge Park, Section 1, plus approximately 527 additional single-family equivalent connections.

The District cannot represent when it will receive surface water from the West Harris County Regional Water Authority. The District has constructed a chloramine disinfection system which will be used to treat surface water. The District financed these improvements using funds from the District's General Fund, and the District has been partially reimbursed by the West Harris County Regional Water Authority. See "Subsidence and Conversion to Surface Water Supply" below.

Wastewater Treatment

The District owns and operates a regional wastewater treatment plant which also serves Kingsbridge MUD. The facility currently contains 2,500,000 gallons-per-day ("g.p.d.") of treatment capacity, of which the District is entitled to 1,000,000 g.p.d. The District financed its cost of such capacity with portions of the proceeds of the sale of the Prior Bonds. According to the District's Engineer, the wastewater treatment facility contains adequate capacity to provide service to the total of 1,333 existing and proposed connections located in Keegans Wood, Sections 1 through 3, Kingspoint, Sections 1 through 3, Oak Bend Place, Kingsville Park, Sections 1 and 2, Sugarfield, Sections 1 and 2, and Eldridge Park, Section 1, plus approximately 2,000 additional single-family equivalent connections, which is sufficient to provide service to all connections projected for the District upon the completion of its development.

West Keegans Bayou Improvement District

The entirety of the District lies within the Improvement District. The Improvement District provides regional drainage outfall and flood protection for the District. The Improvement District, which covers approximately 2,352 acres of land, has issued bonds to finance the acquisition or construction of drainage improvements to serve the land which lies within the Improvement District, all of which bonds have been fully paid and discharged by the Improvement District. See "INVESTMENT CONSIDERATIONS - District Tax Levy and Overlapping District Taxes and Functions."

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency ("FEMA") has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100 year flood plain, is depicted on these maps. The "100 year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rain storm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100 year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100 year flood plain is not an assurance that homes built in such area will not be flooded, and a number of neighborhoods in the greater Houston area that are above the 100 year flood plain have flooded multiple times in the last several years. See "INVESTMENT CONSIDERATIONS - Extreme Weather Events."

According to the Engineer, information received through the Federal Emergency Management Agency indicates that West Keegans Bayou, Harris County Flood Control District Unit D118-15-00, the Sugarfield Detention Pond and 15 lots located in Sugarfield, Section 2 are located within the 100-year flood plain of a watercourse.

The National Weather Service recently completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Subsidence and Conversion to Surface Water Supply

The District is within the boundaries of the Harris Galveston Subsidence District (the “Subsidence District”) which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the West Harris County Regional Water Authority (“Authority”) to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County and a small portion of Fort Bend County. The District is not located within the boundaries of the Authority, but has entered into a contract to be included in the Authority's GRP (defined below). The Authority has entered into a Water Supply Contract with the City of Houston, Texas (“Houston”) to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan (“GRP”) and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP.

The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP. The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) have limited groundwater withdrawals to no more than 70% of the total water demand within the Authority's GRP beginning January 2013; (ii) limit groundwater withdrawals to no more than 40% of the total water demand within the Authority's GRP beginning January 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total water demand within the Authority's GRP beginning January 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a $9.58 per 1,000 gallons disincentive fee penalty (“Disincentive Fees”) imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand within the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

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

INVESTMENT CONSIDERATIONS

General

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

Factors Affecting Taxable Values and Tax Payments

Economic Factors: The rate of development of the District is directly related to the vitality of the residential housing industry. New construction can be significantly affected by factors such as interest rates, construction costs, credit availability, energy availability and cost, and consumer demand. Decreased levels of home construction activity would restrict the growth of property values in the District. Further fluctuations in the price of oil could adversely affect job stability, wages and salaries, thereby negatively affecting the demand for housing and the values of existing homes (see "Potential Effects of Oil Price Fluctuations on the Houston Area" below). Recent changes in federal tax law limiting deductions for ad valorem taxes may adversely affect the demand for housing and the prices thereof. Were the District to experience a significant number of residential foreclosures, the value of all homes within the District could be adversely affected. Although development of the District has occurred as is described in this Official Statement under the captions "DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION," the District cannot predict the pace or magnitude of any future development or home construction in the District other than that which has occurred to date.

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

Credit Markets and Liquidity in the Financial Markets: Interest rates and the availability of mortgage and development funding have a direct impact on development and homebuilding activity, particularly short-term interest rates at which developers are able to obtain financing for development costs and at which homebuilders are able to finance the construction of new homes for sale. Interest rate levels may affect the ability of a developer with undeveloped property to undertake and complete development activities within the District and of homebuilders to initiate the construction of new homes for sale. Because of the numerous and changing factors affecting the availability of funds, particularly liquidity in the national credit markets, the District is unable to assess the future availability of such funds for continued development and/or home construction within the District. In addition, since the District is located approximately 17 miles southwest of the central downtown business district of the City of Houston, the success of development within the District and growth of District taxable property values are, to a great extent, a function of the Houston metropolitan and regional economies and national credit and financial markets. A downturn in the economic conditions of Houston and decline in real estate and financial markets in the United States could adversely affect development and homebuilding plans in the District and restrain the growth of the District's property tax base.

Principal Land Owners' Obligations to the District: The ability of any principal land owner to make full and timely payments of taxes levied against its property by the District and similar taxing authorities will directly affect the District's ability to meet its debt service obligations. See "TAX DATA - Principal 2020 Taxpayers." There is no commitment by or legal requirement of any landowner to the District to proceed at any particular rate or according to any specified plan with the development of land in the District, and there is no restriction on any landowner's right to sell its land. There are approximately 6.6 acres within the District which are currently undeveloped. Such currently undeveloped acreage is owned by multiple parties. None of the owners of any of such undeveloped acres has reported any development plan for any of such acres to the District. Therefore, the District can make no representation about the probability of future development, if any, or the rate of home construction activity in the District. See "DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION."

Maximum Impact on District Tax Rates

Assuming no further development, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of District property owners to pay their taxes. After issuance of the Bonds, the maximum annual debt service requirement on the Bonds and the Outstanding Bonds will be $1,297,863 (2031) and the average annual debt service requirements will be $1,084,678 (2022 through 2031, inclusive). As is stated above, the 2020 Assessed Valuation of property located within the District is $238,303,222. Assuming no increase to nor decrease from the 2020 Assessed Valuation, no use of other legally available funds on hand, and the issuance of no bonds by the District except the Bonds and the Prior Bonds, tax rates of $0.58 and $0.48 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively, on the Bonds and the Outstanding Bonds. The District's 2021 Assessed Valuation of property located within the District is $268,746,326. Assuming no increase to nor decrease from the 2021 Assessed Valuation, no use of other legally available funds on hand, and the issuance of no bonds by the District except the Bonds and the Prior Bonds, tax rates of $0.51 and $0.43 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively, on the Bonds and the Outstanding Bonds. The Estimated Valuation at July 1, 2021, of property located within the District supplied by the Appraisal District is $282,387,994. Assuming no increase to nor decrease from the Estimated Valuation at July 1, 2021, no use of other legally available funds on hand, and the issuance of no bonds by the District except the Bonds and the Prior Bonds, tax rates of $0.49 and $0.41 per $100 of Assessed Valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirements, respectively, on the Bonds and the Outstanding Bonds. See “TAX DATA - Tax Rate Calculations.”

The District levied a debt service tax of $0.40 per $100 of Assessed Valuation and a maintenance tax of $0.31 per $100 of Assessed Valuation, for a total 2020 tax rate of $0.71 per $100 of Assessed Valuation. The District has levied a total tax rate of $0.69 per $100 of Assessed Valuation for 2021, consisting of debt service and maintenance tax components of $0.38 and $0.31 per $100 of Assessed Valuation, respectively. As is illustrated above, the 2021 debt service tax rate of $0.38 per $100 of Assessed Valuation will not be sufficient to pay debt service on the Bonds and the Outstanding Bonds assuming taxable values in the District at the level of the Estimated Valuation at July 1, 2021, assuming collection of 95% of taxes levied, assuming no use of other legally available funds on hand, and the issuance of no bonds by the District except the Bonds and the Prior Bonds. However, the District has in the past augmented tax collections with earnings from the investment of monies held in the District's Debt Service Fund. The District’s Debt Service Fund balance (unaudited) estimated at the Date of Delivery of the Bonds, is $802,822. In addition, the District had, as of August 31, 2021, total annual tax collections averaging 99.86% for the years 2010 through 2019, and its 2020 tax levy was 99.04% collected as of such date. Therefore, the District anticipates that it will be able to meet debt service requirements on the Bonds and the Outstanding Bonds without increasing the tax rate for debt service above the debt service rate which the District has levied for 2021 - $0.38 per $100 of Assessed Valuation. However, the District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the aforementioned tax rate or to justify continued payment of taxes by property owners. See “THE BONDS - Source of Payment” and “TAXING PROCEDURES.”

Increases in the District's tax rate to substantially higher levels than the debt service rate of $0.38 per $100 of Assessed Valuation which the District has levied for 2021 (plus a maintenance tax of $0.31 per $100 of Assessed Valuation) may have an adverse impact upon future development of the District, and the ability of the District to collect, and the willingness of owners of property located within the District to pay, ad valorem taxes levied by the District. In addition, the collection by the District of delinquent taxes owed to it and the enforcement by a Registered Owner of the District's obligations to collect sufficient taxes may be a costly and lengthy process.

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

District Tax Levy and Overlapping District Taxes and Functions

The entirety of the District is located within the Improvement District. The Improvement District, which covers 2,352 acres of land, has issued bonds to finance the acquisition or construction of drainage improvements to provide major outfall drainage and flood protection to areas which lie within the Improvement District, all of which bonds have been fully paid and discharged by the Improvement District. See “THE SYSTEM - West Keegans Bayou Improvement District.” The Improvement District levies a tax on the land located within the District, which tax is in addition to the tax levied by the District. The Improvement District has levied a tax of $0.091 per $100 of Assessed Valuation in 2020, all of which is a maintenance tax. The District's 2020 tax rate of $0.71 per $100 of assessed valuation plus the Improvement District's 2020 tax rate of $0.091 per $100 of assessed valuation totals $0.801 per $100 of assessed valuation, and, as is described in this Official Statement under the caption “TAX DATA - Estimated Overlapping Taxes,” the aggregate of the tax levies of all units of government which levy taxes against the property located within the District plus the District’s 2021 tax levy is (i) $2.775256 per $100 of assessed valuation for the approximate 275.49 acres located within the District which lie within and are thus subject to taxation by Harris County and the Alief Independent School District, and (ii) $2.574407 per $100 of assessed valuation for the approximate 64.60 acres located within the District which lie within and are thus subject to taxation by Fort Bend County and the Fort Bend Independent School District. Both of such aggregate levies are within the range of the aggregate of the tax levies of districts in the Houston metropolitan area that are in stages of development comparable with the District. One must consider the total tax burden of all overlapping jurisdictions imposed upon property located within the District as contrasted with property located in comparable real estate developments to gauge the relative tax burden on property within the District. The tax rate necessary to service the debt issued or to be issued by the District and the Improvement District, and the tax rates levied by other overlapping jurisdictions, are subject to numerous uncertainties and variables, and thus the District can give no assurance that the composite tax rates imposed by overlapping jurisdictions, plus the District's tax rate, will be competitive with the tax rates of competing projects. To the extent that the District's composite tax rates are not competitive with competing developments, the investment quality or security of the Bonds could be adversely affected.

Tax Collection Limitations

The District's ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other 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, (c) market conditions affecting the marketability of taxable property within the District and limitation of the proceeds from a foreclosure sale of such property, (d) adverse effects on the proceeds of a foreclosure sale resulting from a taxpayer's limited right to redeem its foreclosed property as set forth below, or (e) insufficient foreclosure bids to satisfy the tax liens of all local taxing authorities which have parity liens on the property. While the District has a lien on taxable property within the District for taxes levied against such property, such lien can be foreclosed only in a judicial proceeding. Moreover, the value of the property to be sold for delinquent taxes and thereby the potential sales proceeds available to pay debt service on the Bonds, may be limited by among other factors, the existence of other tax liens on the property, by the current aggregate tax rate being levied against the property, or by the taxpayers' right to redeem residential or agricultural use property within two (2) years of foreclosure and all other property within six (6) months of foreclosure. See “TAXING PROCEDURES.”

Registered Owners' Remedies and Bankruptcy

In the event of default in the payment of principal of or interest on the Bonds, the Registered Owners have a right to seek a writ of mandamus requiring the District to levy adequate taxes each year to make such payments. Except for mandamus, the Bond Resolution does not provide for remedies to protect and enforce the interests of the Registered Owners. There is no acceleration of maturity of the Bonds in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. Statutory language authorizing local governments such as the District to sue and be sued does not waive the local government’s sovereign immunity from suits for money damages, so that in the absence of other waivers of such immunity by the Texas legislature, a default by the District in its covenants in the Bond Resolution may not be reduced to a judgement for money damages. Even if Registered Owners could obtain a judgment against the District, such a judgment could not be enforced by a direct levy and execution against the District's property. Further, the Registered

Owners cannot themselves foreclose on property within the District or sell property within the District in order to pay the principal of and interest on the Bonds. Since there is no trust indenture or trustee, the Registered Owners would have to initiate and finance the legal process to enforce their remedies.

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

The District may not be placed into bankruptcy involuntarily.

Marketability

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

Future Debt

The District reserves in the Bond Resolution the right to issue the remaining $29,675,000 in unlimited tax bonds authorized but unissued for the purpose of acquiring or constructing waterworks, wastewater and drainage facilities and for refunding such bonds, and the $6,269,706.30 bonds authorized for refunding purposes, and such additional bonds as may hereafter be approved by the voters of the District. All of the remaining bonds described above which have heretofore been authorized by the voters of the District may be issued by the District from time to time as needed. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Resolution. The Bond Resolution imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District's voters and approved by the Board and the TCEQ). If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds and the Outstanding Bonds. See "Maximum Impact on District Tax Rates" above, "THE BONDS," "DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION," "FUTURE DEVELOPMENT" and "THE SYSTEM."

Continuing Compliance with Certain Covenants

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

Approval of the Bonds

As required by law, engineering plans, specifications and estimates of construction costs for the facilities and services to be purchased or constructed by the District with the proceeds of the Bonds have been approved, subject to certain conditions, by the TCEQ. See "THE BONDS - Use and Distribution of Bond Proceeds." In addition, the Attorney General of Texas must approve the legality of the Bonds prior to their delivery. Neither the TCEQ nor the Attorney General of Texas passes upon or guarantees the security of the Bonds as an investment, nor have the foregoing authorities passed upon the adequacy or accuracy of the information contained in this Official Statement.

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

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

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

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

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The District has applied for coverage under the MS4 Permit and received final approval from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required 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. Costs associated with these compliance activities could be substantial in the future.

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.

On July 30, 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. 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.

Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

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

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

Specific Flood Type Risks. 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.

Infectious Disease Outbreak (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.

Potential Effects of Oil Price Fluctuations on the Houston Area

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

Changes in Tax Legislation

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

LEGAL MATTERS

Legal Opinions

Delivery of the Bonds will be accompanied by the unqualified approving legal opinion of the Attorney General of Texas as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, to the effect that the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas, and all taxable property within the District is subject to the levy of ad valorem taxes to pay the same, without legal limitation as to rate or amount, based upon examination of a transcript of certified proceedings held incident to the issuance and authorization of the Bonds, and the approving legal opinion of Allen Boone Humphries Robinson LLP, Bond Counsel for the District, to a like effect. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds. Bond Counsel's opinion will also address the matters described below under "TAX MATTERS."

Bond Counsel has reviewed the information appearing in this Official Statement under "THE BONDS" (except for the information under the subheadings "Book-Entry-Only System" and "Use and Distribution of Bond Proceeds"), "THE DISTRICT - Authority," " - Management of the District - Bond Counsel and General Counsel," "TAXING PROCEDURES," "LEGAL MATTERS," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" solely to determine whether such information, insofar as it relates to matters of law, is true and correct and whether such information fairly summarizes matters of law, procedures and the provisions of the documents referred to therein and conforms to the provisions of the Order of the TCEQ approving the Bonds and to the requirements of the City of Houston with respect to the sale of the Bonds. Bond Counsel has not, however, independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

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

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

No-Litigation Certificate

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

No Material Adverse Change

The obligations of the Underwriter to take up and pay for the Bonds, and of the District to deliver the Bonds, are subject to the condition that, up to the time of delivery of and receipt of payment for the Bonds, there shall have been no material adverse change in the financial condition of the District from that set forth in the Preliminary Official Statement, as it may have been finalized, supplemented or amended through the date of sale. The rating of the Insurer's creditworthiness by any rating agency does not and will not in any manner affect the District's financial condition, and thus any change to such rating, including a downgrade thereof, at any time, does not and will not constitute a change, material or otherwise, in the District's financial condition, and therefore cannot be a basis for termination by the Underwriter of its obligations to take up and pay for the Bonds.

TAX MATTERS

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

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

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

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

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

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

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

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

Qualified Tax-Exempt Obligations

The Code requires a pro rata reduction in the interest expense deduction of a financial institution to reflect such financial institution's investment in tax exempt obligations acquired after August 7, 1986. An exception to the foregoing provision is provided in the Code for "qualified tax-exempt obligations," which include tax exempt obligations, such as the Bonds, (a) designated by the issuer as "qualified tax-exempt obligations" and (b) issued by or on behalf of a political subdivision for which the aggregate amount of tax exempt obligations (not including private activity bonds other than qualified 501(c)(3) bonds) to be issued during the calendar year is not expected to exceed $10,000,000.

The District has designated the Bonds as "qualified tax-exempt obligations" and has represented that the aggregate amount of tax exempt bonds (including the Bonds) issued by the District and entities aggregated with the District under the Code during calendar year 2021 is not expected to exceed $10,000,000 and that the District and entities aggregated with the District under the Code have not designated more than $10,000,000 in "qualified tax exempt obligations" (including the Bonds) during calendar year 2021.

Notwithstanding these exceptions, financial institutions acquiring the Bonds will be subject to a 20% disallowance of allocable interest expense.

OFFICIAL STATEMENT

General

The information contained in this Official Statement has been obtained primarily from the District's records, the District's Engineer, the Fort Bend Central Appraisal District, the Harris County Appraisal District, the District's Tax Assessor/Collector and other sources believed to be reliable. The District, however, makes no representation as to the accuracy or completeness of the information derived from sources other than the District. The summaries of the statutes, orders, agreements and engineering and other related documents and reports set forth in this Official Statement are included herein subject to all of the provisions of such documents. These summaries are not purported to be complete statements of such provisions and reference is made to such documents for further information.

The financial statements of the District as of September 30, 2020, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report herein. See “APPENDIX B.”

Experts

The information contained in the Official Statement relating to engineering and to the description of the System, and, in particular, that engineering information included in the sections entitled “THE DISTRICT,” “DEVELOPMENT OF THE DISTRICT AND HOME CONSTRUCTION” and “THE SYSTEM” has been provided by Vogler & Spencer Engineering, Inc., Houston, Texas, and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

The information contained in the Official Statement relating to assessed valuations of property generally and, in particular, that information concerning collection rates and valuations contained in the sections captioned “TAX DATA” and “DISTRICT DEBT” was provided by Bob Leared Interests and the Appraisal Districts. Such information has been included herein in reliance upon Bob Leared Interest’s authority as an expert in the field of tax collection and the Appraisal Districts’ authority as an expert in the field of tax assessing.

Certification as to Official Statement

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

Updating of Official Statement

If, subsequent to the date of the Official Statement, to and including the date the Underwriter is no longer required to provide an Official Statement to customers who request same pursuant to Rule 15c2-12 of the United States Securities and Exchange Commission (the “SEC”), the District learns, or is notified by the Underwriter, of any adverse event which causes the Official Statement to be materially misleading, and unless the Underwriter elects to terminate its obligation to purchase the

Bonds, the District will promptly prepare and supply to the Underwriter an appropriate amendment or supplement to the Official Statement satisfactory to the Underwriter; provided, however, that the obligation of the District to so amend or supplement the Official Statement will terminate upon the earlier of (i) 90 days after the "end of the underwriting period" as defined in SEC Rule 15c2-12 or (ii) the date the Official Statement is filed with the MSRB (hereinafter defined), but in no case less than 25 days after the "end of the underwriting period."

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "DISTRICT DEBT," "TAX DATA," and in "APPENDIX B - Independent Auditor's Report and Financial Statements." The District will update and provide this information within six months after the end of each of its fiscal years ending in and after 2021.

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

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

Event Notices

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

Availability of Information

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

Limitations and Amendments

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

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

Compliance With Prior Undertakings

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

This Official Statement was approved by the Board of Directors of Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas, as of the date shown on the first page hereof.

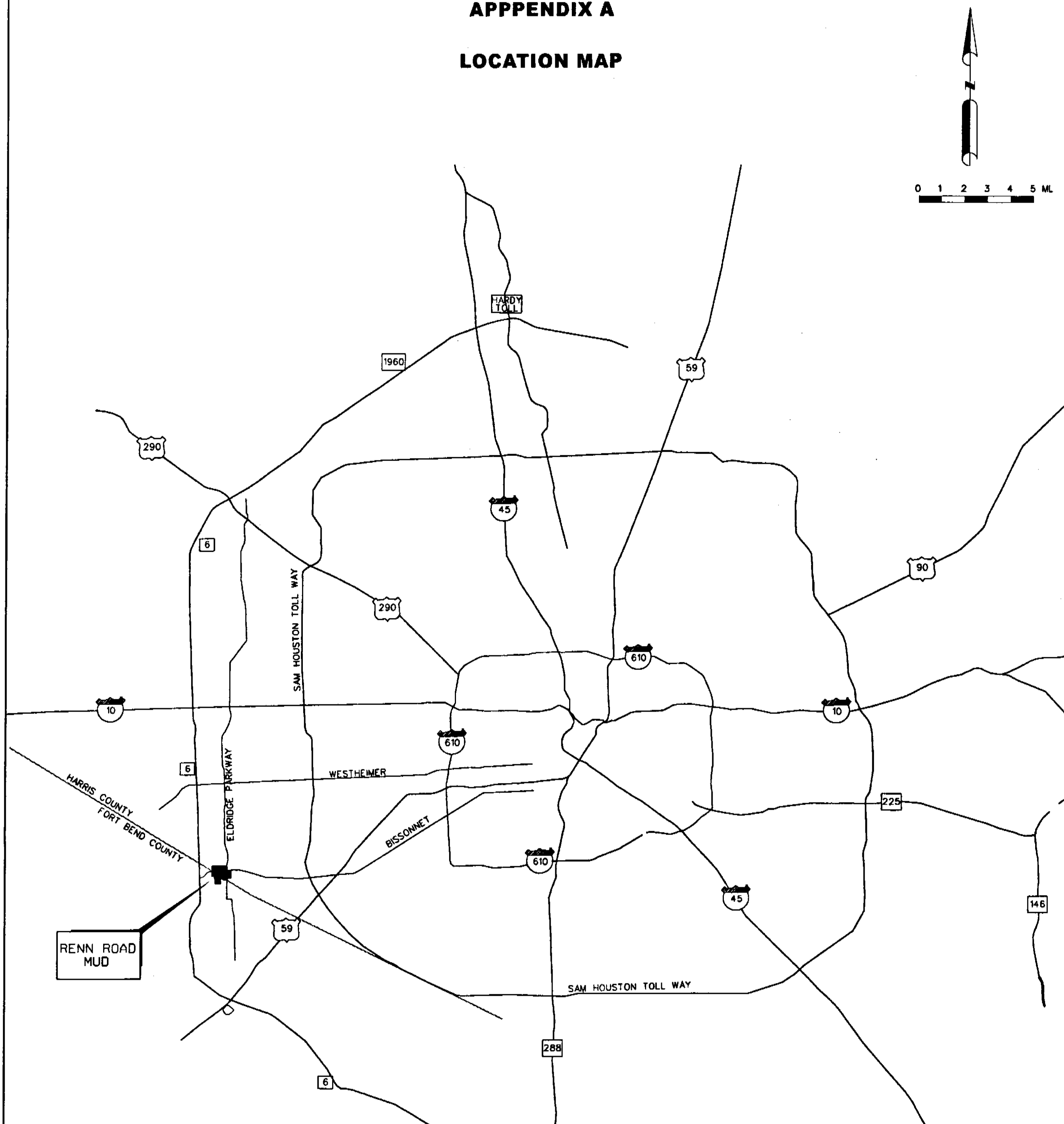
/s/ Russel G. Cook
President, Board of Directors
Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas

ATTEST:

/s/ Mario Peralta
Secretary, Board of Directors
Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas

APPPENDIX A

LOCATION MAP



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APPENDIX B

RENN ROAD MUNICIPAL UTILITY DISTRICT

OF HARRIS AND FORT BEND COUNTIES, TEXAS

INDEPENDENT AUDITOR’S REPORT AND FINANCIAL STATEMENTS

SEPTEMBER 30, 2020

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Independent Auditor's Report and Financial Statements

September 30, 2020

BKD

CPAs & Advisors

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

September 30, 2020

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
Renn Road Municipal Utility District of
Harris and Fort Bend Counties, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas (the District), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements 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 September 30, 2020, 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 schedules 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
February 10, 2021

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Management's Discussion and Analysis

September 30, 2020

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 water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. 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 water, sewer 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

	2020	2019
Current and other assets	$ 6,671,147	$ 3,883,460
Capital assets	7,855,472	7,086,705
Total assets	14,526,619	10,970,165
Deferred outflows of resources	36,972	48,182
Total assets and deferred outflows of resources	$ 14,563,591	$ 11,018,347
Long-term liabilities	$ 9,788,899	$ 6,571,931
Other liabilities	518,878	521,461
Total liabilities	10,307,777	7,093,392
Net position:		
Net investment in capital assets	739,646	728,067
Restricted	901,403	883,176
Unrestricted	2,614,765	2,313,712
Total net position	$ 4,255,814	$ 3,924,955

The total net position of the District increased by $330,859, or about 8 percent. The increase in net position is primarily due 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 needed 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

	2020	2019
Revenues:		
Property taxes	$ 1,577,166	$ 1,442,862
Charges for services	1,870,586	1,758,376
Other revenues	227,280	138,653
Total revenues	3,675,032	3,339,891
Expenses:		
Services	2,510,114	2,296,369
Depreciation	446,120	424,666
Debt service	387,939	181,039
Total expenses	3,344,173	2,902,074
Change in net position	330,859	437,817
Net position, beginning of year	3,924,955	3,487,138
Net position, end of year	$ 4,255,814	$ 3,924,955

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2020, were $6,130,396, an increase of $2,795,578 from the prior year.

The general fund's fund balance increased by $298,733 due to property taxes and service revenues exceeding service operations expenditures, as well as tap connection and inspection fees revenues exceeding tap connections expenditures.

The special revenue fund's fund balance remained the same, as all expenditures were billed to participants.

The debt service fund's fund balance increased by $25,290 because property tax revenues exceeded bond principal and interest requirements.

The capital projects fund's fund balance increased by $2,471,555, primarily due to proceeds from the sale of bonds, which will be used for capital improvement projects within the District, exceeding debt issuance costs.

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 taxes revenues, regional water fee revenues and expenditures, tap connection and inspection fees revenues, and repairs and maintenance expenditures being greater than anticipated and water service revenues and purchased services expenditures being less than anticipated. The fund balance as of September 30, 2020, was expected to be $2,449,376 and the actual end-of-year fund balance was $2,601,384.

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)

	2020	2019
Land and improvements	$ 1,119,513	$ 870,063
Water facilities	1,447,711	1,391,633
Wastewater facilities	4,006,382	3,825,328
Drainage facilities	1,281,866	999,681
Total capital assets	$ 7,855,472	$ 7,086,705

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

Water, sewer and drainage improvements to serve Eldridge Park	$ 1,214,887

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2020, are summarized as follows:

Long-term debt payable, beginning of year	$ 6,571,931
Increases in long-term debt	3,914,887
Decreases in long-term debt	(697,919)
Long-term debt payable, end of year	$ 9,788,899

At September 30, 2020, the District had $32,300,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "A" by Standard & Poor's. The Series 2010 and 2013 refunding bonds carry an "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2020 bonds carry an "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

A developer of the District has constructed facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $1,405,152. These amounts have been recorded in the financial statements as long-term liabilities.

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.

Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately $52,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Statement of Net Position and Governmental Funds Balance Sheet

September 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	$ 768,374	$ 149,966	$ 542,178	$ 2,643,603	$ 4,104,121	$ -	$ 4,104,121
Certificates of deposit	892,061	-	143,544	-	1,035,605	-	1,035,605
Short-term investments	1,082,246	-	149,471	-	1,231,717	-	1,231,717
Receivables:							
Property taxes	13,381	-	21,224	-	34,605	-	34,605
Service accounts	198,007	-	-	-	198,007	-	198,007
Accrued penalty and interest	-	-	-	-	-	14,568	14,568
Accrued interest	2,391	-	49	-	2,440	-	2,440
Interfund receivables	9,167	22,694	-	-	31,861	(31,861)	-
Due from others	-	34,041	-	8,327	42,368	-	42,368
Prepaid expenditures	7,716	-	-	-	7,716	-	7,716
Capital assets (net of accumulated depreciation):							
Land and improvements	-	-	-	-	-	1,119,513	1,119,513
Infrastructure	-	-	-	-	-	6,735,959	6,735,959
Total assets	2,973,343	206,701	856,466	2,651,930	6,688,440	7,838,179	14,526,619
Deferred Outflows of Resources							
Deferred amount on debt refundings	0	0	0	0	0	36,972	36,972
Total assets and deferred outflows of resources	$ 2,973,343	$ 206,701	$ 856,466	$ 2,651,930	$ 6,688,440	$ 7,875,151	$ 14,563,591

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

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

September 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	$ 146,248	$ 47,868	$ 3,211	$ 13,500	$ 210,827	$ -	$ 210,827
Accrued interest payable	-	-	1,115	-	1,115	27,300	28,415
Customer deposits	160,510	-	-	-	160,510	-	160,510
Due to others	3,826	-	-	-	3,826	-	3,826
Due to other district	-	90,000	-	-	90,000	-	90,000
Unearned tap connection fees	25,300	-	-	-	25,300	-	25,300
Interfund payables	22,694	8,833	334	-	31,861	(31,861)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	690,000	690,000
Due after one year	-	-	-	-	-	9,098,899	9,098,899
Total liabilities	358,578	146,701	4,660	13,500	523,439	9,784,338	10,307,777
Deferred Inflows of Resources							
Deferred property tax revenues	13,381	0	21,224	0	34,605	(34,605)	0
Fund Balances/Net Position							
Fund balances:							
Nonspendable, prepaid expenditures	7,716	-	-	-	7,716	(7,716)	
Restricted:							
Unlimited tax bonds	-	-	830,582	-	830,582	(830,582)	
Water, sewer and drainage	-	-	-	2,638,430	2,638,430	(2,638,430)	
Committed, wastewater collection and treatment	-	60,000	-	-	60,000	(60,000)	
Unassigned	2,593,668	-	-	-	2,593,668	(2,593,668)	
Total fund balances	2,601,384	60,000	830,582	2,638,430	6,130,396	(6,130,396)	
Total liabilities, deferred inflows of resources and fund balances	$ 2,973,343	$ 206,701	$ 856,466	$ 2,651,930	$ 6,688,440		
Net position:							
Net investment in capital assets						739,646	739,646
Restricted for plant operations						60,000	60,000
Restricted for debt service						839,074	839,074
Restricted for capital projects						2,329	2,329
Unrestricted						2,614,765	2,614,765
Total net position						$ 4,255,814	$ 4,255,814

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

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

Year Ended September 30, 2020

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	$ 686,360	$ -	$ 888,237	$ -	$ 1,574,597	$ 2,569	$ 1,577,166
Water service	473,993	-	-	-	473,993	-	473,993
Sewer service	555,975	845,067	-	-	1,401,042	(338,028)	1,063,014
Regional water fee	333,579	-	-	-	333,579	-	333,579
Penalty and interest	31,476	-	18,515	-	49,991	1,589	51,580
Tap connection and inspection fees	137,451	-	-	-	137,451	-	137,451
Investment income	27,151	185	9,583	774	37,693	-	37,693
Other income	556	-	-	-	556	-	556
Total revenues	2,246,541	845,252	916,335	774	4,008,902	(333,870)	3,675,032
Expenditures/Expenses							
Service operations:							
Purchased services	328,237	-	-	-	328,237	(328,237)	-
Regional water fee	388,862	-	-	-	388,862	-	388,862
Professional fees	155,374	6,320	5,593	-	167,287	-	167,287
Contracted services	452,327	113,640	31,814	-	597,781	-	597,781
Utilities	44,003	115,919	-	-	159,922	-	159,922
Repairs and maintenance	438,214	578,624	-	-	1,016,838	-	1,016,838
Other expenditures	102,277	30,749	7,675	209	140,910	-	140,910
Tap connections	38,514	-	-	-	38,514	-	38,514
Capital outlay	-	-	-	9,791	9,791	(9,791)	-
Depreciation	-	-	-	-	-	446,120	446,120
Debt service:							
Principal retirement	-	-	640,000	-	640,000	(640,000)	-
Interest and fees	-	-	205,963	-	205,963	(37,243)	168,720
Debt issuance costs	-	-	-	219,219	219,219	-	219,219
Total expenditures/expenses	1,947,808	845,252	891,045	229,219	3,913,324	(569,151)	3,344,173
Excess (Deficiency) of Revenues Over Expenditures	298,733	-	25,290	(228,445)	95,578	235,281	
Other Financing Sources							
General obligation bonds issued	-	-	-	2,700,000	2,700,000	(2,700,000)	
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	298,733	-	25,290	2,471,555	2,795,578	(2,795,578)	
Change in Net Position						330,859	330,859
Fund Balances/Net Position							
Beginning of year	2,302,651	60,000	805,292	166,875	3,334,818	-	3,924,955
End of year	$ 2,601,384	$ 60,000	$ 830,582	$ 2,638,430	$ 6,130,396	$ 0	$ 4,255,814

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2020

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

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas (the District), was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective December 22, 1978, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 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 waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers 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 water, wastewater, 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.

Special Revenue Fund – Accounts for revenues and expenditures involving specific revenue sources that are legally restricted to expenditures for specified purposes. The primary source of revenue is participant fees.

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 September 30, 2020, include collections during the current period or within 60 days of year-end related to the 2019 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 September 30, 2020, the 2019 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
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45
Drainage facilities	10-45

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.	$	7,855,472
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.		34,605
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.		14,568

Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.	$	36,972
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(27,300)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(9,788,899)
Adjustment to fund balances to arrive at net position.	$	(1,874,582)

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

Change in fund balances.	$	2,795,578
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 expense and noncapitalized costs exceeded capital outlay expenditures in the current year.		(446,120)
Governmental funds report proceeds from the sale of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have an effect on net position.		(2,060,000)
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.		4,158
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.		37,243
Change in net position of governmental activities.	$	330,859

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 September 30, 2020, 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," bonds issued, assumed or guaranteed by the State of Israel, 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 TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

The District also invests in TexSTAR, an external investment pool that is not registered with the Securities and Exchange Commission. A Board of Directors, made up of participants and representatives of the administrator and investment manager, has oversight of TexSTAR. The District's investments may be redeemed at any time.

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

		Maturities in Years			
Type	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
TexPool	$ 694,910	$ 694,910	$ -	$ -	$ -
TexSTAR	536,807	536,807	-	-	-
Totals	$ 1,231,717	$ 1,231,717	$ 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 pools are presented as investments with a maturity of less than one year because they are 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 September 30, 2020, the District's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2020, as shown below:

Carrying value:	
Deposits	$ 5,139,726
Investments	1,231,717
Total	$ 6,371,443

Included in the following statement of net position captions:

Cash	$ 4,104,121
Certificates of deposit	1,035,605
Short-term investments	1,231,717
Total	$ 6,371,443

Investment Income

Investment income of $37,693 for the year ended September 30, 2020, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2020, is presented below:

Governmental Activities	Balances, Beginning of Year	Additions	Balances, End of Year
Capital assets, non-depreciable:			
Land and improvements	$ 870,063	$ 249,450	$ 1,119,513
Capital assets, depreciable:			
Water production and distribution facilities	3,563,274	148,112	3,711,386
Wastewater collection and treatment facilities	8,078,789	451,179	8,529,968
Drainage facilities	3,412,112	366,146	3,778,258
Total capital assets, depreciable	15,054,175	965,437	16,019,612
Less accumulated depreciation:			
Water production and distribution facilities	(2,171,641)	(92,034)	(2,263,675)
Wastewater collection and treatment facilities	(4,253,461)	(270,125)	(4,523,586)
Drainage facilities	(2,412,431)	(83,961)	(2,496,392)
Total accumulated depreciation	(8,837,533)	(446,120)	(9,283,653)
Total governmental activities, net	$ 7,086,705	$ 768,767	$ 7,855,472

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2020, were as follows.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Notes to Financial Statements

September 30, 2020

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 6,155,000	$ 2,700,000	$ 640,000	$ 8,215,000	$ 690,000
Add premiums on bonds	226,666	-	57,919	168,747	-
	6,381,666	2,700,000	697,919	8,383,747	690,000
Due to developer	190,265	1,214,887	-	1,405,152	-
Total governmental activities long-term liabilities	$ 6,571,931	$ 3,914,887	$ 697,919	$ 9,788,899	$ 690,000

General Obligation Bonds

	Refunding Series 2010	Refunding Series 2013
Amounts outstanding, September 30, 2020	$570,000	$3,295,000
Interest rates	4.00%	3.75% to 4.00%
Maturity dates, serially beginning/ending	March 1, 2021	March 1, 2021/2025
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2017	March 1, 2020

	Series 2016	Series 2020
Amounts outstanding, September 30, 2020	$1,650,000	$2,700,000
Interest rates	2.00% to 2.50%	1.40% to 2.00%
Maturity dates, serially beginning/ending	September 1, 2021/2027	September 1, 2028/2031
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	September 1, 2023	September 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 September 30, 2020:

Year	Principal	Interest	Total
2021	$ 690,000	$ 236,255	$ 926,255
2022	745,000	200,209	945,209
2023	780,000	171,615	951,615
2024	825,000	140,490	965,490
2025	875,000	106,490	981,490
2026-2030	3,585,000	278,770	3,863,770
2031	715,000	14,300	729,300
Total	$ 8,215,000	$ 1,148,129	$ 9,363,129

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	$ 50,625,000
Bonds sold	18,325,000
Refunding bonds voted	8,000,000
Refunding bond authorization used	1,730,294

Due to Developer

A developer of the District has constructed facilities on behalf of the District. The District has agreed to reimburse the developer for these construction costs, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $1,405,152. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5: Significant Bond Resolution and Commission Requirements

The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2020, the District levied an ad valorem debt service tax at the rate of $0.4000 per $100 of assessed valuation, which resulted in a tax levy of $888,979 on the taxable valuation of $222,244,693 for the 2019 tax year. The interest and principal requirements paid from the tax revenues and available resources were $843,213.

Note 6: Maintenance Taxes

At an election held May 6, 2017, voters authorized a maintenance tax not to exceed $0.50 per $100 valuation on all property within the District subject to taxation. During the year ended September 30, 2020, the District levied an ad valorem maintenance tax at the rate of $0.3100 per $100 of assessed valuation, which resulted in a tax levy of $688,959 on the taxable valuation of $222,244,693 for the 2019 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 7: Contracts With Other Districts

Wastewater Treatment

On December 5, 1979, Kingsbridge Municipal Utility District (Kingsbridge) and the District entered into a 40-year agreement to share the construction and operation costs of a regional wastewater treatment plant. Construction costs were shared based on a pro rata share of costs relative to capacity acquired in the facilities.

On April 20, 1983, the District and Kingsbridge entered into an agreement to expand the wastewater treatment plant. Construction costs are to be shared equally by the districts. Each district records its pro rata share of construction costs in their respective financial statements. During a prior year, the participants contributed their pro rata share of cost for dechlorination facilities at the plant.

In September 2009, Kingsbridge and the District entered into a 40-year amended and restated Regional Wastewater Treatment Facilities Agreement regarding the maintenance and operation of the plant. Under the new agreement, the District continues to operate the facilities and hold title for the benefit of the participants. However, under the new agreement, effective October 1, 2009, operation and maintenance costs will be shared on a pro rata basis relative to the capacity owned by either participant. As of September 30, 2020, the pro rata share of ownership is 40 percent and 60 percent for the District and Kingsbridge, respectively. During the current year, the District and Kingsbridge were billed for their share of operating costs of $338,028 and $507,039, respectively.

The terms of the agreement provide for the establishment of an operating reserve consisting of two months' estimated operating and maintenance costs and a reasonable contingency reserve for ordinary and extraordinary repairs and replacements. As of September 30, 2020, each participant's share of an operating reserve consists of $60,000 and $90,000 for the District and Kingsbridge, respectively.

Note 8: Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of September 30, 2020, the Authority was billing the District $3.20 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

Note 9: Risk Management

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

Note 10: Contingencies

Developers of the District are constructing facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated that current construction contract amounts are approximately $52,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 11: 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

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2020

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 506,345	$ 686,360	$ 180,015
Water service	500,000	473,993	(26,007)
Sewer service	520,000	555,975	35,975
Regional water fee	260,000	333,579	73,579
Penalty and interest	25,000	31,476	6,476
Tap connection and inspection fees	57,900	137,451	79,551
Investment income	15,000	27,151	12,151
Other income	-	556	556
Total revenues	1,884,245	2,246,541	362,296
Expenditures			
Service operations:			
Purchased services	375,920	328,237	47,683
Regional water fee	325,000	388,862	(63,862)
Professional fees	148,000	155,374	(7,374)
Contracted services	421,000	452,327	(31,327)
Utilities	45,000	44,003	997
Repairs and maintenance	272,000	438,214	(166,214)
Other expenditures	113,400	102,277	11,123
Tap connections	37,200	38,514	(1,314)
Total expenditures	1,737,520	1,947,808	(210,288)
Excess of Revenues Over Expenditures	146,725	298,733	152,008
Fund Balance, Beginning of Year	2,302,651	2,302,651	-
Fund Balance, End of Year	$ 2,449,376	$ 2,601,384	$ 152,008

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Budgetary Comparison Schedule – Special Revenue Fund

Year Ended September 30, 2020

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sewer service	$ 939,800	$ 845,067	$ (94,733)
Investment income	200	185	(15)
Total revenues	940,000	845,252	(94,748)
Expenditures			
Service operations:			
Professional fees	25,500	6,320	19,180
Contracted services	101,500	113,640	(12,140)
Utilities	150,000	115,919	34,081
Repairs and maintenance	615,000	578,624	36,376
Other expenditures	48,000	30,749	17,251
Total expenditures	940,000	845,252	94,748
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	60,000	60,000	-
Fund Balance, End of Year	$ 60,000	$ 60,000	$ 0

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The original budgets of the general fund and the special revenue fund were not amended during fiscal 2020.

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

Other Information

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Other Schedules Included Within This Report

September 30, 2020

(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 12-25

[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

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Schedule of Services and Rates

Year Ended September 30, 2020

1. Services provided by the District:

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

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

Other ______

2. Retail service providers

a. Retail rates for a 5/8" meter (or equivalent):

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 22.00	5,000	N	$ 3.00	5,001	to	12,000
				$ 3.50	12,001	to	18,000
				$ 4.00	18,001	to	No Limit
Wastewater:	$ 32.78	0	Y				
Regional water fee:	$ 3.36	1	N	$ 3.36	1	to	No Limit

Does the District employ winter averaging for wastewater usage? Yes ___ No X

Total charges per 10,000 gallons usage (including fees): Water $ 70.60 Wastewater $ 32.78

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	1,397	1,373	x1.0	1,373
1"	14	14	x2.5	35
1 1/2"	7	6	x5.0	30
2"	10	8	x8.0	64
3"	-	-	x15.0	-
4"	-	-	x25.0	-
6"	-	-	x50.0	-
8"	-	-	x80.0	-
10"	-	-	x115.0	-
Total water	1,428	1,401		1,502
Total wastewater	1,408	1,391	x1.0	1,391

3. Total water consumption (in thousands) during the fiscal year:

Gallons pumped into the system:	124,071
Gallons billed to customers:	103,039
Water accountability ratio (gallons billed/gallons pumped):	83.05%

*"ESFC" means equivalent single-family connections

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas
Schedule of General Fund Expenditures
Year Ended September 30, 2020

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 17,900	
Legal	100,852	
Engineering	36,622	
Financial advisor	-	155,374
Purchased Services for Resale		
Bulk water and wastewater service purchases		328,237
Regional Water Fee		388,862
Contracted Services		
Bookkeeping	15,225	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	90,198	
Other contracted services	80,577	186,000
Utilities		44,003
Repairs and Maintenance		438,214
Administrative Expenditures		
Directors' fees	21,000	
Office supplies	36,739	
Insurance	12,923	
Other administrative expenditures	31,615	102,277
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	-	-
Tap Connection Expenditures		38,514
Solid Waste Disposal		266,327
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 1,947,808

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Schedule of Temporary Investments

September 30, 2020

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificates of Deposit				
No. 1852005867	0.50%	11/11/20	$ 236,342	$ 460
No. 6002400559	0.70%	11/10/20	236,168	639
No. 66001023	0.45%	11/09/20	200,000	345
No. 5000019629	0.90%	10/07/20	219,551	947
TexPool	0.13%	Demand	545,439	-
TexSTAR	0.12%	Demand	536,807	-
			1,974,307	2,391
Debt Service Fund				
Certificate of Deposit				
No. 16597	0.35%	02/23/21	143,544	49
TexPool	0.13%	Demand	149,471	-
			293,015	49
Totals			$ 2,267,322	$ 2,440

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Analysis of Taxes Levied and Receivable

Year Ended September 30, 2020

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 11,061	$ 20,975
Additions and corrections to prior years' taxes	(279)	(493)
Adjusted receivable, beginning of year	10,782	20,482
2019 Original Tax Levy	625,946	807,672
Additions and corrections	63,013	81,307
Adjusted tax levy	688,959	888,979
Total to be accounted for	699,741	909,461
Tax collections: Current year	(681,516)	(879,375)
Prior years	(4,844)	(8,862)
Receivable, end of year	$ 13,381	$ 21,224
Receivable, by Years		
2019	$ 7,443	$ 9,604
2018	1,475	2,655
2017	1,250	2,250
2016	931	1,750
2015	695	1,391
2014	528	1,056
2013	447	911
2012	349	713
2011	164	464
2010	22	73
2009	19	69
2008 and prior	58	288
Receivable, end of year	$ 13,381	$ 21,224

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Analysis of Taxes Levied and Receivable (Continued)

Year Ended September 30, 2020

	2019	2018	2017	2016
Property Valuations				
Land	$ 48,363,306	$ 42,454,667	$ 41,528,167	$ 42,193,622
Improvements	186,158,739	173,845,279	162,874,281	148,276,418
Personal property	3,227,454	3,029,656	3,712,919	3,193,217
Exemptions	(15,504,806)	(12,655,520)	(13,236,407)	(12,137,034)
Total property valuations	$ 222,244,693	$ 206,674,082	$ 194,878,960	$ 181,526,223
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.4000	$ 0.4500	$ 0.4500	$ 0.4700
Maintenance tax rates*	0.3100	0.2500	0.2500	0.2500
Total tax rates per $100 valuation	$ 0.7100	$ 0.7000	$ 0.7000	$ 0.7200
Tax Levy	$ 1,577,938	$ 1,446,719	$ 1,364,153	$ 1,306,989
Percent of Taxes Collected to Taxes Levied**	99%	99%	99%	99%

*Maximum tax rate approved by voters: $0.50 on May 6, 2017
**Calculated as taxes collected for a tax year divided by taxes levied for that tax year.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Schedule of Long-term Debt Service Requirements by Years

September 30, 2020

	Refunding Series 2010		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2021	$ 570,000	$ 11,400	$ 581,400

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

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

September 30, 2020

	Refunding Series 2013		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2021	$ 70,000	$ 126,500	$ 196,500
2022	745,000	111,219	856,219
2023	780,000	82,625	862,625
2024	825,000	51,500	876,500
2025	875,000	17,500	892,500
Totals	$ 3,295,000	$ 389,344	$ 3,684,344

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

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

September 30, 2020

	Series 2016		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ 50,000	$ 39,800	$ 89,800
2022	-	38,800	38,800
2023	-	38,800	38,800
2024	-	38,800	38,800
2025	-	38,800	38,800
2026	800,000	38,800	838,800
2027	800,000	20,000	820,000
Totals	$ 1,650,000	$ 253,800	$ 1,903,800

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

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

September 30, 2020

	Series 2020		
Due During Fiscal Years Ending September 30	Principal Due September 1	Interest Due March 1, September 1	Total
2021	$ -	$ 58,555	$ 58,555
2022	-	50,190	50,190
2023	-	50,190	50,190
2024	-	50,190	50,190
2025	-	50,190	50,190
2026	-	50,190	50,190
2027	-	50,190	50,190
2028	635,000	50,190	685,190
2029	660,000	41,300	701,300
2030	690,000	28,100	718,100
2031	715,000	14,300	729,300
Totals	$ 2,700,000	$ 493,585	$ 3,193,585

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

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

September 30, 2020

	Annual Requirements For All Series		
Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 690,000	$ 236,255	$ 926,255
2022	745,000	200,209	945,209
2023	780,000	171,615	951,615
2024	825,000	140,490	965,490
2025	875,000	106,490	981,490
2026	800,000	88,990	888,990
2027	800,000	70,190	870,190
2028	635,000	50,190	685,190
2029	660,000	41,300	701,300
2030	690,000	28,100	718,100
2031	715,000	14,300	729,300
Totals	$ 8,215,000	$ 1,148,129	$ 9,363,129

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Changes in Long-term Bonded Debt

Year Ended September 30, 2020

	Bond Issues				
	Refunding Series 2010	Refunding Series 2013	Series 2016	Series 2020	Totals
Interest rates	4.00%	3.75% to 4.00%	2.00% to 2.50%	1.40% to 2.00%	
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
Maturity dates	March 1, 2021	March 1, 2021/2025	September 1, 2021/2027	September 1, 2028/2031	
Bonds outstanding, beginning of current year	$ 1,110,000	$ 3,295,000	$ 1,750,000	$ -	$ 6,155,000
Bonds sold during current year	-	-	-	2,700,000	2,700,000
Retirements, principal	540,000	-	100,000	-	640,000
Bonds outstanding, end of current year	$ 570,000	$ 3,295,000	$ 1,650,000	$ 2,700,000	$ 8,215,000
Interest paid during current year	$ 33,600	$ 127,813	$ 41,800	$ 0	$ 203,213

Paying agent's name and address:

Series 2010 - 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 2016 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
Series 2020 - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	$ 50,625,000	0	$ 8,000,000
Amount issued	$ 18,325,000	0	$ 1,730,294
Remaining to be issued	$ 32,300,000	0	$ 6,269,706

Debt service fund cash and temporary investment balances as of September 30, 2020: $ 835,193

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 851,194

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Comparative Schedule of Revenues and Expenditures – General Fund

Five Years Ended September 30,

	Amounts				
	2020	2019	2018	2017	2016
General Fund					
Revenues					
Property taxes	$ 686,360	$ 515,232	$ 488,438	$ 451,407	$ 423,209
Water service	473,993	469,206	469,363	479,635	470,620
Sewer service	555,975	529,550	536,069	533,089	524,372
Surface water conversion	333,579	283,350	270,448	260,276	231,698
Penalty and interest	31,476	33,221	34,966	29,973	41,106
Tap connection and inspection fees	137,451	7,877	8,349	7,443	7,975
Investment income	27,151	40,543	21,500	10,948	4,355
Other income	556	9,980	157	880	1,012
Total revenues	2,246,541	1,888,959	1,829,290	1,773,651	1,704,347
Expenditures					
Service operations:					
Purchased services	328,237	310,523	317,600	414,330	335,935
Regional water fee	388,862	337,771	318,078	306,014	253,708
Professional fees	155,374	169,660	161,533	129,271	117,366
Contracted services	452,327	410,073	376,934	378,605	393,982
Utilities	44,003	34,815	43,192	39,794	36,855
Repairs and maintenance	438,214	402,185	339,230	210,419	236,862
Other expenditures	102,277	117,648	94,627	112,720	83,809
Tap connections	38,514	-	1,250	600	600
Capital outlay	-	-	-	-	-
Total expenditures	1,947,808	1,782,675	1,652,444	1,591,753	1,459,117
Excess of Revenues Over Expenditures	298,733	106,284	176,846	181,898	245,230
Other Financing Sources					
Interfund transfers in	-	-	-	-	11,883
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	298,733	106,284	176,846	181,898	257,113
Fund Balance, Beginning of Year	2,302,651	2,196,367	2,019,521	1,837,623	1,580,510
Fund Balance, End of Year	$ 2,601,384	$ 2,302,651	$ 2,196,367	$ 2,019,521	$ 1,837,623
Total Active Retail Water Connections	1,401	1,346	1,353	1,346	1,357
Total Active Retail Wastewater Connections	1,391	1,337	1,345	1,336	1,344

Percent of Fund Total Revenues				
2020	2019	2018	2017	2016
30.6 %	27.3 %	26.7 %	25.4 %	24.8 %
21.1	24.8	25.7	27.0	27.6
24.8	28.0	29.3	30.1	30.8
14.8	15.0	14.8	14.7	13.5
1.4	1.8	1.9	1.7	2.4
6.1	0.4	0.4	0.4	0.5
1.2	2.2	1.2	0.6	0.3
0.0	0.5	0.0	0.1	0.1
100.0	100.0	100.0	100.0	100.0
14.6	16.4	17.4	23.4	19.7
17.3	17.9	17.4	17.2	14.9
6.9	9.0	8.8	7.3	6.9
20.1	21.7	20.6	21.4	23.1
2.0	1.9	2.3	2.2	2.2
19.5	21.3	18.5	11.9	13.9
4.6	6.2	5.2	6.3	4.9
1.7	-	0.1	0.0	0.0
-	-	-	-	-
86.7	94.4	90.3	89.7	85.6
13.3 %	5.6 %	9.7 %	10.3 %	14.4 %

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Comparative Schedule of Revenues and Expenditures – Debt Service Fund

Five Years Ended September 30,

	Amounts				
	2020	2019	2018	2017	2016
Debt Service Fund					
Revenues					
Property taxes	$ 888,237	$ 927,634	$ 878,906	$ 851,284	$ 846,873
Penalty and interest	18,515	19,483	23,678	15,725	15,898
Investment income	9,583	13,886	7,582	4,455	2,540
Total revenues	916,335	961,003	910,166	871,464	865,311
Expenditures					
Current:					
Professional fees	5,593	2,964	5,039	4,680	2,477
Contracted services	31,814	29,945	29,393	28,206	26,503
Other expenditures	7,675	4,065	7,312	4,503	9,235
Debt service:					
Principal retirement	640,000	635,000	610,000	585,000	560,000
Interest and fees	205,963	228,113	251,813	273,862	275,685
Total expenditures	891,045	900,087	903,557	896,251	873,900
Excess (Deficiency) of Revenues Over Expenditures	25,290	60,916	6,609	(24,787)	(8,589)
Other Financing Sources					
Interfund transfers in	-	-	-	-	4,900
Excess (Deficiency) of Revenues and Transfers In Over Expenditures and Transfers Out	25,290	60,916	6,609	(24,787)	(3,689)
Fund Balance, Beginning of Year	805,292	744,376	737,767	762,554	766,243
Fund Balance, End of Year	$ 830,582	$ 805,292	$ 744,376	$ 737,767	$ 762,554

Percent of Fund Total Revenues				
2020	2019	2018	2017	2016
96.9 %	96.5 %	96.6 %	97.7 %	97.9 %
2.0	2.0	2.6	1.8	1.8
1.1	1.5	0.8	0.5	0.3
100.0	100.0	100.0	100.0	100.0
0.6	0.3	0.6	0.5	0.3
3.5	3.1	3.2	3.2	3.1
0.8	0.4	0.8	0.5	1.1
69.8	66.1	67.0	67.1	64.7
22.5	23.7	27.7	31.5	31.8
97.2	93.6	99.3	102.8	101.0
2.8 %	6.4 %	0.7 %	(2.8) %	(1.0) %

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Board Members, Key Personnel and Consultants

Year Ended September 30, 2020

Complete District mailing address:	Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas c/o Allen Boone Humphries Robinson LLP 3200 Southwest Freeway, Suite 2600 Houston, Texas 77027	
District business telephone number:	713.860.6400	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		January 3, 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
Russell G. Cook	Elected 05/20-05/24	$ 2,850	$ 767	President
Kathleen Farris	Elected 05/18-05/22	3,750	1,069	Vice President
Mario Peralta	Elected 05/20-05/24	2,550	1,040	Secretary
Bertha Fair	Elected 05/20-05/24	7,200	1,042	Assistant Vice President
Victoria D. Estick	Elected 05/18-05/22	4,650	1,002	Assistant Secretary

*Fees are the amounts actually paid to a director during the District's fiscal year.

Renn Road Municipal Utility District of Harris and Fort Bend Counties, Texas

Board Members, Key Personnel and Consultants (Continued)

Year Ended September 30, 2020

Consultants	Date Hired	Fees and Expense Reimbursements	Title
		$ 100,852	General Counsel
Allen Boone Humphries Robinson LLP	08/22/03	84,488	Bond Counsel
BKD, LLP	10/01/85	23,800	Auditor
Bob Leared Interests	06/06/79	29,716	Tax Assessor/ Collector
Fort Bend Central Appraisal District	Legislative Action	3,819	Appraiser
Harris County Appraisal District	Legislative Action	7,861	Appraiser
Inframark, LLC	01/17/80	1,006,858	Operator
Myrtle Cruz, Inc.	09/26/79	26,590	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	03/05/96	5,593	Delinquent Tax Attorney
Rathmann & Associates, L.P.	04/05/02	55,500	Financial Advisor
Vogler & Spencer Engineering, Inc.	12/28/78	79,852	Engineer

Investment Officer			
Mary Jarmon	10/01/04	N/A	Bookkeeper

APPENDIX C

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

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