OFFICIAL STATEMENT DATED NOVEMBER 3, 2021

IN THE OPINION OF SPECIAL TAX COUNSEL, BASED UPON AN ANALYSIS OF EXISTING LAWS, REGULATIONS, RULINGS AND COURT DECISIONS, AND ASSUMING, AMONG OTHER MATTERS, THE ACCURACY OF CERTAIN REPRESENTATIONS AND COMPLIANCE WITH CERTAIN COVENANTS, INTEREST ON THE BONDS IS EXCLUDED FROM GROSS INCOME FOR FEDERAL INCOME TAX PURPOSES UNDER SECTION 103 OF THE INTERNAL REVENUE CODE OF 1986. IN THE FURTHER OPINION OF SPECIAL TAX COUNSEL, INTEREST ON THE BONDS IS NOT A SPECIFIC PREFERENCE ITEM FOR PURPOSES OF THE FEDERAL ALTERNATIVE MINIMUM TAX. SPECIAL TAX COUNSEL EXPRESSES NO OPINION REGARDING ANY OTHER TAX CONSEQUENCES RELATED TO THE OWNERSHIP OR DISPOSITION OF, OR THE AMOUNT, ACCRUAL OR RECEIPT OF INTEREST ON, THE BONDS. SEE "TAX MATTERS" HEREIN.

The District has designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

NEW ISSUE — BOOK-ENTRY ONLY **RATINGS: Underlying "A" (stable outlook) / Insured "AA" (stable outlook) S&P**
CUSIP No. 108443 **See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein**

$5,810,000
BRIDGESTONE MUNICIPAL UTILITY DISTRICT
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX REFUNDING BONDS
SERIES 2021

Dated: December 1, 2021 **Due: May 1 (as shown below)**

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

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

Principal Amount	Maturity	Interest Rate (%)	Yield to Maturity(a)
$180,000	2022	3.00%	0.29%
$160,000	2023	3.00%	0.43%
$160,000	2024	3.00%	0.59%
$155,000	2025	3.00%	0.84%
$155,000	2026	3.00%	1.00%
$200,000	2027	3.00%	1.22%
$195,000	2028	3.00%	1.39%

Principal Amount	Maturity	Interest Rate (%)	Yield to Maturity(a)
$195,000	2029	3.00%	1.53%
$245,000	2030	3.00%	1.63%
$290,000	2031 (b)	3.00%	1.73%
$285,000	2032 (b)	3.00%	1.78%
$330,000	2033 (b)	3.00%	1.89%
$375,000	2034 (b)	3.00%	1.94%

$985,000 3.00% Term Bond Due May 1, 2036 to Yield 2.00% (a) (b) (c)

$1,900,000 3.00% Term Bond Due May 1, 2038 to Yield 2.06% (a) (b) (c)

(a) The initial reoffering yields are established by and are the sole responsibility of the Underwriters (hereinafter defined) and may be subsequently changed.

(b) The Bonds maturing on or after May 1, 2031, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on May 1, 2030, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS—Optional Redemption."

(c) Subject to mandatory sinking fund redemption as described herein. See "THE BONDS – Mandatory Redemption."

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

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Radcliffe Bobbitt Adams Polley PLLC, Houston, Texas, Bond Counsel and Orrick Herrington & Sutcliffe LLP, Special Tax Counsel, Houston, Texas. Certain other matters will be passed upon for the Underwriters by Allen Boone Humphries Robinson LLP, Houston, Texas, Underwriters' Counsel. Delivery of the Bonds is expected through the facilities of DTC on December 15, 2021.

SAMCO CAPITAL **RBC CAPITAL MARKETS**

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

UNDERWRITING

The Bonds are being purchased by SAMCO Capital Markets, Inc. and RBC Capital Markets, LLC (the "Underwriters") pursuant to a proposal submitted to the District at a price of $6,223,884,.05 which represents the principal amount of the Bonds of $5,810,000.00 plus original issue premium of $451,358.55 less an underwriter's discount of $37,474.50 plus accrued interest on the Bonds from the Dated Date to the date of delivery. Such price produces a net effective interest rate of 2.315406%.

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

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

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

SALE AND DISTRIBUTION OF THE BONDS

Prices and Marketability

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITERS MAY OVER-ALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

NO REGISTRATION OR QUALIFICATION FOR SALE OF BONDS

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

The Bonds have been sold to the Underwriters on the basis of its representation that the Bonds will be sold in states other than Texas only pursuant to exemptions from registration or qualification or that the Underwriters will, where necessary, register or qualify the Bonds in accordance with the securities laws of the state in which the Bonds are offered or sold.

CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

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

Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually.

The information to be updated with respect to the District includes all quantitative financial information and operating data of the District of the general type included in this Official Statement included under the headings "TAX DATA" and "APPENDIX A" (Audited Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2021. The District will provide the updated information to EMMA.

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 ("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, the District shall provide unaudited financial statements for the applicable fiscal year to each EMMA within such six month period, and audited financial statements when the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in the Bond Order, or such other accounting principles as the District may be required to employ from time to time pursuant to state law or regulation.

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

Event Notices

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

Limitations and Amendments

The District has agreed to update information and to provide notices of 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 and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance with Prior Undertakings

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

REGISTRATION

Paying Agent/Registrar

The Bonds will be issued in fully registered form in multiples of $5,000 for any one maturity, and principal and semi-annual interest will be paid by the District through the Paying Agent/Registrar. Principal will be payable to the registered holder at maturity or redemption upon presentation to the Paying Agent/Registrar. Interest will be payable by check or draft, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered holders as shown on the records of the Paying Agent/Registrar at the close of business on the 15th calendar day of the month next preceding each interest payment date.

Successor Paying Agent/Registrar

Provision is made in the Bond Order for replacement of the Paying Agent/Registrar. If the Paying Agent/Registrar is replaced by the District, the new Paying Agent/Registrar shall accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any Paying Agent/Registrar selected by the District shall be either a national or state banking institution and shall be a corporation organized and doing business under the laws of the United States of America or of any State, shall be authorized under such laws to exercise trust powers, and shall be subject to supervision or examination by Federal or State banking authorities. Any successor Paying Agent/Registrar shall be selected by the District.

Assignments, Transfers and Exchange

In the event that Book-Entry is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Paying Agent/Registrar, and such registration (exclusive of any tax or governmental charge therefor) shall be at the expense of the District. A Bond may be assigned by execution of the assignment form printed on the Bond. A new

Bond or Bonds will be delivered by the Paying Agent/Registrar to the last assignee (the new registered owner) in exchange for such transferred and assigned Bonds not more than three days after receipt of the Bonds to be transferred in proper form. Such new Bond or Bonds must be in the denomination of $5,000 for any one maturity, or any integral multiple thereof. The Bonds are transferable only on the bond register kept by the Registrar upon surrender and re-issuance. The Bonds are exchangeable for an equal principal amount or maturity amount of Bonds of the same maturity in any authorized denomination upon surrender of the Bonds to be exchanged at the principal office of the Registrar.

Record Date

The record date ("Record Date") for the interest payable on any interest payment date means the 15th calendar day of the month next preceding such interest payment date.

Record Date for Bonds to be Redeemed

Neither the District nor the Paying Agent/Registrar shall be required to: (1) issue, transfer, or exchange any Bond during a period beginning at the opening of business 15 days before the day of the first mailing of a notice of redemption of Bonds and ending at the close of business on the day of such mailing, or (2) transfer or exchange any Bond so selected for redemption in whole or in part when such redemption is scheduled to occur within 45 calendar days.

MUNICIPAL BOND RATING

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

S&P is expected to assign its municipal bond rating of “AA” (stable outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by AGM. The District can make no assurance that S&P’s rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if in the judgment of S&P circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See “BOND INSURANCE” and “MUNICIPAL BOND RATING.”

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Municipal Corp.

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

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

Current Financial Strength Ratings

On October 20, 2021, KBRA announced it had affirmed AGM's insurance financial strength rating of "AA+" (stable outlook). AGM can give no assurance as to any further ratings action that KBRA may take.

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

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

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

Capitalization of AGM

At September 30, 2021:

- The policyholders' surplus of AGM was approximately $2,910 million.
- The contingency reserve of AGM was approximately $963 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,124 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

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

Incorporation of Certain Documents by Reference

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

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

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

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

(iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2021 (filed by AGL with the SEC on November 5, 2021).

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

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

Miscellaneous Matters

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: Unlimited Tax Refunding Bonds, Series 2021 (the "Bonds" or the "Series 2021 Refunding Bonds"), issued pursuant to an order (the "Bond Order") of the Board of Directors of Bridgestone Municipal Utility District (the "District"). The Bonds will be dated December 1, 2021, with interest payable commencing on May 1, 2022, and each November 1 and May 1, thereafter until the earlier of maturity or redemption. See "THE BONDS - General."

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

Redemption Provision The Bonds maturing on or after May 1, 2031, are subject to redemption at the option of the District, prior to maturity, in whole or part, on May 1, 2030, or on 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. See "THE BONDS – Optional Redemption." The Bonds maturing on May 1 in the years 2036, and 2038 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on May 1 in the years 2035 and 2037, respectively. See "THE BONDS – Mandatory Redemption."

Source of Payment: The Bonds are payable from a continuing, direct, annual ad valorem tax upon all taxable property within the District which, under Texas law, is not limited as to rate or amount. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any other political subdivision or agency. See "THE BONDS - Sources of and Security for Payment."

Use of Proceeds: Proceeds from the sale of the Bonds will be used by the District to: (1) currently refund certain of the District's outstanding bonds; and (2) pay certain costs incurred in connection with the issuance of the Bonds. See "PLAN OF FINANCING."

Qualified Tax Exempt Obligations: The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended, and the District represents that the total amount of tax-exempt bonds (including the Bonds) issued by it during calendar year 2021 is not reasonably expected to exceed $10,000,000. See " QUALIFIED TAX-EXEMPT OBLIGATIONS."

Municipal Bond Rating: S&P has assigned an underlying municipal bond rating of "A" (stable outlook) to this issue of Bonds based upon the District's underlying credit without bond insurance. An explanation of the significance of such rating may be obtained from S&P. The rating reflects only the view of S&P, and the District makes no representation of the appropriateness of such rating. See "MUNICIAL BOND RATING."

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

Authorized But Unissued Bonds: After the sale of the Series 2021 Refunding Bonds, the District will have $38,667.80 authorized but unissued unlimited tax and revenue bonds and $74,635,000 authorized but unissued unlimited tax bonds that may be used for the purposes of constructing facilities to serve the District or refunding outstanding bonds of the District. The District may seek voter authorization to issue additional tax and/or revenue bonds in the future.

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

Legal Opinions: Radcliffe Bobbitt Adams Polley PLLC, Houston, Texas, Bond Counsel and Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Special Tax Counsel. See "LEGAL MATTERS" and "TAX MATTERS."

Verification Agent: Robert Thomas CPA, LLC.

Payment Record: There has been no default by the District in payment of principal of or interest on its bonded indebtedness.

Investment Considerations: The Bonds are subject to certain investment considerations, as set forth in this Official Statement. Prospective purchasers should carefully examine this Official Statement with respect to the investment security of the Bonds. See "INVESTMENT CONSIDERATIONS."

THE DISTRICT

Description: Bridgestone Municipal Utility District (the "District"), a political subdivision of the State of Texas located within Harris County, Texas, contains approximately 2,315 acres of land. The District is located approximately 23 miles northwest of Houston's central business district and approximately three miles west of the unincorporated community of Spring, Texas. The District lies entirely within the exclusive extraterritorial jurisdiction of the City of Houston (the "City") and within Klein Independent School District. The District includes: 2,118 developed acres; 43 acres that are developable but presently undeveloped; and 154 undevelopable acres See "THE DISTRICT – Description."

Authority: 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 of the Texas Water Code, as amended. See "THE DISTRICT – Authority."

Development: As of October 1, 2021, residential development in the District had taken place on approximately 1,516 acres which includes approximately 5,875 completed homes, no homes under construction and approximately 52 vacant, developed residential lots. Approximately 5,850 of the completed homes were occupied as of October 1, 2021.

As of October 1, 2021, there were approximately 220 commercial establishments in the District including 5 multi-family projects that had approximately 1,545 units.

Commercial building developments within the District include: a shopping center located on approximately 10 acres (developed as a medical facility); the Spring Town Center Shopping Center located on two tracts totaling approximately 100 acres that include five strip shopping centers, a Wal-Mart Supercenter, a Lowe's Home Center, four banking facilities, seven restaurants, a car wash, an auto repair facility, a department store, a Murphy's gas station and a drugstore; the Klein Crossing Shopping Center located on approximately 50 acres that includes a Kroger Store, three strip shopping centers, two banking facilities, three restaurants, two medical office complexes, a Kroger gas station and an auto repair facility; the Woodforest Plaza located on approximately 10 acres that includes a banking facility, two strip shopping centers, a restaurant, three car service and parts facilities; the Springbrook Plaza Shopping Center located on approximately 10 acres that includes a strip shopping center, a restaurant, a banking facility, a one-story office building and a two-story office building; two full service car wash facilities located on approximately two acres; the Bridgeview strip shopping center located on approximately two and one half acres; two strip shopping centers located on FM 2920 occupying approximately two acres and one and a half acres respectively; the Rhodes Crossing strip shopping center and service station located on approximately four acres; the Bridgestone Plaza strip shopping center located on approximately three acres; two daycare centers located on approximately two acres each; a real estate office building located on approximately three acres; Shell, Conoco, two (2) Valero, Texaco and CITGO service stations located on approximately one acre each; the Morning Star Greenhouse Nursery located on approximately four acres; Landell Manufacturing, a manufacturing facility located on approximately three acres; North Pine Business Park, an office/warehouse facility located on approximately nine acres; the Summerfield School and a daycare facility located on approximately one acre; a storage facility located on approximately 14.5 acres; a Cinemark Theater located on approximately 14 acres of land (with 3 pad sites available for restaurants), an office park located on approximately 10.5 acres, a Sprouts Grocery Store, and an approximate five acre tract with two office buildings and a two-story office/retail building; and a 38 acre commercial development developed by Kimco Realty (known as Grand Market Place) located at Kuykendahl and Spring Stuebner.

Additional development within the District includes approximately five acres developed for recreational facilities; The Church at Creek's End, which is located on an approximately four acre site, the Spring Baptist Church, which is located on an approximately 13 acre tract, and the Champions Forest Baptist

Church, all of which are exempt from taxation by the District; Summerfield Academy which is exempt from taxation by the District; and Roth Elementary School, a Klein Independent School District elementary school located on approximately 12 acres which is exempt from taxation by the District. See "THE DISTRICT – Status of Development."

Population: Approximately 22,500 (estimated population in the District as of October 1, 2021).

Infectious Disease Outlook (COVID-19): The World Health Organization has declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. As described herein under "INVESTMENT CONSIDERATIONS – Infectious Disease Outlook (COVID-19)", federal, state and local governments have all taken actions to respond to the Pandemic, including disaster declarations by both the President of the United States and the Governor of Texas.

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

SELECTED FINANCIAL INFORMATION

(Unaudited)

3/1/2021 Estimated Taxable Value	$1,878,271,348	(a)
2021 Taxable Value	$1,740,489,248	(b)
Direct Debt (See "DISTRICT DEBT")		
Outstanding Bonds (As of November 1, 2021) Excludes the Refunded Bonds	$69,110,000	
Plus the Series 2021 Refunding Bonds	$5,810,000	
Total Direct Debt	$74,920,000	
Estimated Overlapping Debt	$85,050,170	(c)
Direct and Estimated Overlapping Debt	$159,970,170	
Percentage of Direct Debt to:		
3/1/2021 Estimated Taxable Value	3.99%	
2021 Taxable Value	4.30%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
3/1/2021 Estimated Taxable Value	8.52%	
2021 Taxable Value	9.19%	
See "DISTRICT DEBT"		
2021 Tax Rate Per $100 of Assessed Value:		
Debt Service	$0.30	
Maintenance Tax	$0.22	
Total 2021 Tax Rate	$0.52	
Approximate General Fund Cash and Investment Balance as of October 19, 2021	$8,922,945	(d)
Approximate Debt Service Fund Cash and Investment Balance as of November 1, 2021	$756,701	(e)

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

(b) Reflects data supplied by HCAD. The figure above includes $1,740,489,248 of property that is fully certified but excludes the value of the property ($73,917,244) that is still in the process of being certified. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt."

(d) Reflects unaudited cash and investment balance. The figure above excludes approximately $11,500,000 of reimbursements to the General Fund to be deposited into the General Fund from proceeds of the District's Series 2022 new money bonds to be issued during the first quarter of 2022.

(e) Reflects unaudited cash and investment balance after the District's November 1, 2021 debt service payment. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Rate Calculations."

DEBT SERVICE REQUIREMENTS

The following sets forth the debt service requirements for the Outstanding Bonds, less the debt service on the Refunded Bonds, plus the debt service on the Series 2021 Refunding Bonds.

Year	Existing Debt Service Requirements	Less: Debt Service on the Refunded Bonds	Plus: Debt Service on the Series 2021 Refunding Bonds Principal	Interest	Total Debt Service Requirements
2022	$5,415,905	$430,600	$180,000	$157,075	$5,322,380
2023	$5,614,539	$423,100	$160,000	$166,500	$5,517,939
2024	$5,781,417	$415,600	$160,000	$161,700	$5,687,517
2025	$5,811,439	$408,100	$155,000	$156,975	$5,715,314
2026	$5,869,942	$400,600	$155,000	$152,325	$5,776,667
2027	$5,954,196	$443,100	$200,000	$147,000	$5,858,096
2028	$6,057,389	$433,100	$195,000	$141,075	$5,960,364
2029	$5,633,511	$425,100	$195,000	$135,225	$5,538,636
2030	$6,141,901	$466,850	$245,000	$128,625	$6,048,676
2031	$6,272,111	$506,225	$290,000	$120,600	$6,176,486
2032	$6,211,299	$493,100	$285,000	$111,975	$6,115,174
2033	$6,188,577	$529,600	$330,000	$102,750	$6,091,727
2034	$5,489,852	$563,150	$375,000	$92,175	$5,393,877
2035	$5,883,634	$544,350	$370,000	$81,000	$5,790,284
2036	$7,040,383	$775,550	$615,000	$66,225	$6,946,058
2037	$2,592,284	$1,095,000	$960,000	$42,600	$2,499,884
2038	$2,563,006	$1,047,500	$940,000	$14,100	$2,469,606
2039	$1,506,781	-	-	-	$1,506,781
2040	$1,525,978	-	-	-	$1,525,978
2041	$1,547,462	-	-	-	$1,547,462
2042	$830,475	-	-	-	$830,475
2043	$830,850	-	-	-	$830,850
2044	$805,850	-	-	-	$805,850
2045	$805,350	-	-	-	$805,350
2046	$828,475	-	-	-	$828,475
2047	$825,350	-	-	-	$825,350
2048	$375,550	-	-	-	$375,550
TOTAL	**$104,403,506**	**$9,400,625**	**$5,810,000**	**$1,977,925**	**$102,790,806**

Maximum Annual Debt Service Requirements (2036) $6,946,058

$0.39 Tax Rate on 3/1/2021 Estimated Taxable Value of $1,878,271,348
@ 95% collections produces $6,958,995

$0.43 Tax Rate on 2021 Taxable Value of $1,740,489,248
@ 95% collections produces $7,109,899

OFFICIAL STATEMENT
relating to

$5,810,000

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
(A political subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX REFUNDING BONDS

SERIES 2021

INTRODUCTION

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

The Bonds are issued pursuant to Article XVI, Section 59 of the Constitution and general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended, and pursuant to an order (the "Bond Order") adopted by the Board of Directors (the "Board") of the District.

This Official Statement includes descriptions of the Bonds, the Bond Order, certain information about the District, and the District's financial condition. 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's Bond Counsel upon payment of costs of duplication thereof.

INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any other political subdivision. The Bonds are payable from a continuing, direct annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The investment quality of the Bonds depends on the ability of the District to collect all taxes levied against the taxable property within the District, and, in the event of foreclosure of the District's tax lien, on the marketability of the property and the ability of the District to sell the property at a price sufficient to pay taxes levied by the District and by other overlapping taxing authorities. The District cannot and does not make any representations that over the life of the Bonds, the taxable property within the District will accumulate or maintain taxable values sufficient to justify the continued payment of taxes by property owners.

Infectious Disease Outlook (COVID-19)

The World Health Organization declared a pandemic following the outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus (the "Pandemic"), which is currently affecting many parts of the world, including the United States and Texas. On January 31, 2020, the Secretary of the United States Health and Human Services Department declared a public health emergency for the United States in connection with COVID-19. On March 13, 2020, the President of the United States (the "President") declared the Pandemic a national emergency and the Texas Governor (the "Governor") declared COVID-19 an imminent threat of disaster for all counties in Texas (collectively, the "disaster declarations"). On March 25, 2020, in response to a request from the Governor, the President issued a Major Disaster Declaration for the State of Texas. On March 2, 2021, the Governor issued Executive Order GA-34 whereby he ordered there be no operating limits for any business or other establishment, except in counties experiencing certain hospitalization rates.

Pursuant to Chapter 418 of the Texas Government Code, the Governor has broad authority to respond to disasters, including suspending any regulatory statute prescribing the procedures for conducting state business or any order or rule of a state agency that would in any way prevent, hinder, or delay necessary action in coping with this disaster and issuing executive orders that have the force and effect of law. The Governor has issued a number of executive orders relating to COVID-19 preparedness and mitigation.

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

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

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

Marketability

The District has no understanding (other than the initial reoffering yields) with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds in the secondary market. Moreover, there is no assurance that a secondary market will be made in the Bonds. If there is a secondary market, the difference between the bid and asked price of the Bonds may be greater than the spread between the bid and asked price of more traditional issuers as such bonds are generally bought, sold, or traded in the secondary market.

Dependence on Tax Collections

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

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

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

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

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

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

Approval of the Bonds

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

Economic Factors

The continued growth of taxable values in the District is directly related to the housing industry and the commercial building development industry. The housing and commercial building development industry has historically been a cyclical industry, affected by both short- and long-term interest rates, availability of mortgage and development funds, labor conditions, consumer spending, foreclosure rates, and general economic conditions. A return to relatively high mortgage interest rates similar to those experienced in the past may adversely affect the availability and desirability of mortgage financing for new homes, hence reducing demand by homebuilders for lots within the District. High foreclosure rates may also affect mortgage lenders' willingness to accept risks and potential borrowers' ability to qualify for loans. The inability to qualify for mortgages may negatively affect home sales and the growth of taxable values in the District. Commercial building in the District could also be adversely affected by such economic developments.

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

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures and slow absorption of office space from time to time. These factors, if they recur, could affect the demand for new residential home construction and commercial development and hence the growth and maintenance of property values in the District. An oversupply of homes, along with a decreased demand in new housing because of general economic conditions or relatively high interest rates, may have an adverse impact on sale prices for homes and, consequently, may materially adversely affect property values or, in some instances, cause builders to abandon homebuilding plans altogether.

The housing industry in the Houston area is competitive and the District can give no assurance that current building programs will be completed. The competitive position of the developers in the sale of its developed lots or, respectively, that of present and prospective builders in the construction of single-family residential houses is affected by most of the factors discussed herein. Such a competitive position is directly related to tax revenues to be received by the District and the growth and maintenance of taxable values in the District.

Alternative sites are available for the construction of single-family residential improvements and commercial development within the market area in which the District is located. Such sites could pose competition to the continued home-building development and commercial development on comparable sites within the District.

Landowners/Developers under No Obligation to the District

There are no commitments from or obligations of any landowner or the Developers (as defined herein) within the District to proceed at any particular rate or according to any specified plan with the development of land or the construction of homes or other improvements in the District, and there is no restriction on any landowner's or Developers' right to sell their land.

Dependence on Future Development and Potential Impact on District Tax Rates

The District's 2021 combined debt service and maintenance tax rate is $0.52 per $100 of assessed valuation. The maintenance of the District's tax base is directly related to the housing industry in general. The housing industry has historically been a cyclical industry, affected by short and long-term interest rates, demand for developed property, and availability of mortgage and development funds, labor conditions, and general economic conditions. In the 1980's the downturn in the Houston economy and concurrent increases in unemployment substantially reduced the demand for housing. In many instances, homeowners turned homes back to mortgage companies because of a negative equity position and, consequently, many repossessed homes were resold at substantially reduced prices. The demand for single family homes in the District, which is 23 miles from downtown Houston, also could be affected by competition from nearby residential developments. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to downtown Houston that have been on the market for an extended period of time.

Both the local demand for, and the sale of single-family homes are affected by most of the factors discussed herein and will directly affect the maintenance of taxable values in the District and the ability of the District to raise tax revenues sufficient to pay its debt service requirements.

Assuming no further construction of residential, multi-family, and/or commercial projects within the District, other than those which have heretofore been constructed, the value of such land and improvements, currently located and under construction within the District, could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement (2036) on the Bonds and the remaining Outstanding Bonds will be $6,946,058. The 2021 Taxable Value of property within the District according to HCAD data is $1,740,489,248. Assuming no increase or decrease from such value, and no use of other District funds, a debt service tax rate of $0.43 per $100 of Assessed Valuation at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The 3/1/2021 Estimated Taxable Value of property within the District according to HCAD data is $1,878,271,348. Assuming no increase or decrease from such value, and no use of other District funds, a debt service tax rate of $0.39 per $100 of Assessed Valuation at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "TAX DATA – Tax Rate Calculations."

Future Debt

The District reserves in the Bond Order the right to issue the remaining $74,635,000 authorized but unissued unlimited tax bonds and $38,667.80 authorized but unissued unlimited tax and revenue bonds, which may be issued for the purposes of either refunding outstanding bonds or constructing facilities to serve the District. All such bonds that will remain authorized but unissued can be issued subject to the approval of the Attorney General of the State of Texas and in the case of new money bonds, subject to the approval of the TCEQ. The District currently plans to issue $26,330,000 new money bonds during the first quarter of the 2022. Approximately $11,500,000 of the new money bond proceeds will be used to reimburse the General Fund for capital expenditures previously paid for by the District General Fund.

The District has the right to issue additional new money bonds as may hereafter be approved by both the Board and the voters of the District, and to issue refunding bonds as approved by the Board. Any such additional new money bonds and refunding bonds would be issued on a parity with the Bonds. Any future new money bonds to be issued by the District must also be approved by the TCEQ. According to the Engineer, the District's current bond authorization should be adequate to finance the District's share of development costs to allow for the full development of land within the District. The District has also reserved the right to issue certain other additional bonds, special project bonds, and other obligations described in the Bond Order. All of the remaining bonds described above which have heretofore been authorized by the voters of the District, may be issued by the District from time to time as needed. If additional bonds are issued in the future and property values have not increased proportionately, such issuance might increase gross debt/property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Financing Parks and Recreational Facilities

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) preparation of a detailed park plan; (b) authorization of park bonds by the qualified voters in the District; (c) approval of the park project and bonds by the TCEQ; and (d) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to three percent of the value of the taxable property in the District. The Board has prepared a park plan, but has not considered calling a park bond election at this time. The Board has considered spending money from its general operating fund to construct park and recreational facilities within the District.

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

Continuing Compliance with Certain Covenants

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

Conversion to Surface Water

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater from its wells is subject to annual permits issued by the Subsidence District. The Subsidence District has adopted a District Regulatory Plan (the "Subsidence District Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the Subsidence District Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the Subsidence District Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. If the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a groundwater reduction plan to comply with the Subsidence District Plan. The Authority submitted its Groundwater Reduction Proposal to the Subsidence District and it received final certification on June 11, 2003. This plan covers the area of the District and the District will not owe any disincentive fees to the Subsidence District. However, if the Authority fails to comply with the Subsidence District Plan, the Authority could be subjected to disincentive fees, which may cause the Authority to increase the fees it charges within its boundaries including those fees charged to the District. The Authority has entered into a contract with the City of Houston to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee of $4.60 per 1,000 gallons and a fee of $5.05 for surface water purchased from the Authority. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in the Authority's regional surface water conversion effort.

Environmental Regulations

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

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

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

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

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.

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

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

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

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

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

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.

Inclement Weather

The District is located approximately 70 miles from the Texas Gulf Coast. Land located in this area is susceptible to high winds, heavy rain and flooding caused by hurricanes, tropical storms, and other tropical disturbances. If a hurricane (or any other natural disaster) significantly damaged all or part of the improvements within the District, the assessed value of property within the District could be substantially reduced, which could result in a decrease in tax revenues and/or necessitate an increase in 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.

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. The greater Houston area has experienced multiple storms exceeding a 0.2% probability (i.e. "500-year flood" events) since 2015. If the District were to sustain damage to its facilities requiring substantial repair or replacement, or is substantial damage were to occur to taxable property within the District as a result of such a weather event, the value or investment security of the Bonds could be adversely affected.

Recent Winter Weather Event - Between February 14 and February 19, 2021, the State of Texas experienced a severe winter storm causing widespread, record breaking cold temperatures throughout the State. As a result of the winter storm, there were widespread disruptions to the operations of Texas electric and gas utilities, which have been widely reported in the press, and approximately four million Texas residents lost power for significant portions of the week. The power outages caused water pipes to burst, resulting in damage to many structures, and in some areas affected the safety of the public water supply for a period of time. The President declared a major disaster in the State, making disaster assistance from the Federal Emergency Management Agency ("FEMA") available to homeowners and businesses which sustained damage. The District did not experience any significant financial loss related to the storm. There are special taxing procedures for areas declared to be disaster area which could affect the amount of taxes due and when they are collected. See "TAXING PROCEDURES—Valuation of Property for Taxation" and "—Delinquent Tax Payments for Disaster Areas."

Specific Flood Type Risks

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

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

Hurricane Harvey

The Houston area, including the area in and around the District, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas gulf coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to observations of the District's Engineer and the District's Operator, the water, sewer, and drainage facilities serving the land within the District did not sustain any significant damage and there was no interruption of water and sewer service for District customers as a result of the storm. According to observations of the District's Engineer and members of the District's Board of Directors, approximately 10 homes in the District experienced flooding during Hurricane Harvey. Substantially all of the homes that experienced flooding have been rehabilitated.

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 in 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.

Reappraisal of Property Damaged by Disaster

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

Temporary Tax Exemption for Property Damaged by Disaster

Effective January 1, 2020, the prior process that gave local taxing jurisdictions the option to request a reappraisal following a disaster was repealed and replaced with a mandatory temporary property tax exemption for qualified property that is in a Governor-declared disaster area and at least 15% physically damaged. Qualified property includes tangible personal property, improvements to real property, and manufactured homes. Eligible individuals must apply within a specified time frame and, if the disaster occurs after taxes are levied, the taxing unit must act to authorize the exemption. The amount of the exemption is determined by the percentage level of damage and is prorated based on the date of the disaster. The Appraisal District must perform a damage assessment and assign a percentage rating to determine the amount of the exemption. Any exemption granted under the new provisions expires the first year the property is reappraised.

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

In addition, under the Texas Tax Code, solely at the District's discretion, quarterly payments of ad valorem taxes on all taxable personal property of a business that lost money during a declared disaster or emergency regardless of whether the property was directly damaged as a result of the disaster or emergency are allowed.

Tax Payment Installments Following 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 judication such as the District if the taxpayer pays at least one-fourth of the tax bill imposed on the property by the delinquency date. The remaining taxes may be paid without penalty or interest in three equal installments within six months of the delinquency date.

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.

Harris County and City of Houston Floodplain Regulations

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

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

The City of Houston floodplain regulations (which currently do not apply within the District) govern construction projects in the corporate jurisdiction of the City of Houston and include regulations governing the elevation of structures in the 100-year and 500-year floodplains and the elevation of residential additions greater than one-third the footprint of the existing structure and non-residential additions. Additionally, the City of Houston regulations require an improved structure whose new market value exceeds 50% of the market value of the structure prior to the start of improvements meet the new and amended City of Houston regulations.

The new and amended regulations may have a negative impact on new development in the District.

Atlas 14

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

Changes in Tax Legislation

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

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

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

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

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

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

Neither the District or Underwriters have made independent investigation into the claims-paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims-paying ability of the Bond Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

PLAN OF FINANCING

Purpose

Proceeds of the Series 2021 Refunding Bonds will be used to refund a total of $6,000,000 principal amount of the District's currently outstanding bonds. The Series 2011 Bonds that are being refunded are referred to herein as the "Refunded Bonds." Bond proceeds will also be used to pay certain issuance costs of the Series 2021 Refunding Bonds. The refunding is being implemented in order to achieve a net present value savings in the District's annual debt service expense.

Currently Outstanding Bonds

The District has previously issued 16 series of new money bonds. The District has previously issued 9 series of refunding bonds. Except for Series 2019A Refunding Bonds, the Series 2020 Refunding Bonds, and the Bonds all of the other District's outstanding bonds have been issued as waterworks & sewer system combination unlimited tax and revenue bonds. The following table lists the: (1) original principal amount of bonds; (2) year of issuance (notes if a series 0f refunding bonds); (3) principal amount outstanding as of November 1, 2021, from such issues (including the bonds being refunded with the proceeds of the Bonds); and (4) principal amount outstanding from each series after the refunding is completed.

Original Principal Amount	Series	Principal Amount Outstanding	Principal Amount Outstanding after the Bonds
$2,200,000	1978	$0	$0
$3,200,000	1979	$0	$0
$2,150,000	1982	$0	$0
$4,750,000	1983	$0	$0
$4,825,000	1988 Refunding	$0	$0
$4,365,000	1992 Refunding	$0	$0
$4,598,332	1994	$0	$0
$1,699,983	1998 Refunding	$0	$0
$4,780,000	2000	$0	$0
$4,870,000	2003 Refunding	$0	$0
$5,750,000	2004	$0	$0
$8,100,000	2007	$0	$0
$17,015,000	2008	$0	$0
$12,545,000	2009A	$0	$0
$15,800,000	2009B	$0	$0
$4,360,000	2010 Refunding	$0	$0
$6,470,000	2011	$6,000,000	$0
$7,340,000	2012 Refunding	$0	$0
$4,040,000	2014	$3,565,000	$3,565,000
$6,410,000	2015	$6,210,000	$6,210,000
$35,055,000	2016 Refunding	$31,485,000	$31,485,000
$7,400,000	2018	$7,400,000	$7,400,000
$5,670,000	2019	$5,670,000	$5,670,000
$16,640,000	2019A Refunding	14,485,000	$14,485,000
$4,020,000	2020 Refunding	$3,495,000	$3,495,000
$193,968,315		**$78,310,000**	**$72,310,000**

Refunded Bonds

Proceeds of the Bonds will be used to refund the principal amounts and maturity dates of the Refunded Bonds as set forth in the table below. The Series 2011 Refunded Bonds will be called for redemption on December 15, 2021.

Year	Series 2011 Bonds	
2022		
2023		
2024		
2025		
2026		
2027	$950,000	(a)
2028	$200,000	
2029	$200,000	
2030	$250,000	
2031	$300,000	
2032	$300,000	
2033		
2034		
2035		
2036	$1,800,000	(b)
2037		
2038	$2,000,000	(c)
	$6,000,000	
Call Date	**11/1/2021**	

(a) Represents the $950,000 Term Bond with mandatory sinking fund provisions beginning in 2022 through and including the 2027 maturity date.

(b) Represents the $1,800,000 Term Bond with mandatory sinking fund provisions beginning in 2033 through and including the 2036 maturity date.

(c) Represents the $2,000,000 Term Bond with mandatory sinking fund provisions beginning in 2037 through and including the 2038 maturity date.

Sources and Uses of Funds

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

Sources of Funds:	
Principal Amount of the Bonds	$5,810,000.00
Plus Original Issue Premium	$451,358.55
Accrued Interest	$6,778.33
Plus District Cash	$5,000.00
Total Sources of Funds	**$6,273,136.88**

Uses of Funds:	
Deposit to Pay Refunded Bonds	$6,034,295.56
Issuance Expenses (a)	$194,588.49
Underwriter's Discount	$37,474.50
Accrued Interest	$6,778.33
Total Uses of Funds	**$6,273,136.88**

(a) Includes municipal bond insurance premium.

THE BONDS

General

The Bonds are dated December 1, 2021. The Bonds will mature on May 1 in the years and in the amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on May 1, 2022, and each November 1 and May 1 thereafter until maturity or prior to redemption. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions, and provisions for the payment of the principal of and interest on the Bonds by the District.

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

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

Authority for Issuance

The Bonds are issued pursuant to the authority of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended. At various elections held within the District between 1976 and 2019, the voters of the District authorized the issuance of a total of $115,412,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds and $75,000,000 Unlimited Tax Bonds for the purpose of constructing facilities to serve the District or for refunding certain of the District outstanding bonds. After issuance of the Bonds, the District will have $38,667.80 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds and $74,635,000 Unlimited Tax Bonds that remain authorized by the voters and unissued that may be issued for constructing facilities or refunding previously issued Bonds.

Optional Redemption

The Bonds scheduled to mature on or after May 1, 2031, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on May 1, 2030, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date.

Mandatory Redemption

The Bonds maturing May 1 in the years 2036 and 2038 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown on the table(s) below.

$985,000 Term Bonds, due May 1, 2036

Mandatory Redemption Date	Principal Amount
May 1, 2035	$370,000
May 1, 2036 (maturity)	$615,000

$1,900,000 Term Bonds, due May 1, 2038

Mandatory Redemption Date	Principal Amount
May 1, 2037	$960,000
May 1, 2038 (maturity)	$940,000

Notice of Redemption; Partial Redemption

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

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

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

Sources of and Security for Payment

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

Defeasance

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

Upon such deposit as described above, such Bonds shall no longer be regarded as outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the District to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided however, that the right to call the Bonds for redemption is not extinguished if the District: (i) is 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.

Funds

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

Issuance of Additional Debt

If authorized by the District's voters and with the approval of the TCEQ, the District may issue bonds necessary to provide and maintain improvements for which the District was created. See "THE DISTRICT." After issuance of the Bonds, the District will have $38,667.80 authorized unlimited tax and revenue bonds and $74,635,000 authorized unlimited tax bonds that can be issued for the purpose of constructing facilities or refunding outstanding bonds. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District, and in the Bond Order the District reserves the right to issue additional unlimited tax bonds, unlimited tax and revenue bonds, revenue bonds, and inferior lien bonds. See "INVESTMENT CONSIDERATIONS - Future Debt."

Registration, Transfer, and Exchange

In the event that the Book-Entry-Only System is discontinued, the Bonds are transferable only at the designated principal corporate trust office of the Paying Agent/Registrar upon presentation and surrender of the Bonds accompanied by a duly executed assignment. The Bonds are exchangeable for an equal principal amount of Bonds of the same type, maturity, and interest rate, in any authorized denomination. No service charge will be made for any transfer or exchange, but the District or the Paying Agent/Registrar may require payment of a sum sufficient to cover any tax or governmental charge payable in connection therewith. Neither the District nor the Paying Agent/Registrar is required to: (i) issue, transfer, or exchange any Bond during the period beginning at the opening of business 15 calendar days before the date of the first mailing of any notice of redemption of Bonds and ending at the close of business on the date of such mailing or (ii) transfer or exchange any Bonds selected for redemption when such redemption is scheduled within 45 calendar days.

Replacement of Mutilated, Lost, or Stolen Bonds

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

Legal Investment and Eligibility to Secure Public Funds in Texas

Pursuant to the Texas Bond Procedures Act, Chapter 1201, Texas Government Code, as amended, and Section 49.186, Texas Water Code, as amended, the Bonds, whether rated or unrated, are (a) legal investments for banks, savings banks, trust companies, building and loan associations, savings and loan associations, insurance companies, fiduciaries, and trustees and (b) legal investments for the public funds of cities, towns, villages, school districts, and other political subdivisions or public agencies of the State. Most political subdivisions in the State of Texas are required to adopt investment guidelines under the Public Funds Investment Act, Chapter 2256, Texas Government Code, and such political subdivisions may impose a requirement consistent with such act that the Bonds have a rating of not less than “A” or its equivalent to be legal investments for such entity’s funds. The Bonds are eligible under the Public Funds Collateral Act, Chapter 2257, Texas Government Code, to secure deposits of public funds of the State or any political subdivision or public agency of the State and are lawful and sufficient security for those deposits to the extent of their market value. Again, political subdivisions in the State of Texas may impose a requirement that the Bonds have a rating of not less than “A” or its equivalent to be eligible to serve as collateral for their funds.

The District has not reviewed the laws in other states to determine whether the Bonds are legal investments for various institutions in those states or eligible to serve as collateral for public funds in those states. The District has made no investigation of any other laws, rules, regulations or investment criteria that might affect the suitability of the Bonds for any of the above purposes or limit the authority of any of the above persons or entities to purchase or invest in the Bonds.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

The information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the District believes to be reliable, but neither of the District, the Financial Advisor nor the Underwriter takes any responsibility for the accuracy thereof. Termination by the District of the DTC Book-Entry-Only System may require consent of DTC Participants under DTC Operational Arrangements.

THE DISTRICT

Authority

The District is a limited purpose political subdivision of the State of Texas operating as a municipal utility district pursuant to Article XVI, Section 59 of the Texas Constitution. The District was created by the Texas Water Rights Commission (one of the predecessors to the TCEQ) on July 28, 1976. The District is vested with all of the rights, privileges, authority, and functions conferred by the laws of the State of Texas applicable to municipal utility districts, including without limitation those conferred by Chapters 49 and 54, Texas Water Code, as amended. The District is empowered to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water; the collection, transportation and treatment of wastewater; and the control and diversion of stormwater. The District is also empowered to establish parks and recreational facilities for the residents of the District and to contract for or employ its own peace officers. In addition, the District may provide solid waste disposal and collection service and also is empowered to establish, operate and maintain a fire department, independently or with one or more other conservation and reclamation districts, if approved by the TCEQ and the District's voters. The District currently contracts for the services of peace officers and is currently providing solid waste disposal and collection services to District residents.

The TCEQ exercises continuing supervisory jurisdiction over the District. The District is required to observe certain requirements of the City which limit the purposes for which the District may sell bonds, limit the net effective interest rate on such bonds and other terms of such bonds; require the approval by the City of certain District construction plans; and permit connections only to lots and reserves described in subdivision plats that have been approved by the Planning Commission of the City and filed in the real property records. Construction and operation of the District's drainage system is subject to the regulatory jurisdiction of additional State of Texas agencies. See "THE SYSTEM – Regulation."

Description

The District contains approximately 2,315 acres, is located within the exclusive extraterritorial jurisdiction of the City and within the Klein Independent School District, and is approximately 23 miles northwest of downtown Houston, three (3) miles west of the unincorporated community of Spring, Texas. The District is approximately three (3) miles west of Interstate Highway No. 45, accessed from Farm-to-Market Road No. 2920 ("FM 2920"), and generally bounded on the south by Spring-Cypress Road. The District includes: 2,118 developed acres; 43 acres that are developable but presently undeveloped; and 154 undevelopable acres.

The land within the District is relatively flat and slopes from an elevation of 130 feet above mean sea level ("msl") to 144 feet above msl, draining into Seals Gully (HCFCD No. K124-00-00), Bonds Gully (HCFCD No. K124-05-00) and Harris County Flood Control District Unit No. K131-03-01. According to Federal Flood Insurance Rate Maps, approximately 105 developed residential lots lie within the current boundaries of the 100-year flood plain, which comprise of approximately 15 acres of the 62 acres of 100-year flood plain within the boundaries of the District. The remainder of the 100-year flood plain is located within drainage rights-of-way or detention ponds.

Status of Development

As of October 1, 2021, residential development in the District has taken place on approximately 1,516 acres which includes approximately 5,875 completed homes, no homes under construction and approximately 52 vacant, developed residential lots. Approximately 5,850 of the completed homes were occupied as of October 1, 2021.

The residential building development in the District has occurred in the following subdivisions/sections:

Subdivision / Section	
Bridgestone, Sections 1 – 6	Gosling Pines, Sections 1 – 2
Bridgestone West, Sections 1 – 2	Spring Terrace, Sections 1 – 6
Bridgestone Ranch	Senterra Lakes, Sections 1 – 2
Stone Forest, Sections 1 – 4	Villages of Senterra Lakes, Sections 1 – 5
Bridgestone Lakes, Sections 1 – 4	Bella Sera

Rhodes Landing	Northcrest Village, Sections 1 – 3 & 6 – 7
Springbrook, Sections 1 – 7	The Sanctuary Veritas
Villages of Bridgestone	

As of October 1, 2021, approximately 602 acres in the District have been developed for commercial purposes, approximately 43 acres of land are currently undeveloped and 150 acres are undeveloped. There were approximately 220 commercial establishments in the District including 5 multi-family projects that had approximately 1,545 units. Commercial building developments within the District include: a shopping center located on approximately 10 acres (developed as a medical facility); the Spring Town Center Shopping Center located on two tracts totaling approximately 100 acres that include five strip shopping centers, a Wal-Mart Supercenter, a Lowe's Home Center, four banking facilities, seven restaurants, a car wash, an auto repair facility, a department store, a Murphy's gas station and a drugstore; the Klein Crossing Shopping Center located on approximately 50 acres that includes a Kroger Store, three strip shopping centers, two banking facilities, three restaurants, two medical office complexes, a Kroger gas station and an auto repair facility; the Woodforest Plaza located on approximately 10 acres that includes a banking facility, two strip shopping centers, a restaurant, three car service and parts facilities; the Springbrook Plaza Shopping Center located on approximately 10 acres that includes a strip shopping center, a restaurant, a banking facility, a one-story office building and a two-story office building; two full service car wash facilities located on approximately two acres; the Bridgeview strip shopping center located on approximately two and one half acres; two strip shopping centers located on FM 2920 occupying approximately two acres and one and a half acres respectively; the Rhodes Crossing strip shopping center and service station located on approximately four acres; the Bridgestone Plaza strip shopping center located on approximately three acres; two daycare centers located on approximately two acres each; a real estate office building located on approximately three acres; Shell, Conoco, two Valero, Texaco and CITGO service stations located on approximately one acre each; the Morning Star Greenhouse Nursery located on approximately four acres; Landell Manufacturing, a manufacturing facility located on approximately three acres; North Pine Business Park, an office/warehouse facility located on approximately nine acres; the Summerfield School and a daycare facility located on approximately one acre; a storage facility located on approximately 14.5 acres; a Cinemark Theater located on approximately 14 acres of land (with 3 pad sites available for restaurants), an office park located on approximately 10.5 acres, a Sprouts Grocery Store, and an approximate five acre tract with two office buildings and a two-story office/retail building; and a 38 acre commercial retail development developed by Kimco Realty (known as Grand Market Place) located at Kuykendahl and Spring Stuebner.

Additional development within the District includes approximately five acres developed for recreational facilities; The Church at Creek's End, which is located on an approximately four acre site, the Spring Baptist Church, which is located on an approximately 13 acre tract, and the Champions Forest Baptist Church, all of which are exempt from taxation by the District; Summerfield Academy which is exempt from taxation by the District; and Roth Elementary School, a Klein Independent School District elementary school located on approximately 12 acres which is exempt from taxation by the District.

Strategic Partnership Agreement

The District and the City of Houston entered into a strategic partnership agreement ("SPA") effective for a thirty-year term beginning April 3, 2007, subject to the default provisions therein. The SPA is permitted under state law for the limited purpose annexation by the City of certain commercial property within the District. The SPA requires the City to impose 1% sales and use tax within the annexed tract, the proceeds of which shall be equally shared between the City and the District. The District can make no representation as to the effect of such receipts on the finances of the District. In addition, the City may not annex for full purposes any part of the District during the effective term of the SPA and the District remains authorized to exercise all powers and functions of a municipal utility district provided by existing law or any amendments or additions thereto. At the end of the term of the SPA, the parties may agree to extend the SPA, allow the SPA to expire or the City may annex the entire District for full purposes.

Management of the District

The District is governed by a Board of Directors (the "Board") which has management control over all affairs of the District. The Directors are elected to serve a four-year staggered term at an election that is held on the second Saturday in May of each even-numbered year. The current members and officers of the Board, all of whom are residents of the District, are identified as follows:

Name	Title	Expires May
Mikuel (Mickey) K. Draper	President	2024
Michael Crayton	Vice President	2022
Skip Warren	Secretary	2022
David Berry	Assistant Secretary	2024
Martha Gutierrez	Director	2024

The District does not have any full-time employees, but contracts for certain necessary services as follows:

General Manager- the District contracts with Mr. Ron Schkade to serve in the capacity of Genera Manager for the District.

Utility System Operator – Water District Management Company, Inc. has been engaged by the District to operate the District's water distribution and wastewater collection facilities.

Tax Assessor/Collector – The District's Tax Assessor/Collector is Equi-Tax, Inc., pursuant to a year-to-year contract. The District's Tax Assessor/Collector applies the District's tax rate to appraisal rolls prepared by HCAD and bills and collects the resulting levy.

Bookkeeper – The District's statements of accounts are kept by Myrtle Cruz, Inc. (the "District's Bookkeeper").

Engineer – The District's consulting engineer is Jones | Carter, Inc. (the "District's Engineer").

Financial Advisor – The District has engaged The GMS Group, L.L.C. as financial advisor to the District (the "District's Financial Advisor"). The fees of the District's Financial Advisor are contingent upon the sale and delivery of the Bonds.

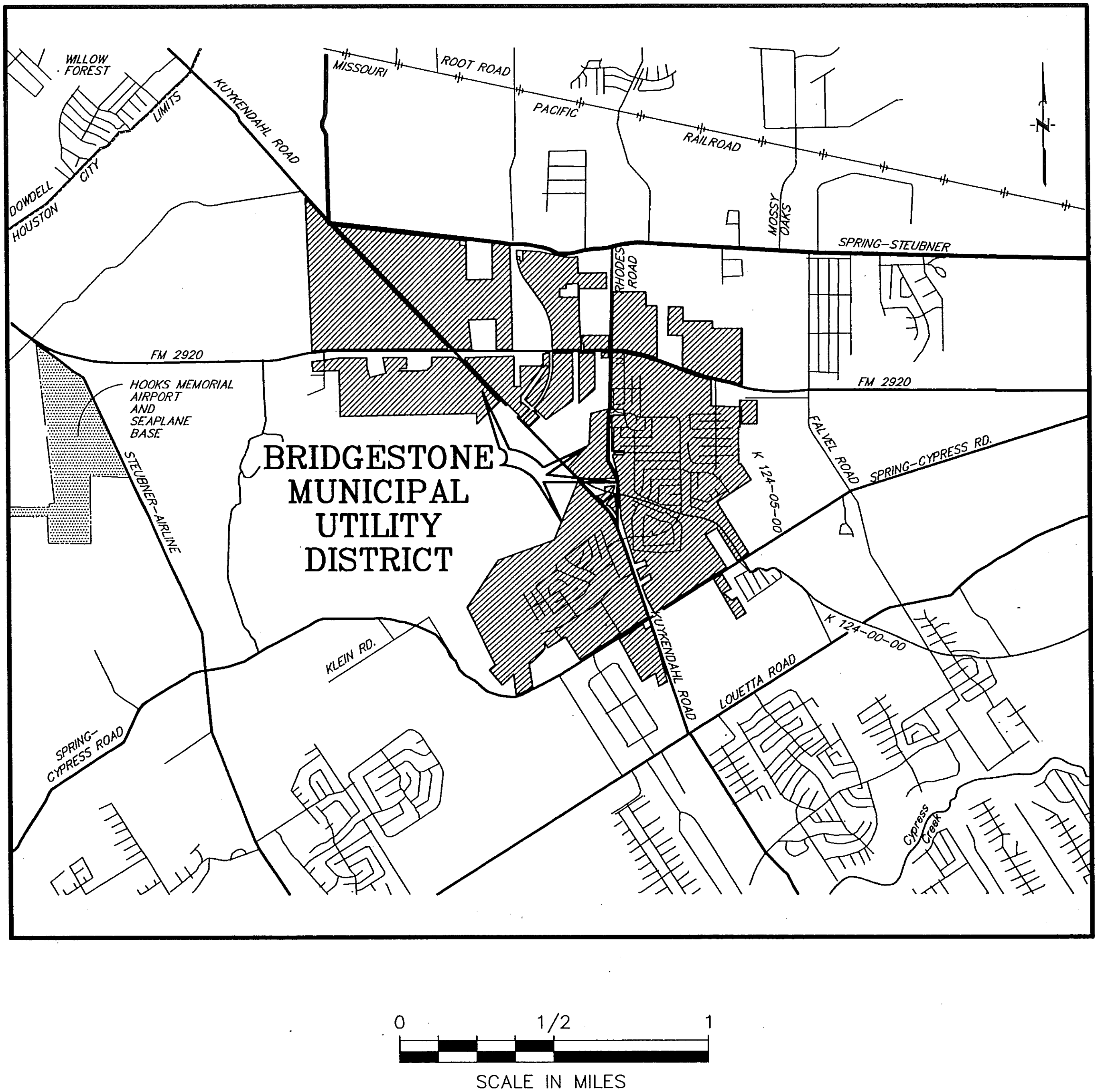
Attorney – The District has engaged Radcliffe Bobbitt Adams Polley PLLC, as general counsel to the District and as Bond Counsel in connection with the issuance of District bonds. The fees of the attorneys in their capacity as Bond Counsel are contingent upon the sale and delivery of the Bonds.

Auditor – The audited financial statements of the District and the accompanying report by McCall Gibson Swedlund Barfoot PLLC are shown in Appendix A. McCall Gibson Swedlund Barfoot PLLC has agreed to the publication of its audit report on such financial statements in this official statement. McCall Gibson Swedlund Barfoot PLLC was not requested to perform any updating procedures subsequent to the date of its audit report on the December 31, 2020, financial statements.

DISTRICT INVESTMENT POLICY

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

Location Map



NOVEMBER 2013

JONES & CARTER, INC.
ENGINEERS • PLANNERS • SURVEYORS
8701 New Trails Drive, Suite 200 The Woodlands, Texas 77381
(281) 363-4039

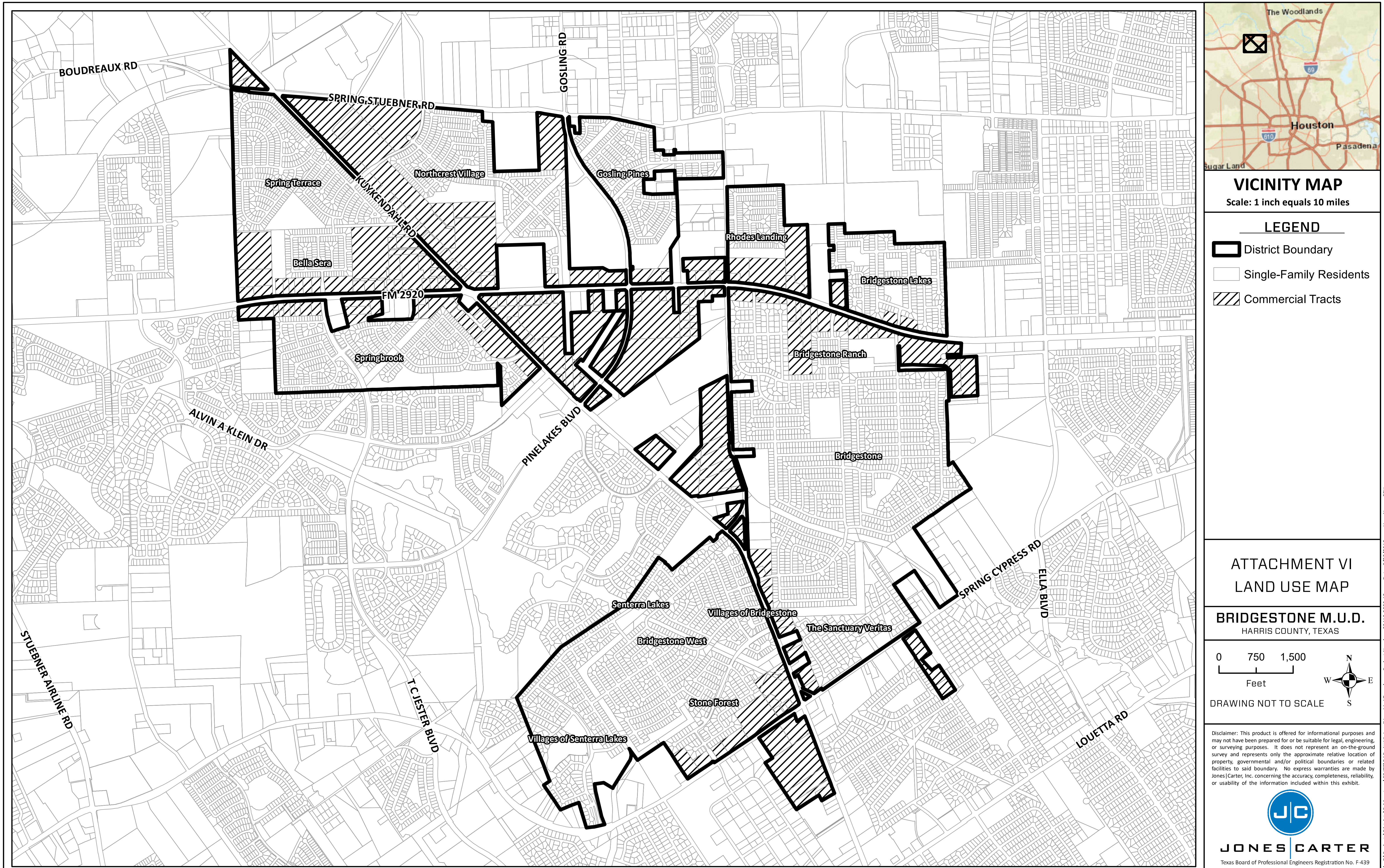
ATTACHMENT IV

BRIDGESTONE
MUNICIPAL UTILITY DISTRICT

LOCATION MAP

P:\PROJECTS\00416 – Bridgestone\378 – Bond Application Report No. 12\Location Map.dwg Oct 31, 2013 – 5:40pm SAG

Map of the District



Aerial Photograph

THE SYSTEM

Regulation

The water and wastewater facilities serving land within the District have been designed in accordance with accepted engineering practices and the recommendation of certain governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, City of Houston and Harris County. According to the Engineer, the design of all such facilities has been approved by all required governmental agencies.

Operation of the District's waterworks and wastewater facilities is subject to regulation by, among others, the United States Environmental Protection Agency ("EPA") and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revision.

Construction and operation of the System as it now exists or as it may be expanded from time to time is subject to the regulatory jurisdiction of various federal, state and local authorities. The TCEQ exercises continuing supervisory authority over the District. Discharge of treated sewage into Texas waters is also subject to regulatory authority of the TCEQ and the EPA. Provision of potable water in the District is subject to regulatory authority of the TCEQ and the EPA. Withdrawal of groundwater and the issuance of water well permits are subject to the regulatory authority of the Harris-Galveston Subsidence District. Construction of drainage facilities is subject to the regulatory authority of the Harris County Flood Control District. Harris County and the City of Houston also exercise regulatory jurisdiction over the District's System.

Description of the System

The water, wastewater, drainage facilities, and the accompanying rights of use therein comprise the District's System (the "System").

The water supply facilities consist of four water plants which in the aggregate include, 4,016 gallons per minute ("gpm") of water well capacity, 734 gpm surface water supply agreement with the North Harris County Regional Water Authority, a 1,000,000 gallon elevated storage tank, one 428,000 gallon, one 600,000 gallon, and one 606,000 gallon ground storage tanks, five 10,000 gallon and one 20,000 gallon hydropneumatic pressure tanks, 5,800 gpm of booster pump capacity, and related appurtenances. The District's water supply facilities have been constructed and extended and are adequate to serve all of the currently-developed property within the District.

The wastewater system provides for the collection and treatment of wastewater produced within the District. Main trunk lines have been sized to serve the proposed development within the District. The existing wastewater treatment plant has a capacity of 2,500,000 gallons per day ("gpd"). The District's wastewater treatment facilities are adequate to serve the currently-developed property within the District.

The drainage facilities of the District provide for the conveyance of storm water with outfall into Seals Gully (HCFCD Unit No. K124-00-00), Bonds Gully (HCFCD Unit No. K124-05-00) and Harris County Flood Control District Unit No. K-131-03-01. The drainage facilities are adequate to serve the currently-developed property within the District.

Conversion to Surface Water

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District"), which regulates groundwater withdrawal. The District's authority to pump groundwater from its wells is subject to annual permits issued by the Subsidence District. The Subsidence District has adopted a District Regulatory Plan (the "Subsidence District Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the Subsidence District Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and begin construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the Subsidence District Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. If the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water (the "Authority"); which was created to provide for the supply of surface water to north Harris County and to prepare a groundwater reduction plan to comply with the Subsidence District Plan. The Authority submitted its Groundwater Reduction Proposal to the Subsidence District and it received final certification on June 11, 2003. This plan covers the area of the District and the District will not owe any disincentive fees to the Subsidence District. However, if the Authority fails to comply with the Subsidence District Plan, the Authority could be subjected to disincentive fees, which may cause the Authority to increase the fees it charges within its boundaries including those fees charged to the District. The Authority has entered into a contract with the City of Houston to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee of $4.60 per 1,000 gallons and a fee of $5.05 for surface water purchase from the Authority. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to develop surface water conversion infrastructure or to participate in the Authority's regional surface water conversion effort.

100-Year Flood Plain

According to the Engineer, approximately 62 acres within the District is shown within the 100-year flood plain as delineated on the current Federal Emergency Management Agency Flood Insurance Rate Maps for Harris County, Texas Community Panel Nos. 48201C0235M, 48201C0245M, 48201C0255L, and 48201C0265M, dated June 18, 2007, and October 16, 2013. Most of such acreage is located within drainage rights-of-way or detention ponds however, approximately 105 developed and improved single family residential lots lie within the boundaries of the 100-year flood plain. The Harris County Engineers Office Building Permit Section regulates construction in the flood plain.

Historical Operations of the System

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

	Fiscal Year Ended December 31 (a)				
	2020	**2019**	**2018**	**2017**	**2016**
REVENUES					
Property Taxes	$3,204,979	$3,027,163	$2,739,462	$2,600,801	$2,494,947
Water Service	$1,509,558	$1,432,493	$1,462,109	$1,485,176	$1,428,028
Wastewater Service	$1,314,483	$1,307,722	$1,287,593	$1,270,797	$1,233,552
Solid Waste Disposal	$1,092,480	$1,071,210	$1,067,580	$1,038,484	$1,017,705
Water Authority Fees	$2,986,371	$2,615,716	$2,294,804	$2,045,655	$1,740,622
Penalty and Interest	$12,425	$78,603	$100,750	$83,715	$85,749
Tap Connection and Inspection Fees	$442,282	$353,110	$1,110,090	$674,531	$389,341
Water Authority Credits	$256,966	$256,966	$256,966	$256,966	$256,966
Sales Tax Revenue	$1,328,478	$1,360,679	$1,278,493	$1,090,368	$1,054,955
Investment Miscellaneous Revenues	$152,002	$511,146	$346,636	$198,302	$127,996
TOTAL REVENUES	**$12,300,024**	**$12,014,808**	**$11,944,483**	**$10,744,795**	**$9,829,861**
EXPENDITURES					
Professional Fees	$816,038	$629,413	$510,310	$507,651	$425,963
Contracted Services	$2,483,351	$2,216,472	$2,222,776	$2,146,134	$2,102,062
Purchased Water Service	$3,029,513	$2,604,650	$2,220,948	$1,899,807	$1,718,606
Utilities	$294,455	$313,756	$371,093	$316,188	$306,410
Water Authority Assessments	$339,325	$317,501	$370,535	$446,542	$259,358
Repairs and Maintenance	$3,100,308	$1,402,648	$1,054,255	$1,113,633	$1,251,920
Other	$1,038,272	$1,132,239	$1,870,943	$1,164,987	$1,026,291
Capital outlay	$3,620,862	$5,502,185	$1,077,300	$3,074,325	$2,164,422
TOTAL EXPENDITURES	**$14,722,124**	**$14,118,864**	**$9,698,160**	**$10,669,267**	**$9,255,032**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	**($2,422,100)**	**($2,104,056)**	**$2,246,323**	**$75,528**	**$574,829**
OTHER SOURCES (USES)					
Transfers In (Out)	-	$60,123	$649,989	-	-
Fees and Contributions	-	$313,608	$2,182,445	$596,925	$375,468
TOTAL OTHER SOURCES (USES)	**$0**	**$373,731**	**$2,832,434**	**$596,925**	**$375,468**
NET CHANGE IN FUND BALANCE	**($2,422,100)**	**($1,730,325)**	**$5,078,757**	**$672,453**	**$950,297**
BEGINNING FUND BALANCE	**$17,068,718**	**$18,799,043**	**$13,720,286**	**$13,047,833**	**$12,097,536**
ENDING FUND BALANCE (b)	**$14,646,618**	**$17,068,718**	**$18,799,043**	**$13,720,286**	**$13,047,833**

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

(b) As of October 19, 2021, the District's General Fund had an unaudited cash and investment balance of approximately $8,922,945. The District's General Fund will be reimbursed $11,500,000 from the District's Series 2022 new money bonds to be issued during the first quarter of 2022. The $11,500,000 represent capital improvements previously made by the District and funded with monies in the General Fund. The General Fund budget for the fiscal year ending December 31, 2021 calls for revenues of $12,635,226 and operating expenditures of $9,997,326.

THE DEVELOPERS

Role of a Developer in a Municipal Utility District

In general, activities of developers in municipal utility districts, such as the District, include defining a marketing program and building schedule, securing necessary governmental approvals and permits, arranging for construction of roads, and installation of utilities (including in some cases, a contribution of 30% of the costs of certain water, sewer, and drainage facilities pursuant to the rules of the TCEQ), as well as gas, telephone, and electric service, and selling improved lots and commercial reserves to builders or others. In addition, developers are ordinarily major taxpayers during the development phase of the property within a utility district, and their ability to pay taxes may affect the security of a district's bonds.

At the present time, there are four land developers that are in various stages of developing land in the District for either single family residential purposes or commercial properties. None of the developers in the District represent more than 1% of the District’s 2021 tax roll.

DISTRICT DEBT
(unaudited)

3/1/2021 Estimated Taxable Value	$1,878,271,348	(a)
2021 Taxable Value	$1,740,489,248	(b)
Direct Debt		
Outstanding Bonds (As of November 1, 2021) Excludes the Refunded Bonds	$69,110,000	
Plus the Series 2021 Refunding Bonds	$5,810,000	
Total Direct Debt	$74,920,000	
Estimated Overlapping Debt	$85,050,170	(c)
Direct and Estimated Overlapping Debt	$159,970,170	
Percentage of Direct Debt to:		
3/1/2021 Estimated Taxable Value	3.99%	
2021 Taxable Value	4.30%	
Percentage of Direct and Estimated Overlapping Debt to:		
3/1/2021 Estimated Taxable Value	8.52%	
2021 Taxable Value	9.19%	
2021 Tax Rate Per $100 of Assessed Value:		
Debt Service	$0.30	
Maintenance Tax	$0.22	
Total 2021 Tax Rate	$0.52	
Approximate General Fund Cash and Investment Balance as of October 19, 2021	$8,922,945	(d)
Approximate Debt Service Fund Cash and Investment Balance as of November 1, 2021	$756,701	(e)

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

(b) Reflects data supplied by HCAD. The figure above includes $1,740,489,248 of property that is fully certified but excludes the value of the property ($73,917,244) that is still in the process of being certified. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "DISTRICT DEBT – Estimated Overlapping Debt."

(d) Reflects unaudited cash and investment balance. The figure above excludes approximately $11,500,000 of reimbursements to the General Fund to be deposited into the General Fund from proceeds of the District's Series 2022 new money bonds to be issued during the first quarter of 2022.

(e) Reflects unaudited cash and investment balance after the District's November 1, 2021 debt service payment. Neither Texas law nor the District's Bond Order requires that the District maintain any particular balance in the Debt Service Fund. See "TAX DATA – Tax Rate Calculations."

Estimated Overlapping Debt

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

		Overlapping Debt	
Taxing Jurisdiction	Outstanding Debt	Percent	Amount
Klein Independent School District	$1,001,035,000	7.19%	$71,981,535
Harris County (a)	$1,236,942,125	0.34%	$4,259,630
Harris County Flood Control District	$584,900,000	0.35%	$2,057,067
Port of Houston Authority	$469,434,397	0.35%	$1,660,333
Harris County Hospital District	$81,540,000	0.35%	$286,218
Harris County Department of Education	$20,185,000	0.34%	$68,846
Lone Star College System	$610,225,000	0.78%	$4,736,542
Total Estimated Overlapping Debt			**$85,050,170**
The District's Direct Debt (b)			$74,920,000
Total Direct and Estimated Overlapping Debt			**$159,970,170**

(a) Excludes the currently outstanding Harris County Toll Road Authority Bonds, which are paid from revenues and are considered to be self-supporting.

(b) Includes the Bonds and excludes the Refunded Bonds.

TAX DATA

Tax Distribution

The following table sets forth the tax rate distribution of the District for the years 2017 through 2021.

	2021	2020	2019	2018	2017
Debt Service	$0.30	$0.30	$0.30	$0.32	$0.33
Maintenance/Operation	$0.22	$0.22	$0.22	$0.20	$0.19
Total	**$0.52**	**$0.52**	**$0.52**	**$0.52**	**$0.52**

Maintenance Tax

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. Such maintenance tax was authorized by vote of the District's electors in an amount not to exceed $0.25 per $100 of assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any Tax Bonds which may be issued in the future.

Analysis of Tax Base

Based on information provided to the District by the District's Tax Assessor/Collector, the following table represents the composition of property comprising the District's gross tax roll valuations and the exemptions (including supplemental adjustments made by HCAD) for the years 2017 through 2021.

	Type of Property					
Year	Land	Improvements	Personal Property	Gross Values	Exemptions (a)	Taxable Value (b)
2021	$438,041,129	$1,502,316,516	$73,958,989	$2,014,316,634	$273,827,386	$1,740,489,248 (c)
2020	$433,623,005	$1,408,248,812	$90,669,632	$1,932,541,449	$249,071,407	$1,683,470,042
2019	$435,967,944	$1,337,875,994	$85,697,957	$1,859,541,895	$272,241,650	$1,587,300,245
2018	$404,420,343	$1,194,581,823	$78,030,053	$1,677,032,219	$161,611,713	$1,515,420,506
2017	$384,905,750	$1,147,385,826	$69,695,085	$1,601,986,661	$166,827,864	$1,435,158,797
2016	$348,116,523	$1,116,859,322	$71,576,342	$1,536,552,187	$166,139,351	$1,370,412,836

(a) A majority of the 2019-2020 exemptions is a result of the 20% Homestead Exemption granted to homeowners by the District during such years. In prior years the Homestead Exemption was 10%.

(b) Represents the gross values supplied by HCAD less exemptions.

(c) Reflects data supplied by HCAD. The figure above includes $1,740,489,248 of property that is fully certified but excludes the value of the property ($73,917,244) that is still in the process of being certified. See "TAXING PROCEDURES."

Principal Taxpayers

The list of principal taxpayers for 2021, and the other information in this table, was provided by the District's Tax Assessor/Collector based on certified tax rolls provided by HCAD, net of any exemptions. Such data does not reflect any corrections subsequent to action of the Appraisal District.

Taxpayer	Type of Property	2021 Valuation	% of Total
AR STC LLC	Retail	$49,657,423	2.85%
Parkside CCTL3 Master LLC ETAL	Retail	$44,145,857	2.54%
Spring Crossing 1758 LLC	Retail	$42,625,088	2.45%
CRP Maple Cypress Owner LP	Retail	$39,886,799	2.29%
Chateau Calistoga Moble Home Park LTD	Retail	$38,507,090	2.21%
A K S 35 2920 Southeast LP	Retail	$24,338,246	1.40%
HEB Grocery Company LP	Retail	$23,081,987	1.33%
Wal-mart Real Est Business Trust	Retail	$22,543,607	1.30%
Lowes Home Center Inc	Retail	$15,916,538	0.91%
Spring Surgical Hospital Partners LLC	Health	$14,853,261	0.85%
TOTAL		**$315,555,896**	**18.13%**

Levy and Collection

The following represents the collection history of District taxes; the collections represent cumulative collections for each year's tax levy through September 1, 2021. According to the District's Tax Assessor/Collector, the District's current tax collections for the last five years have averaged more than 97%.

Year	Taxable Valuation	Tax Rate	Adjusted Levy	Cumulative Collections	Ended 9/30
2021	$1,740,489,248 (a)	$0.52	$9,050,544	(b)	2022
2020	$1,700,580,663	$0.52	$8,843,019	99%	2021
2019	$1,587,300,245	$0.52	$8,253,961	100%	2020
2018	$1,515,420,506	$0.52	$7,880,187	100%	2019
2017	$1,435,158,797	$0.52	$7,462,826	100%	2018
2016	$1,370,412,836	$0.55	$7,537,271	100%	2017

(a) Reflects data supplied by HCAD. The figure above includes $1,740,489,248 of property that is fully certified but excludes the value of the property ($73,917,244) that is still in the process of being certified. See "TAXING PROCEDURES."

(b) The 2021 tax levy is in the process of collections, such taxes are due on or before January 31, 2022.

Tax Rate Calculations

The tax rate calculations set forth below, are presented to indicate the tax rates per $100 assessed valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the dates noted below. The foregoing further assumes collection of 95% of taxes levied, and assumes the issuance of the Bonds but no additional bonds.

Maximum Annual Debt Service Requirements (2036) $6,946,058

$0.39 Tax Rate on 3/1/2021 Estimated Taxable Value of $1,878,271,348 (a)
@ 95% collections produces $6,958,995

$0.43 Tax Rate on 2021 Taxable Value of $1,740,489,248 (a) (b)
@ 95% collections produces $7,109,899

(a) Calculations based upon the Taxable Value of the District. The Board has adopted a 20% homestead exemption in 2021.

(b) Reflects data supplied by HCAD. The figure above includes $1,740,489,248 of property that is fully certified but excludes the value of the property ($73,917,244) that is still in the process of being certified. See "TAXING PROCEDURES."

Estimated Overlapping Taxes

Property within the District is subject to taxation by several taxing authorities in addition to the District. Under Texas law, a tax lien attaches to property to secure the payment of all taxes, penalty and interest for the year, on January 1, of that year. The tax lien on property in favor of the District is on a parity with tax liens of other taxing jurisdictions. See "TAXING PROCEDURES." In addition to ad valorem taxes required to make debt service payments on bonded debt of the District and of such other jurisdictions, 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. See "DISTRICT DEBT -- Estimated Overlapping Debt."

Set forth below are all 2020 taxes levied by such taxing jurisdictions, assuming each assesses at 100% basis of assessment. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy of entities other than political subdivisions.

Taxing Jurisdictions	2020 Tax Rate Per $100 Assessed Valuation
Klein Independent School District	$1.337300
Harris County (a)	$0.604193
Lone Star College System	$0.107800
Harris County Emergency Service District No. 7	$0.099700
Harris County Emergency Service District No. 11	$0.033334
	$2.182327
The District (2021)	$0.520000
Estimated Total Tax Rate	**$2.702327**

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

TAXING PROCEDURES

Authority to Levy Taxes

The Board is authorized to levy an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property within the District in an amount sufficient to pay the principal and interest on the Bonds, the Outstanding Bonds, and any additional bonds payable from taxes that the District may hereafter issue and to pay the expenses of assessing and collecting such taxes. See "INVESTMENT CONSIDERATIONS - Future Debt." The District agrees in the Bond Order to levy such a tax from year to year as described more fully in this Official Statement under the caption "THE BONDS - Sources of and Security for Payment." Under Texas law, the Board may also levy and collect an annual ad valorem tax for the operation and maintenance of the District and its water and wastewater system and for the payment of certain contractual obligations, if authorized by the voters in the District. See "TAX DATA – Tax Distribution."

Tax Code and County-Wide Appraisal District

Title 1 of the Texas Tax Code (the "Property Tax Code") specifies the taxing procedures of all political subdivisions of the State of Texas, including the District. Provisions of the Property Tax Code are complex and are not fully summarized here. The Property Tax Code requires, among other matters, county-wide appraisal and equalization of taxable property values and establishes in each county of the State of Texas an appraisal district with the responsibility for recording and appraising property for all taxing units in a county and an appraisal review board with responsibility for reviewing and equalizing the values established by the appraisal district. HCAD has the responsibility for appraising property for all taxing units within Harris County, including the District. Such appraisal values are subject to review and change by the Harris County Appraisal Review Board (the "Appraisal Review Board"). The Texas Comptroller of Public Accounts may provide for the administration and enforcement of uniform standards and procedures for appraisal of property.

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production of income, mobile homes, and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. Principal categories of exempt property include, but are not limited to, property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies, and personal effects; certain goods, wares, and merchandise in transit; farm products owned by the producer; certain property of charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; and most individually owned automobiles. In addition, the District may by its own action exempt residential homesteads of persons 65 years or older and of certain disabled persons, and travel trailers, 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 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 $5,000 to $12,000 of assessed valuation depending upon the disability rating of the veteran, if such rating is less than 100%. A veteran who receives a disability rating of 100% is entitled to the exemption for the full amount of the residential homestead. Furthermore, qualifying surviving spouses of persons 65 years of age and older are entitled to receive a resident homestead exemption equal to the exemption received by the deceased spouse and surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries. 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 homesteads in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization at no cost to the veteran. Effective January 1, 2018, this exemption will also apply to a residence homestead that was donated by a charitable organization at some cost to such veterans. 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, 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 is killed or fatally injured in the line of duty is entitled to an exemption of the total appraised value of the surviving spouse's residence homestead if the surviving spouse has not remarried since the first responder's death. Such exemption would be transferrable to a subsequent residence homestead of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received

Residential Homestead Exemption

The Property Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted by July 1. The District has adopted an order granting a general 20% residential homestead exemption in 2019, 2020, and 2021.

Freeport Goods and Goods-in-Transit Exemptions

A "Freeport Exemption" applies to goods, wares, ores, and merchandise other than oil, gas, and petroleum products (defined as liquid and gaseous materials immediately derived from refining petroleum or natural gas) and to aircraft or repair parts used by a certified air carrier acquired in or imported into Texas that are destined to be forwarded outside of Texas and that are detained in Texas for assembling, storing, manufacturing, processing, or fabricating for fewer 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 the 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 pubic warehouse facilities in Texas that are not in any way owned or controlled by the owner of such property for the account of the person who acquired or imported such property. A property owner who receives the Goods-in-Transit Exemption is not eligible to receive the Freeport Exemption for the same property. Local taxing units such as the District may, by official action and after public hearing, tax goods-in-transit personal property. A taxing unit must exercise its option to tax goods-in-transit property before January 1 of the first tax year in which it proposes to tax the property at the time and in the manner prescribed by applicable law. The District has taken official action to allow taxation of all such goods-in-transit personal property for all prior and subsequent years.

Tax Abatement

Harris County 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 (after annexation of the District), Harris County, Klein Independent School District, or 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 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, including the District, has discretion to determine terms for its tax abatement agreements without regard to the terms approved by the other taxing jurisdictions. No tax abatement agreements exist at this time with any property owners in the District.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Once an appraisal roll is prepared and finally approved by the Appraisal Review Board, it is used by the District in establishing its tax rolls and tax rate. Assessments under the Property Tax Code are to be based on 100% of market value, as such is defined in the Property Tax Code. A residence homestead is required to be appraised solely on the basis of its value as a residence homestead regardless of whether residential use is considered to be the highest and best use of the property.

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 are valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief 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 value 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 years for agricultural use, open space land and timberland.

The Property Tax Code requires the HCAD 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 HCAD at least once every three years. It is not known what frequency of reappraisal will be utilized by the HCAD or whether reappraisals will be conducted on a zone-wide or county-wide basis. The District, however, at its expense, has the right to obtain from the HCAD 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 HCAD 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, HCAD is required to complete a damage assessment and assign a damage assessment rating to determine the amount of the exemption. The temporary exemption amounts established in the Property Tax Code range from 15% for property less than 30% damaged to 100% for property that is a total loss. Any such temporary exemption granted for disaster-damaged property expires on January 1 of the first year in which the property is reappraised.

District and Taxpayer Remedies

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

The Property Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property 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 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid 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 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 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) 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

Developed Districts. Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, 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 the operation and maintenance tax rate that would impose 1.035 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions, plus any unused increment rates. In addition, if any part of a Developed District lies within an area declared for disaster by the Governor of Texas or President of the United States, alternative procedures and rate limitations may apply for a temporary period. If a district qualifies as both a 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 the operation and maintenance tax rate that would impose 1.08 times the amount of operation and maintenance tax imposed by the district in the preceding year on a residence homestead appraised at the average appraised value of a residence homestead in the district in that year, subject to certain homestead exemptions.

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

Collection of Delinquent Taxes

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

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

In addition to actions under the tax lien describe above, the District has legal authority to terminate water service to any taxpayer whose taxes remain delinquent after August 1st of each year.

Bankruptcy Limitation to Registered Owners Rights

The enforceability of the rights and remedies of the registered owners of the Bonds may be limited by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions such as the District.

Delinquent Tax Payments for Disaster Areas

Taxpayers for homesteads and small businesses damaged as a direct result of a disaster may pay property taxes on the property in four equal quarterly installments by notice to the District before the delinquency date without penalty or interest. Installments must be completed within six months of the delinquency date, which normally is February 1 but could be delayed because of delayed valuations. Quarterly payments by a substantial number of owners could adversely affect a District's collection of taxes for debt services in the year following a disaster.

The Effect of FIRREA on Tax Collections of the District

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

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

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

ANNEXATION AND CONSOLIDATION

Annexation by the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston without the District's consent. However, pursuant to legislation, effective December 1, 2017, the City may not annex the District unless (i) such annexation is approved by voters in an election held for that purpose within the area proposed to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50% of the land in the area, a petition is signed by more than 50% at the landowners consenting to the annexation. If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District within 90 days. The District makes no representation concerning the ability of the City to pay debt service on the District's bonds. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt, nor does the District make any representation that annexation might occur. Notwithstanding the above provisions, the City and the District entered into a Strategic Partnership Agreement ("SPA"), effective April 3, 2007, which provides for the City to assess the City's Sales & Use Tax within the District's commercial areas. Additionally, the SPA provides that the City will not annex the areas within the District during the term of the SPA. The term of the SPA is through April 3, 2037. See "THE DISTRICT – Strategic Partnership Agreement."

Consolidation

A district (such as the District) has the legal authority to consolidate with other districts and, in connection therewith, to provide for the consolidation of its assets, such as cash and the utility system, with the water and wastewater systems of districts with which it is consolidating as well as its liabilities (which would include the Bonds). No representation is made concerning the likelihood of consolidation.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Tax Counsel ("Special Tax Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Special Tax Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax.

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the Bonds which is excluded from gross income for federal income tax purposes. For this purpose, the issue price of a particular maturity of the Bonds is the first price at which a substantial amount of such maturity of the Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of obligations, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Bonds. The opinion of Special Tax Counsel assumes the accuracy of these representations and compliance with these covenants. Special Tax Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Tax Counsel's attention after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Accordingly, the opinion of Special Tax Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Tax Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Bonds may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Tax Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislature proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Tax Counsel is expected to express no opinion.

The opinion of Special Tax Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Tax Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Tax Counsel cannot give and has not given any opinion or assurance about the future activities of the District or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Special Tax Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Special Tax Counsel is not obligated to defend the District or the Beneficial Owners regarding the tax-exempt status of the Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Bonds, and may cause the District or the Beneficial Owners to incur significant expense.

QUALIFIED TAX-EXEMPT OBLIGATIONS

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

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

LEGAL MATTERS

Legal Review

Bond Counsel has reviewed the information appearing in the Official Statement under the captions “NO REGISTRATION OR QUALIFICATION FOR SALE OF BONDS,” CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15C2-12,” THE BONDS,” THE DISTRICT – Authority, and – Strategic Partnership Agreement,” “TAXING PROCEDURES,” “ANNEXATION AND CONSOLIDATION,” “TAX MATTERS,” and “LEGAL MATTERS” solely to determine whether such information fairly summarizes the procedures and documents referred to therein. In its capacity as Special Tax Counsel, Orrick, Herrington & Sutcliffe LLP, has reviewed the information appearing in this Official Statement under the captions "LEGAL MATTERS" (but only insofar as such caption relates to the opinion of Special Tax Counsel), and "TAX MATTERS" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Such firms have not, however, independently verified any of the factual information contained in this Official Statement nor have they conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firms’ limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Radcliffe Bobbitt Adams Polley PLLC, Houston, Texas acts 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.

NO LITIGATION CERTIFICATE

The District will furnish the Underwriter a certificate, executed by both the President and Secretary of the Board and dated as of the date of delivery of the Bonds, to the effect that no litigation of any nature is pending or to the best of their knowledge threatened, either in state or federal courts, contesting or attacking the Bonds, restraining or enjoining the levy, assessment and collection of ad valorem taxes which are pledged to the payment of the Bonds or in any manner questioning the authority or proceedings for the issuance, execution or delivery of the Bonds or affecting the validity of the Bonds or the title of the present officers and directors of the District.

VERIFICATION OF MATHEMATICAL CALCULATIONS

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

OFFICIAL STATEMENT

Sources of Information

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

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

Financial Advisor

The Official Statement was compiled and edited under the supervision of the District’s Financial Advisor. The fees to be paid the Financial Advisor for services rendered in connection with the issuance and sale of the Bonds are based on a percentage of the Bonds actually issued, sold, and delivered. Therefore, such fees are contingent on the sale and delivery of the Bonds.

Consultants

In approving this Official Statement, the District has relied upon the following consultants.

Engineer: The information contained in this Official Statement relating to engineering matters generally, to the description of the System and, in particular, that engineering related information included in the sections entitled "THE DISTRICT – Description" and "THE SYSTEM" has been provided by Jones | Carter, Inc. and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

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

Auditors: The audited financial statements of the District and the accompanying report by McCall Gibson Swedlund Barfoot PLLC are shown in Appendix A. McCall Gibson Swedlund Barfoot PLLC has agreed to the publication of its audit report on such financial statements in this official statement. McCall Gibson Swedlund Barfoot PLLC was not requested to perform any updating procedures subsequent to the date of its audit report on the December 31, 2020, financial statements.

Updating of Official Statement

The District will keep the Official Statement current by amendment or sticker to reflect material changes in the affairs of the District and, to the extent that information comes to its attention, to the other matters described in the Official Statement until the delivery of the Bonds to the Underwriter, unless the Underwriter notifies the District that less than all of the Bonds have been sold to ultimate customers on or before such date, in which case the obligation will extend until the earlier of the time when all of the Bonds have been sold or 90 days after delivery of the Bonds.

Continuing Availability of Financial Information

Pursuant to Texas law, the District has its financial statements prepared in accordance with generally accepted accounting principles, and has its financial statements audited by a certified public accountant in accordance with generally accepted auditing standards within 120 days after the close of its fiscal year. The District audit report is filed with the TCEQ within 135 days after the close of its fiscal year. Copies of each audit report are also filed in the office of the District and with the City Secretary or other designated City official of the City.

The District's financial records and audit reports are available for public inspection during regular business hours at the office of the District and copies will be provided on written request, to the extent permitted by law, upon payment of copying charges. Requests for copies should be addressed to the District in care of Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, Texas 77019.

Certification as to Official Statement

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

This Official Statement was approved by the Board of Directors of Bridgestone Municipal Utility District.

APPENDIX A

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

BRIDGESTONE MUNICIPAL UTILITY DISTRICT

HARRIS COUNTY, TEXAS

ANNUAL FINANCIAL REPORT

DECEMBER 31, 2020

McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

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McCALL GIBSON SWEDLUND BARFOOT PLLC
Certified Public Accountants

13100 Wortham Center Drive
Suite 235
Houston, Texas 77065-5610
_(713) 462-0341_
Fax (713) 462-2708

PO Box 29584
Austin, TX 78755-5126
_(512) 610-2209_
www.mgsbpllc.com
E-Mail: mgsb@mgsbpllc.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Bridgestone Municipal Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Bridgestone Municipal Utility District (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Board of Directors
Bridgestone Municipal Utility District

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Supplementary Information

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

McCall Gibson Swedlund Barfoot PLLC

McCall Gibson Swedlund Barfoot PLLC
Certified Public Accountants
Houston, Texas

May 4, 2021

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Management's discussion and analysis of Bridgestone Municipal Utility District's (the "District") financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2020. Please read it in conjunction with the District's financial statements.

USING THIS ANNUAL REPORT

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

FUND FINANCIAL STATEMENTS

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

FUND FINANCIAL STATEMENTS (Continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

OTHER INFORMATION

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $20,984,134 as of December 31, 2020. A portion of the District's net position reflects its net investment in capital assets (land, building and the water, wastewater and drainage facilities, less any debt used to acquire those assets that is still outstanding). The following is a comparative analysis of government-wide changes in net position:

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

	Summary of Changes in the Statement of Net Position		
	2020	2019	Change Positive (Negative)
Current and Other Assets	$ 37,511,332	$ 41,744,089	$ (4,232,757)
Capital Assets (Net of Accumulated Depreciation)	80,466,020	80,058,555	407,465
Total Assets	$ 117,977,352	$ 121,802,644	$ (3,825,292)
Deferred Outflows of Resources	$ 3,963,499	$ 4,236,006	$ (272,507)
Bonds Payable	$ 82,833,934	$ 84,150,401	$ 1,316,467
Due to Developers	5,284,498	6,230,840	946,342
Other Liabilities	4,018,201	4,621,929	603,728
Total Liabilities	$ 92,136,633	$ 95,003,170	$ 2,866,537
Deferred Inflows of Resources	$ 8,820,084	$ 8,290,149	$ (529,935)
Net Position:			
Net Investment in Capital Assets	$ 491,755	$ 918,431	$ (426,676)
Restricted	2,785,027	1,610,439	1,174,588
Unrestricted	17,707,352	20,216,461	(2,509,109)
Total Net Position	$ 20,984,134	$ 22,745,331	$ (1,761,197)

The following table provides a summary of the District's operations for the years ending December 31, 2020, and December 31, 2019. The District's net position decreased by $1,761,197.

	Summary of Changes in the Statement of Activities		
	2020	2019	Change Positive (Negative)
Revenues:			
Property Tax Revenues	$ 8,327,983	$ 7,900,499	$ 427,484
Charges for Services	7,425,135	6,920,484	504,651
Sales Tax Revenues	1,328,478	1,360,679	(32,201)
Other Revenues	411,572	2,042,123	(1,630,551)
Total Revenues	$ 17,493,168	$ 18,223,785	$ (730,617)
Expenses for Services	19,254,365	14,903,949	(4,350,416)
Change in Net Position	$ (1,761,197)	$ 3,319,836	$ (5,081,033)
Net Position, Beginning of Year	22,745,331	19,425,495	3,319,836
Net Position, End of Year	$ 20,984,134	$ 22,745,331	$ (1,761,197)

FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS

The District's combined fund balances as of December 31, 2020, were $21,956,314, a decrease of $4,133,535 from the prior year.

The General Fund fund balance decreased by $2,422,100, primarily due to operating costs, administrative costs and capital expenditures exceeding service revenues, sales tax revenues and property tax revenues.

The Debt Service Fund fund balance increased by $1,113,008, primarily due to the structure of the District's outstanding debt and the effect of issuing the Series 2020 Refunding Bonds.

The Capital Projects Fund fund balance decreased by $2,824,443. The District used proceeds from bonds sold in previous years to fund various projects.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Board of Directors adopted an unappropriated budget for the current year. Actual revenues were $336,051 more than budgeted revenues and actual expenditures were $503,974 more than budgeted expenditures which resulted in a negative variance of $167,923. See the budget to actual comparison for more information.

CAPITAL ASSETS

Capital assets as of December 31, 2020, total $80,466,020 (net of accumulated depreciation) and include land and construction in progress, as well as the water, wastewater and drainage systems. The District used bond proceeds received in prior years as well as surplus funds to fund the purchase of land as well as construction/rehabilitation of water, wastewater and drainage facilities.

Capital Assets At Year-End, Net of Accumulated Depreciation

	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land and Land Improvements	$ 16,342,166	$ 13,917,869	$ 2,424,297
Construction in Progress	4,473,908	5,973,181	(1,499,273)
Capital Assets, Net of Accumulated Depreciation:			
Buildings and Improvements	4,359,149	42,632	4,316,517
Water System	15,262,281	15,852,561	(590,280)
Wastewater System	23,754,586	24,607,995	(853,409)
Drainage System	16,273,930	19,664,317	(3,390,387)
Total Net Capital Assets	$ 80,466,020	$ 80,058,555	$ 407,465

LONG-TERM DEBT ACTIVITY

As of December 31, 2020, the District had total bond debt payable of $82,720,000. The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Bond Debt Payable, January 1, 2020	$	84,045,000
Add: Bond Sale - Series 2020 Refunding		4,020,000
Less: Bond Principal Paid/Refunded		5,345,000
Bond Debt Payable, December 31, 2020	$	82,720,000

The District's underlying rating is "A". The bonds carry insured ratings of "AA" by virtue of bond insurance issued by Assured Guaranty Municipal or Build America Mutual Assurance Company. Insured ratings are based on the ratings of the insurers and are subject to change.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Bridgestone Municipal Utility District, c/o Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, TX 77019.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Debt Service Fund
ASSETS		
Cash	$ 756,706	$ 1,096,127
Investments	16,653,288	3,474,123
Receivables:		
Property Taxes	2,781,600	3,803,028
Penalty and Interest on Delinquent Taxes		
Service Accounts	593,122	
Accrued Interest	11,590	10,271
Due from Other Funds	106,372	
Prepaid Costs	237,304	
Due from City of Houston	352,919	
Chloramination Credit Receivable		
Elevated Storage Tank Credit Receivable		
Land		
Construction in Progress		
Capital Assets (Net of Accumulated Depreciation)		
TOTAL ASSETS	$ 21,492,901	$ 8,383,549
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refunding Bonds	$ -0-	$ -0-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 21,492,901	$ 8,383,549

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 8,426	$ 1,861,259	$	$ 1,861,259
4,679,175	24,806,586		24,806,586
	6,584,628		6,584,628
		25,296	25,296
	593,122		593,122
	21,861		21,861
	106,372	(106,372)	
	237,304	105,138	342,442
	352,919		352,919
		373,761	373,761
		2,549,458	2,549,458
		16,342,166	16,342,166
		4,473,908	4,473,908
		59,649,946	59,649,946
$ 4,687,601	$ 34,564,051	$ 83,413,301	$ 117,977,352
$ -0-	$ -0-	$ 3,963,499	$ 3,963,499
$ 4,687,601	$ 34,564,051	$ 87,376,800	$ 121,940,851

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

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF NET POSITION AND
GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2020

	General Fund	Debt Service Fund
LIABILITIES		
Accounts Payable	$ 2,073,052	$ 5,552
Accrued Interest Payable		
Due to Other Funds		106,372
Security Deposits	1,009,280	
Long-Term Liabilities:		
Due to Developers		
Bonds Payable, Due Within One Year		
Bonds Payable, Due After One Year		
TOTAL LIABILITIES	$ 3,082,332	$ 111,924
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	$ 3,763,951	$ 5,142,597
FUND BALANCES		
Nonspendable - Prepaid Costs	$ 237,304	$
Restricted for Authorized Construction		
Restricted for Debt Service		3,129,028
Unassigned	14,409,314	
TOTAL FUND BALANCES	$ 14,646,618	$ 3,129,028
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 21,492,901	$ 8,383,549
NET POSITION		
Net Investment in Capital Assets		
Restricted for Debt Service		
Unrestricted		
TOTAL NET POSITION		

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

Capital Projects Fund	Total	Adjustments	Statement of Net Position
$ 506,933	$ 2,585,537	$	$ 2,585,537
		423,384	423,384
	106,372	(106,372)	
	1,009,280		1,009,280
		5,284,498	5,284,498
		4,410,000	4,410,000
		78,423,934	78,423,934
$ 506,933	$ 3,701,189	$ 88,435,444	$ 92,136,633
$ -0-	$ 8,906,548	$ (86,464)	$ 8,820,084
$	$ 237,304	$ (237,304)	$
4,180,668	4,180,668	(4,180,668)	
	3,129,028	(3,129,028)	
	14,409,314	(14,409,314)	
$ 4,180,668	$ 21,956,314	$ (21,956,314)	$ - 0 -
$ 4,687,601	$ 34,564,051		
		$ 491,755	$ 491,755
		2,785,027	2,785,027
		17,707,352	17,707,352
		$ 20,984,134	$ 20,984,134

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

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2020

Total Fund Balances - Governmental Funds		$ 21,956,314
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Credits due from the North Harris County Regional Water Authority for asset reimbursements are not current financial resources and, therefore, are not reported as assets in the governmental funds.		2,923,219
Interest paid in advance as part of a refunding bond sale is recorded as a deferred outflow in the governmental activities and systematically charged to interest expense over the remaining life of the new debt or the old debt, whichever is		3,963,499
Prepaid bond insurance costs are amortized over the term of the bonds in the government-wide financial statements.		105,138
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.		80,466,020
Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenue in the governmental activities of the District.		111,760
Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year end consist of:		
Due to Developers	$ (5,284,498)	
Accrued Interest Payable	(423,384)	
Bonds Payable	(82,833,934)	(88,541,816)
Total Net Position - Governmental Activities		$ 20,984,134

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

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund	Debt Service Fund
REVENUES		
Property Taxes	$ 3,204,979	$ 5,137,608
Water Service	1,509,558	
Wastewater Service	1,314,483	
Solid Waste Disposal	1,092,480	
Water Authority Fees	2,986,371	
Penalty and Interest	12,425	63,940
Connection and Inspection Fees	442,282	
Water Authority Credits	256,966	
Sales Tax Revenues	1,328,478	
Investment and Miscellaneous Revenues	152,002	43,147
TOTAL REVENUES	$ 12,300,024	$ 5,244,695
EXPENDITURES/EXPENSES		
Service Operations:		
Professional Fees	$ 816,038	$ 12,373
Contracted Services	2,483,351	144,561
Purchased Water Service	3,029,513	
Utilities	294,455	
Water Authority Assessments	339,325	
Repairs and Maintenance	3,100,308	
Depreciation		
Other	1,038,272	25,565
Capital Outlay	3,620,862	
Conveyance of Assets		
Debt Service:		
Bond Issuance Costs		162,912
Bond Principal		1,285,000
Bond Interest		2,599,435
Payment to Refunded Bond Escrow Agent		63,000
TOTAL EXPENDITURES/EXPENSES	$ 14,722,124	$ 4,292,846
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES/EXPENSES	$ (2,422,100)	$ 951,849
OTHER FINANCING SOURCES (USES)		
Transfer to Refunded Bond Escrow Agent	$	$ (4,067,634)
Bond Premium		208,793
Proceeds from Issuance of Long-Term Debt		4,020,000
TOTAL OTHER FINANCING SOURCES (USES)	$ -0-	$ 161,159
NET CHANGE IN FUND BALANCES	$ (2,422,100)	$ 1,113,008
CHANGE IN NET POSITION		
FUND BALANCES/NET POSITION - JANUARY 1, 2020	17,068,718	2,016,020
FUND BALANCES/NET POSITION - DECEMBER 31, 2020	$ 14,646,618	$ 3,129,028

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

Capital Projects Fund	Total	Adjustments	Statement of Activities
$	$ 8,342,587	$ (14,604)	$ 8,327,983
	1,509,558		1,509,558
	1,314,483		1,314,483
	1,092,480		1,092,480
	2,986,371		2,986,371
	76,365	3,596	79,961
	442,282		442,282
	256,966	(76,955)	180,011
	1,328,478		1,328,478
36,412	231,561		231,561
$ 36,412	$ 17,581,131	$ (87,963)	$ 17,493,168
$	$ 828,411	$ 59,892	$ 888,303
	2,627,912		2,627,912
	3,029,513		3,029,513
	294,455		294,455
	339,325		339,325
	3,100,308		3,100,308
		2,176,519	2,176,519
42	1,063,879		1,063,879
2,860,813	6,481,675	(6,481,675)	
		2,891,458	2,891,458
	162,912		162,912
	1,285,000	(1,285,000)	
	2,599,435	80,346	2,679,781
	63,000	(63,000)	
$ 2,860,855	$ 21,875,825	$ (2,621,460)	$ 19,254,365
$ (2,824,443)	$ (4,294,694)	$ 2,533,497	$ (1,761,197)
$	$ (4,067,634)	$ 4,067,634	$
	208,793	(208,793)	
	4,020,000	(4,020,000)	
$ -0-	$ 161,159	$ (161,159)	$ -0-
$ (2,824,443)	$ (4,133,535)	$ 4,133,535	$
		(1,761,197)	(1,761,197)
7,005,111	26,089,849	(3,344,518)	22,745,331
$ 4,180,668	$ 21,956,314	$ (972,180)	$ 20,984,134

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

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net Change in Fund Balances - Governmental Funds	$ (4,133,535)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report tax revenues when collected. However, in the Statement of Activities, revenue is recorded in the accounting period for which the taxes are levied.	(14,604)
Governmental funds report penalty and interest revenue on property taxes when collected. However, in the Statement of Activities, revenue is recorded when penalties and interest are assessed.	3,596
Governmental funds report repayment of long-term receivables as revenues in the period received. However, in the Statement of Net Position, reimbursements reduce long-term receivables.	(76,955)
Governmental funds do not account for depreciation. However, in the Statement of Net Position, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.	(2,176,519)
Governmental funds report capital expenditures as expenditures in the period purchased. However, in the Statement of Net Position, capital assets are increased by new purchases and the Statement of Activities is not affected.	3,530,325
Bond premiums are amortized over the life of the bonds and the current year amortized portion is recorded in the Statement of Activities.	(208,793)
Governmental funds report bond principal payments as expenditures. However, in the Statement of Net Position, bond principal payments are reported as decreases in long-term liabilities.	1,285,000
Governmental funds report interest expenditures on long-term debt as expenditures in the year paid. However, in the Statement of Net Position, interest is accrued on the long-term debt through fiscal year-end.	(80,346)
Governmental funds report bond proceeds as other financing sources. Issued bonds increase long-term liabilities in the Statement of Net Position.	(4,020,000)
Governmental funds report the payment to the refunded bond escrow agent as an other financing use or as an expenditure if paid from District resources. However, the refunding of outstanding bonds decreases long-term liabilities in the Statement of Net Position.	4,130,634
Change in Net Position - Governmental Activities	$ (1,761,197)

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

NOTE 1. CREATION OF DISTRICT

Bridgestone Municipal Utility District of Harris County, Texas (the "District") was created effective July 29, 1976, by an Order of the Texas Water Rights Commission, presently known as the Texas Commission on Environmental Quality (the "Commission"). Pursuant to the provisions of Chapters 49 and 54 of the Texas Water Code, the District is empowered to purchase, operate and maintain all facilities, plants and improvements necessary to provide water, wastewater service, storm sewer drainage, irrigation, solid waste collection and disposal, including recycling, parks and recreational facilities for the residents of the District. The District is also empowered to contract for or employ its own peace officers with powers to make arrests and to establish, operate and maintain a fire department to perform all fire-fighting activities within the District. The Board of Directors held its first meeting on August 14, 1976, and the first bonds were sold on March 14, 1978.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Statement Presentation

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation (Continued)

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

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

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

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

Government-Wide Financial Statements

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements

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

Governmental Funds

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

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

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

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

Basis of Accounting

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

Property taxes considered available by the District and included in revenue include the 2019 tax levy collections during the period October 1, 2019, to December 31, 2020. In addition, taxes collected from January 1, 2020, to December 31, 2020, for prior tax levies are included in revenue. Recognition of tax revenues for the 2020 tax levy has been deferred until the 2021 fiscal year.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Amounts transferred from one fund to another fund are reported as other financing sources or uses. Loans by one fund to another fund and amounts paid by one fund for another fund are reported as interfund receivables and payables in the Governmental Funds Balance Sheet if there is intent to repay the amount and if the debtor fund has the ability to repay the advance on a timely basis. As of December 31, 2020, the Debt Service Fund owed the General Fund $106,372 for maintenance tax collections.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as expenditures in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset. Engineering fees and certain other costs are capitalized as part of the asset.

Assets are capitalized, including infrastructure assets, if they have an original cost greater than $5,000 and a useful life over two years. Depreciation is calculated on each class of depreciable property using the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Water System	10-45
Wastewater System	10-45
Drainage System	10-45

Budgeting

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions

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

Measurement Focus

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

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

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

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

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

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

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus (Continued)

Unassigned: all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTE 3. LONG-TERM DEBT

	Series 2011	Series 2014	Series 2015	Refunding Series 2016
Amount Outstanding – December 31, 2020	$ 6,100,000	$ 3,670,000	$ 6,410,000	$ 33,085,000
Interest Rates	3.25% - 5.00%	2.50% - 4.00%	2.125% - 4.000%	2.00% - 4.00%
Maturity Dates – Serially Beginning/Ending	November 1, 2021/2038	May 1, 2021/2041	May 1, 2021/2041	May 1, 2021/2036
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	November 1, 2021*	May 1, 2022*	May 1, 2022*	May 1, 2022*

* Or on any other date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2011 term bonds due November 1, 2027, November 1, 2036, and November 1, 2038 are subjected to mandatory redemption on November 1, 2022, November 1, 2033, and November 1, 2037. Series 2014 term bonds due May 1, 2026, May 1, 2028, May 1, 2030, May 1, 2032, May 1, 2034, May 1, 2036, May 1, 2038, and May 1, 2041, are subjected to mandatory redemption on May 1, 2025, May 1, 2027, May 1, 2029, May 1, 2031, May 1, 2033, May 1, 2035, May 1, 2037, and May 1, 2039, respectively.

NOTE 3. LONG-TERM DEBT (Continued)

	Series 2018	Series 2019	Refunding Series 2019A	Refunding Series 2020
Amount Outstanding – December 31, 2020	$ 7,400,000	$ 5,670,000	$ 16,365,000	$ 4,020,000
Interest Rates	3.00% - 4.00%	2.00% - 3.00%	2.00% - 3.00%	2.00% - 3.00%
Maturity Dates – Serially Beginning/Ending	May 1, 2023/2047	May 1, 2024/2048	May 1, 2021/2036	May 1, 2021/2028
Interest Payment Dates	May 1/ November 1	May 1/ November 1	May 1/ November 1	May 1/ November 1
Callable Dates	May 1, 2023**	May 1, 2024**	May 1, 2024**	May 1, 2025**

** Or on any other date thereafter, at the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. Series 2018 term bonds due May 1, 2037 are subject to mandatory redemption on May 1, 2035. Series 2019 term bonds due May 1, 2046 and May 1, 2048 are subjected to mandatory redemption on May 1, 2045 and May 1, 2047, respectively.

The following is a summary of transactions regarding bonds payable for the year ended December 31, 2020:

	January 1, 2020	Additions	Retirements	December 31, 2020
Bonds Payable	$ 84,045,000	$ 4,020,000	$ 5,345,000	$ 82,720,000
Unamortized Discounts	(569,502)		(55,719)	(513,783)
Unamortized Premiums	674,903	208,793	255,979	627,717
Bonds Payable, Net	$ 84,150,401	$ 4,228,793	$ 5,545,260	$ 82,833,934

Amount Due Within One Year	$ 4,410,000
Amount Due After One Year	78,423,934
Bonds Payable, Net	$ 82,833,934

NOTE 3. LONG-TERM DEBT (Continued)

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

Fiscal Year	Principal	Interest	Total
2021	$ 4,410,000	$ 2,478,944	$ 6,888,944
2022	3,050,000	2,365,905	5,415,905
2023	3,340,000	2,274,539	5,614,539
2024	3,590,000	2,191,418	5,781,418
2025	3,710,000	2,101,439	5,811,439
2026-2030	20,755,000	8,901,946	29,656,946
2031-2035	24,550,000	5,495,481	30,045,481
2036-2040	13,215,000	2,013,435	15,228,435
2041-2045	4,155,000	664,987	4,819,987
2046-2048	1,945,000	84,375	2,029,375
	$ 82,720,000	$ 28,572,469	$ 111,292,469

The bonds are payable from the proceeds of an ad valorem tax levied upon all property subject to taxation within the District, without limitation as to rate or amount and certain bonds are further payable from and secured by a lien on and pledge of the net revenues to be received from the operation of the District's waterworks and wastewater system.

As of December 31, 2020, the District had authorized but unissued tax and revenue bonds in the amount of $38,668 and unlimited tax bonds of $74,635,000 that may be issued for the purpose of constructing facilities to serve the District and for refunding purposes.

During the year ended December 31, 2020, the District levied an ad valorem debt service tax rate of $0.30 per $100 of assessed valuation, which resulted in a tax levy of $5,088,510 on the adjusted taxable valuation of $1,696,117,031 for the 2020 tax year. The bond orders require the District to levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes. See Note 7 for the maintenance tax levy.

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

NOTE 4. SIGNIFICANT BOND ORDER AND LEGAL REQUIREMENTS

The District has covenanted that it will take all necessary steps to comply with the requirement that rebatable arbitrage earnings on the investment of the gross proceeds of the bonds, within the meaning of Section 148(f) of the Internal Revenue Code, be rebated to the federal government. The minimum requirement for determination of the rebatable amount is on the five-year anniversary of each issue and every 5^{th} year thereafter.

The District is required to provide to certain information repositories continuing disclosure of annual financial information and operating data with respect to the District. The information is of the general type included in the annual audit report and must be filed within six months after the end of each fiscal year of the District.

NOTE 5. DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of collateral eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such collateral is pledged. At fiscal year end, the carrying amount of the District's deposits was $5,417,156 and the bank balance was $5,555,746. The District was not exposed to custodial credit risk at year-end.

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

	Cash	Certificates of Deposit	Total
GENERAL FUND	$ 756,706	$ 2,183,448	$ 2,940,154
DEBT SERVICE FUND	1,096,127	1,372,449	2,468,576
CAPITAL PROJECTS FUND	8,426		8,426
TOTAL DEPOSITS	$ 1,861,259	$ 3,555,897	$ 5,417,156

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments

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

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

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

The District invests in the Texas Short Term Asset Reserve Program ("TexSTAR"), an external public funds investment pool that is not SEC-registered. J. P. Morgan Investment Management Inc. provides investment management and Hilltop Securities Inc., provides participant services and marketing under an agreement with the TexSTAR Board of Directors. Custodial, fund accounting and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary J.P. Morgan Investors Services Co. Investments held by TexSTAR are marked to market daily. The investments are considered to be Level I investments because their fair value is measured by quoted prices in active markets. The fair value of the District's position in the pool is the same as the value of the pool shares. There are no limitations or restrictions on withdrawals from TexSTAR.

NOTE 5. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The District records its investment in certificates of deposit at acquisition cost. As of December 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities of Less Than 1 Year
GENERAL FUND		
TexPool	$ 9,334,486	$ 9,334,486
TexSTAR	5,135,354	5,135,354
Certificates of Deposit	2,183,448	2,183,448
DEBT SERVICE FUND		
TexPool	2,101,674	2,101,674
Certificates of Deposit	1,372,449	1,372,449
CAPITAL PROJECTS FUND		
TexPool	4,679,175	4,679,175
TOTAL INVESTMENTS	$ 24,806,586	$ 24,806,586

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District's investments in TexPool and TexSTAR were rated AAAm by Standard and Poor's. The District also manages credit risk by investing in certificates of deposit covered by FDIC insurance and pledged collateral.

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

Restrictions

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

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 is as follows:

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital Assets Not Being Depreciated				
Land and Land Improvements	$ 13,917,869	$ 2,424,297	$	$ 16,342,166
Construction in Progress	5,973,181	3,051,145	4,550,418	4,473,908
Total Capital Assets Not Being Depreciated	$ 19,891,050	$ 5,475,442	$ 4,550,418	$ 20,816,074
Capital Assets Subject to Depreciation				
Buildings and Improvements	$ 43,290	$ 4,420,418	$	$ 4,463,708
Water System	24,472,495			24,472,495
Wastewater System	36,336,147	130,000		36,466,147
Drainage System	26,033,005		3,458,743	22,574,262
Total Capital Assets Subject to Depreciation	$ 86,884,937	$ 4,550,418	$ 3,458,743	$ 87,976,612
Less Accumulated Depreciation				
Buildings and Improvements	$ 658	$ 103,901	$	$ 104,559
Water System	8,619,934	590,280		9,210,214
Wastewater System	11,728,152	983,409		12,711,561
Drainage System	6,368,688	498,929	567,285	6,300,332
Total Accumulated Depreciation	$ 26,717,432	$ 2,176,519	$ 567,285	$ 28,326,666
Total Depreciable Capital Assets, Net of Accumulated Depreciation	$ 60,167,505	$ 2,373,899	$ 2,891,458	$ 59,649,946
Total Capital Assets, Net of Accumulated Depreciation	$ 80,058,555	$ 7,849,341	$ 7,441,876	$ 80,466,020

NOTE 7. MAINTENANCE TAX

At an election held on August 14, 1976, the voters of the District approved the levy and collection of a maintenance tax not to exceed $0.25 per $100 of assessed valuation of taxable property within the District. The maintenance tax is to be used by the General Fund to pay expenditures of operating the District's waterworks and wastewater system. During the year ended December 31, 2020, the District levied an ad valorem maintenance tax rate of $0.22 per $100 of assessed valuation, which resulted in a tax levy of $3,731,574 on the adjusted taxable valuation of $1,696,117,031 for the 2020 tax year.

NOTE 8. RISK MANAGEMENT

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

NOTE 9. EMERGENCY WATER SUPPLY AGREEMENTS

On March 8, 1999, the District approved an Emergency Water Supply Agreement with Bilma Public Utility District. On August 20, 2013, the District approved the Amended and Restated Emergency Water Supply Agreement. Under the terms of the agreement, the district supplying water will bill the receiving district at a rate of $1.50 per 1,000 gallons of water usage plus the applicable North Harris County Regional Water Authority fee for surface water consumption. If the supplying district is buying the supplied water from any adjoining district, the receiving district will pay for water at a rate per 1,000 gallons equal to the rate paid by the supplying district for such water if such rate is greater than the rate stated above.

On May 1, 2007, the District approved an Emergency Water Supply Contract with Northwest Harris County Municipal Utility District No. 30. Under the terms of the agreement, the district supplying water can either: (1) be repaid in kind, or (2) bill the receiving district at a rate of $1.50 per 1,000 gallons of water usage or, if the supplying district is buying the supplied water from any adjoining district, bill the receiving district at the rate it is paying for the water. In addition, if the supplying district has converted to use of surface water, the billed cost will be the price per 1,000 gallons the supplying district is paying for surface water. The term of the agreement is for a period of 20 years from the date of execution, unless terminated pursuant to the provisions of the agreement or pursuant to mutual written consent of the districts.

On December 18, 2008, the District approved an Emergency Water Supply Contract with Northwest Harris County Municipal Utility District No. 32 (District No. 32). Under the terms of the agreement, the district supplying water can either: (1) be repaid in kind, or (2) bill the receiving district at a rate of $1.50 per 1,000 gallons of water usage as reflected by the interconnect meter, or such other rate that the districts may agree upon in writing from time-to-time. In addition, if the supplying district has converted to use of surface water, the billed cost will be the actual cost per 1,000 gallons to the supplying district to purchase surface water, or the above rate may be increased by the amount of the fee per 1,000 gallons imposed by the North Harris County Regional Water Authority. The term of the agreement is for a period of 20 years from the date of execution, unless terminated pursuant to the provisions of the agreement or pursuant to mutual written consent of the districts.

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS

NORTHWOODS EDUCATION FOUNDATION

On March 12, 2001, the District entered into a Water Supply and Wastewater Treatment Service Agreement with Northwoods Educational Foundation (Northwoods) in which Northwoods paid the District $190,750 comprised of payments of $72,000 for 32,000 gallons per day (gpd) of capacity in the District's water plant and $118,750 for 25,000 gpd of capacity in the District's wastewater treatment plant. Northwoods constructed a waterline and wastewater collection facility and provided the District a site for a lift station. Upon completion of construction, Northwoods conveyed the portion of such facilities located between the point of connection to

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS (Continued)

NORTHWOODS EDUCATION FOUNDATION (Continued)

the District's system to the location of the metering equipment to the District. The District is responsible for maintenance of said facilities. The water and wastewater rates charged to Northwoods shall not exceed the rates charged to commercial customers in the District's rate order. The term of this agreement is 40 years.

KLEIN UNITED METHODIST CHURCH

On May 17, 2005, the District entered into a Water Supply and Wastewater Treatment Service Agreement with Klein United Methodist Church (KUMC). KUMC constructed, at its sole cost, the water line extension and wastewater connection necessary to provide an amount of water not to exceed 3,300 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant not to exceed 2,800 gpd of capacity. KUMC paid the District a total of $15,067 for its share of capacity comprised of $7,227 for capacity in the District's water plant and $7,840 for capacity in the District's wastewater treatment plant in accordance with this agreement. The District, at its sole cost, owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to KUMC will not exceed the rates charged to in-district commercial customers for similar services. The term of this agreement is 40 years.

KLEIN INDEPENDENT SCHOOL DISTRICT

On November 15, 2005, the District entered into a Water Supply and Wastewater Treatment Service Agreement with Klein Independent School District (Klein) in which the District constructed, at Klein's sole cost, the water line and wastewater collection line necessary to provide an amount of water not to exceed 40,000 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant not to exceed 30,000 gpd of capacity. Klein paid the District $87,600 for capacity in the District's water plant and $84,000 for capacity in the District's wastewater treatment plant. Klein received credits toward the costs of capacity in the amounts of $54,000 for a 2.4-acre future water plant site and $5,600 for a 10-foot waterline easement. Thus, the total payment by Klein for its capacity was $112,000. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to Klein will not exceed the rates charged to out-of-district commercial for similar services. The term of this agreement is 40 years.

NOTE 10. WATER AND WASTEWATER SERVICE AGREEMENTS (Continued)

SPRING EDUCATIONAL FOUNDATION d/b/a BHA-HOUSTON

On January 23, 2020, the District entered into an Out-of-District Service Agreement with Spring Educational Foundation d/b/a BHA-Houston (BHA) in which the District agrees to sell and deliver to BHA at the point of connection in an amount not to exceed 4,667 gallons per day (gpd) of capacity in the District's water treatment facilities and the wastewater treatment plant. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to BHA will not exceed the rates charged to out-of-district non-taxable entities for similar services. The term of this agreement is 40 years.

REBECCA VILLAGE BUSINESS PARK, LP

On February 21, 2020, the District entered into an Out-of-District Service Agreement with Rebecca Village Business Park, LP (Rebecca) in which the District agrees to sell and deliver to Rebecca at the point of connection and in an amount not to exceed 7,200 gallons per day (gpd) of capacity in the District's water treatment facilities. Rebecca will be responsible for extending a private waterline to tap into an existing ten-foot waterline, and upon completion, will be eligible to receive water from the District. The District owns, operates and maintains the lines located between the point of connection to the District's system. The water and wastewater rates charged to Rebecca will not exceed the rates charged to out-of-district commercial entities for similar services. Rebecca must construct an onsite private sanitary sewer treatment system and the District will require Rebecca to annex into the District and connect to the District's sanitary sewer collection system once capacity is available in Lift Station No. 4 or after a period of ten years from the execution of the Agreement, whichever occurs later. The term of this agreement is 40 years.

LINCOLN WOOD BAPTIST CHURCH, INC.

On September 1, 2020, the District entered into an Out-of-District Service Agreement with Lincoln Wood Baptist Church, Inc. (Church) in which the District agrees to sell and deliver to the Church at the point of connection an amount not to exceed 360 gallons per day (gpd) of capacity in the District's water treatment facilities and 300 gpd of capacity in the District's wastewater treatment plant. The Church will be responsible for the construction of sanitary sewer and collection system improvements, and upon completion, will be eligible to receive wastewater from the District. The District owns, operates and maintains the lines located between the point of connection to the District's system. The Church shall pay a capital recovery fee to the District for 360 gpd of capacity in the Water Plant and for 300 gpd of capacity in the Wastewater Treatment Plant. The water and wastewater rates charged to the Church will not exceed the rates charged to out-of-district non-taxable entities for similar services. The term of this agreement is 40 years.

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY

The District is located within the boundaries of the North Harris County Regional Water Authority (the "Authority"). The Authority was created under Article 16, Section 59 of the Texas Constitution by House Bill 2965 (the "Act"), as passed by the 75th Texas Legislature, in 1999. The Act empowers the Authority to provide for the conservation, preservation, protection, recharge and prevention of waste of groundwater, and for the reduction of groundwater withdrawals.

The Authority charges a fee, based on the amount of water pumped from a well, to the owners of wells located within the boundaries of the Authority, unless exempted. This fee enables the Authority to fulfill its purpose and regulatory functions. The current fee charged is $4.25 per 1,000 gallons of water pumped from each well. The District recorded expenditures of $339,325 for fees assessed during the current fiscal year.

On December 19, 2006, the District approved the Groundwater Transfer Agreement-Buyer (the "Agreement") with the Authority. This Agreement was amended on June 1, 2010. In accordance with the Agreement, the District has elected to participate in the groundwater transfer program of the Authority, under the Regulations for Buy/Sell Agreement for Implementation of the Groundwater Transfer Program adopted by the Authority on September 8, 2003, as amended, and agrees to assume all rights and obligations of a seller. The Authority has agreed to the District electing the buyer status. The District agrees to buy and receive water from the Authority and the Authority agrees to sell and deliver water to the District at the minimum and maximum volumes as set forth in the Agreement.

On December 1, 2020, the Authority and the District entered into an Amended Water Supply Agreement. The Authority will make available for sale and delivery to the District a volume of Authority water between 0.441 million gallons per day (MGD) and 1.057 MGD. The agreement is in effect until January 1, 2040, and may be extended for 10 year periods thereafter.

The current rate for purchased water is $4.70 per 1,000 gallons of water. The District recorded expenditures of $3,029,513 for water purchased from the Authority during the current fiscal year.

Chloramine Conversion Reimbursement

The Authority required the District to convert its water systems to chloramine disinfection for as long as it is connected to the Authority's system. The District has completed its chloramine system. The District's reimbursable cost of this system was $449,562. The Authority calculated the reimbursement at 6% interest over a 30-year period. The District began receiving chloramine conversion credits on the December 2010 Authority billing. Total credits earned in the current fiscal year were $32,660. Of this amount, $9,655 was a return of principal with the balance being applicable to interest. The following is a schedule of the remaining chloramine conversion credits to be received under the terms of the agreement.

NOTE 11. NORTH HARRIS COUNTY REGIONAL WATER AUTHORITY (Continued)

Chloramine Conversion Reimbursement (Continued)

Fiscal Year	Principal
2021	$ 10,234
2022	10,849
2023	11,499
2024	12,189
2025	12,921
2026-2030	77,206
2031-2035	103,318
2036-2040	135,545
	$ 373,761

Elevated Storage Tank Reimbursement

The Authority authorized a capital reimbursement credit to the District in the total amount of $3,087,533 in connection with the construction of an elevated storage tank. The Authority calculated the reimbursement credit at 6% interest over a 30-year period. The credit amount is applied monthly and the District began receiving the elevated storage tank credits on the September 2010 Authority billing. Total credits earned in the current fiscal year were $224,306. Of this amount, $67,300 was a return of principal with the balance being applicable to interest. The following is a schedule of the remaining elevated storage tank credits to be received under the terms of the agreement.

Fiscal Year	Principal
2021	$ 71,338
2022	75,619
2023	80,156
2024	84,965
2025	90,063
2026-2030	538,156
2031-2035	720,174
2036-2040	888,987
	$ 2,549,458

NOTE 12. UNREIMBURSED COSTS

In accordance with the terms of certain development financing agreements, Developers within the District have made expenditures on behalf of the District for water, sewer and drainage facilities for which the District has not sold bonds. Reimbursements will come from proceeds of future bond sales or surplus operating funds.

NOTE 13. STRATEGIC PARTNERSHIP AGREEMENT

The District has entered into a Strategic Partnership Agreement ("SPA") with the City of Houston, Texas. Under the agreement, and in accordance with Subchapter F of Chapter 43 of the Local Government Code, the City has annexed a tract of land within the District for limited purposes. The District will continue to develop, to own, and to operate and maintain a water, wastewater, and drainage system in the District. The City may not annex the District for full purposes during the term of this agreement. The City imposes a Sales and Use Tax within the boundaries of the District under the SPA on the receipts from the sale and use at retail of taxable items at the rate of one percent or the rate specified under future amendments to Chapter 321 of the Tax Code. The City pays to the District one-half of all Sales and Use Tax revenues collected within the District within 30 days of the City receiving the funds from the State Comptroller's office. The term of this SPA is 30 years from the effective date of April 3, 2007. During the current fiscal year, the District recorded revenues in the amount of $1,328,478 in relation to this agreement.

NOTE 14. BONDS GULLY IMPROVEMENTS COST SHARING AGREEMENT

Effective July 10, 2018, the District, Meadowhill Regional Municipal Utility District ("Meadowhill"), Klein Independent School District ("KISD") and Champion Forest Baptist Church ("CFBC") (collectively the "Parties") entered into a cost sharing agreement. The agreement provided for Meadowhill, KISD and CFBC to reimburse the District $1,500,000 for extensive improvements ("Improvements") made by the District to Bonds Gully which directly benefit property located in the District and Meadowhill, as well as an approximately 68.5815-acre tract of land owned by KISD and the portion of the approximately 44.7317-acre tract of land owned by CFBC that drains generally southward toward Bonds Gully, which totals approximately 28 acres. The Improvements have been conveyed to HCFCD. Costs are allocated to the Parties on a pro-rata basis based on acreage of each Party sending stormwater flow to or through the Improvements. The agreement also addresses stormwater drainage improvements which may be constructed by Meadowhill, KISD and/or CFBC.

NOTE 15. COST SHARING AND SERVICE AGREEMENTS

On January 25, 2018, the District, KISD, CFBC, and Stewart Title (collectively the "Parties") entered into a Cost Sharing Agreement for the design and construction of water and wastewater improvements, a waterline extension, and wastewater connection and lift station upgrades ("Improvements") for the benefit of KISD and CFBC. The District is responsible for the design and construction of the improvements pursuant to the plans and specifications approved by the District at the sole cost of KISD and CFBC. After construction, the ownership of the improvements will be with the District. The District will maintain the improvements and KISD and CFBC will reimburse the District for their share per this agreement.

On January 18, 2018 and January 25, 2018 KISD and CFBC, respectively, entered into out-of-district service agreements with the District. The agreements outline services to be provided, rates for such services and capacity fees paid upon execution of the agreements.

NOTE 16. REFUNDING BOND SALE

On March 31, 2020, the District closed on the sale of its $4,020,000 Series 2020 Unlimited Tax Refunding Bonds. Proceeds of the bonds were used to refund $4,060,000 of the Series 2012 Refunding Bonds with interest rates of 3.00%-4.00%, maturity dates of 2021-2028, and a redemption date of May 1, 2020. The refunding resulted in gross savings of $267,183 and net present value savings of $240,835.

NOTE 17. ECONOMIC UNCERTAINTIES

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
REVENUES			
Property Taxes	$ 3,000,000	$ 3,204,979	$ 204,979
Water Service	1,575,000	1,509,558	(65,442)
Wastewater Service	1,245,000	1,314,483	69,483
Solid Waste Disposal	1,050,000	1,092,480	42,480
Water Authority Fees	2,500,000	2,986,371	486,371
Penalty and Interest	90,000	12,425	(77,575)
Connection and Inspection Fees	406,000	442,282	36,282
Water Authority Credits	256,966	256,966	
Sales Tax Revenues	1,320,000	1,328,478	8,478
Investment and Miscellaneous Revenues	521,007	152,002	(369,005)
TOTAL REVENUES	$ 11,963,973	$ 12,300,024	$ 336,051
EXPENDITURES			
Service Operations:			
Professional Fees	$ 436,000	$ 816,038	$ (380,038)
Contracted Services	2,240,000	2,483,351	(243,351)
Purchased Water/Pumpage Fees	3,000,000	3,368,838	(368,838)
Utilities	325,000	294,455	30,545
Other	1,252,150	1,038,272	213,878
Capital Outlay/Repairs and Maintenance	6,965,000	6,721,170	243,830
TOTAL EXPENDITURES	$ 14,218,150	$ 14,722,124	$ (503,974)
NET CHANGE IN FUND BALANCE	$ (2,254,177)	$ (2,422,100)	$ (167,923)
FUND BALANCE - JANUARY 1, 2020	17,068,718	17,068,718	
FUND BALANCE - DECEMBER 31, 2020	$ 14,814,541	$ 14,646,618	$ (167,923)

See accompanying independent auditor's report.

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT

SUPPLEMENTARY INFORMATION – REQUIRED BY THE

WATER DISTRICT FINANCIAL MANAGEMENT GUIDE

DECEMBER 31, 2020

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
SERVICES AND RATES
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

2. RETAIL SERVICE PROVIDERS

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

Based on the rate order approved November 17, 2020.

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate per 1,000 Gallons over Minimum Use	Usage Levels
WATER:	$ 8.00	3,000	N	$ 1.30	3,001 to 10,000
				1.70	10,001 to 20,000
				1.75	20,001 to 30,000
				2.00	30,001 and up
WASTEWATER:	$ 13.31		Y		
SURCHARGE:					
Solid Waste/ Garbage	$ 16.82		Y		
Regional Water Authority Fees	$ 4.55 per 1,000 gallons of water usage				

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

Total monthly charges per 10,000 gallons usage: Water: $17.10 Wastewater: $13.31 Surcharge: $62.32

2. RETAIL SERVICE PROVIDERS (Continued)

b. WATER AND WASTEWATER RETAIL CONNECTIONS: (Unaudited)

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFCs
Unmetered	6	5	x 1.0	5
≤¾"	5,883	5,864	x 1.0	5,864
1"	158	156	x 2.5	390
1½"	52	49	x 5.0	245
2"	184	181	x 8.0	1,448
3"	6	5	x 15.0	75
4"	3	3	x 25.0	75
6"	6	6	x 50.0	300
8"	5	5	x 80.0	400
10"			x 115.0	
Total Water Connections	6,303	6,274		8,802
Total Wastewater Connections	6,072	6,043	x 1.0	6,043

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

Gallons pumped into system:	82,469,000	Water Accountability Ratio: 90.9% (Gallons billed/Gallons pumped and purchased)
Gallons billed to customers:	686,516,000	
Gallons purchased:	672,903,000	From: North Harris County Regional Water Authority

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

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

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

5. **LOCATION OF DISTRICT:**

Is the District located entirely within one county?

Yes _X_ No _____

County in which District is located:

Harris County, Texas

Is the District located within a city?

Entirely _____ Partly ______ Not at all _X_

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

Entirely _X_ Partly ______ Not at all _____

ETJ in which District is located:

City of Houston, Texas

Are Board Members appointed by an office outside the District?

Yes _____ No _X_

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
GENERAL FUND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

PROFESSIONAL FEES:	
Auditing/Agreed-Upon Procedures	$ 33,000
Engineering	534,148
Legal	247,990
Financial Advisor	900
TOTAL PROFESSIONAL FEES	$ 816,038
PURCHASED WATER SERVICE	$ 3,029,513
CONTRACTED SERVICES:	
Bookkeeping	$ 95,632
Operations and Billing	292,985
Solid Waste Disposal	1,084,687
Security	1,010,047
TOTAL CONTRACTED SERVICES	$ 2,483,351
UTILITIES	$ 294,455
REPAIRS AND MAINTENANCE	$ 3,100,308
ADMINISTRATIVE EXPENDITURES:	
Director Fees, Including Payroll Taxes	$ 37,775
Insurance	74,470
Office Supplies and Postage	147,274
Election	40,445
Other	60,467
TOTAL ADMINISTRATIVE EXPENDITURES	$ 360,431
CAPITAL OUTLAY	$ 3,620,862
TAP CONNECTIONS	$ 172,640
OTHER EXPENDITURES:	
Chemicals	$ 287,104
Laboratory Fees	95,518
Permit Fees	34,510
Reconnection and Inspection Fees	34,913
Water Authority Assessments	339,325
Regulatory Assessment	14,080
Sludge Hauling	39,076
TOTAL OTHER EXPENDITURES	$ 844,526
TOTAL EXPENDITURES	$ 14,722,124

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
INVESTMENTS
DECEMBER 31, 2020

Funds	Identification or Certificate Number	Interest Rate	Maturity Date	Balance at End of Year	Accrued Interest Receivable at End of Year
GENERAL FUND					
TexPool	XXXX0003	Varies	Daily	$ 9,334,486	$
TexSTAR	XXXX2220	Varies	Daily	5,045,826	
TexSTAR	XXXX5550	Varies	Daily	89,528	
Certificate of Deposit	XXXX8126	1.54%	02/07/21	242,707	3,359
Certificate of Deposit	XXXX8058	1.80%	02/12/21	240,000	3,823
Certificate of Deposit	XXXX5320	1.80%	02/23/21	140,007	2,147
Certificate of Deposit	XXXX0430	0.25%	04/30/21	142,619	239
Certificate of Deposit	XXXX3748	0.35%	07/15/21	1,063,602	1,724
Certificate of Deposit	XXXX0574	0.20%	03/09/21	109,785	69
Certificate of Deposit	XXXX0334	0.90%	11/23/21	244,728	229
TOTAL GENERAL FUND				$ 16,653,288	$ 11,590
DEBT SERVICE FUND					
TexPool	XXXX0002	Varies	Daily	$ 2,101,674	$
Certificate of Deposit	XXXX1501	1.80%	03/03/21	240,000	3,586
Certificate of Deposit	XXXX3577	1.75%	03/20/21	242,823	3,330
Certificate of Deposit	XXXX4897	1.05%	03/22/21	246,702	2,016
Certificate of Deposit	XXXX4223	0.75%	06/26/21	246,250	951
Certificate of Deposit	XXXX5483	0.50%	08/15/21	152,060	287
Certificate of Deposit	XXXX0407	0.20%	04/17/21	244,614	101
TOTAL DEBT SERVICE FUND				$ 3,474,123	$ 10,271
CAPITAL PROJECTS FUND					
TexSTAR	XXXX4440	Varies	Daily	$ 4,679,175	$ -0-
TOTAL - ALL FUNDS				$ 24,806,586	$ 21,861

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Maintenance Taxes		Debt Service Taxes	
TAXES RECEIVABLE - JANUARY 1, 2020	$ 2,531,759		$ 4,059,249	
Adjustments to Beginning Balance	13,209	$ 2,544,968	24,626	$ 4,083,875
Original 2020 Tax Levy	$ 3,595,062		$ 4,902,357	
Adjustment to 2020 Tax Levy	136,512	3,731,574	186,153	5,088,510
TOTAL TO BE ACCOUNTED FOR		$ 6,276,542		$ 9,172,385
TAX COLLECTIONS:				
Prior Years	$ 2,512,591		$ 4,029,788	
Current Year	982,351	3,494,942	1,339,569	5,369,357
TAXES RECEIVABLE - DECEMBER 31, 2020		$ 2,781,600		$ 3,803,028
TAXES RECEIVABLE BY YEAR:				
2020		$ 2,749,223		$ 3,748,941
2019		18,990		30,384
2018		4,318		6,909
2017		3,830		6,652
2016		3,170		6,007
2015		537		1,073
2014		479		956
2013		454		909
2012 and Prior		599		1,197
TOTAL		$ 2,781,600		$ 3,803,028

See accompanying independent auditor’s report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED DECEMBER 31, 2020

	2020	2019	2018	2017
PROPERTY VALUATIONS:				
Land	$ 440,519,827	$ 421,246,928	$ 400,728,354	$ 382,593,832
Improvements	1,417,070,608	1,343,981,854	1,210,445,751	1,140,352,607
Personal Property	91,175,188	93,517,405	72,626,822	55,547,524
Exemptions	(252,648,592)	(264,486,827)	(148,224,887)	(140,770,177)
TOTAL PROPERTY VALUATIONS	$ 1,696,117,031	$ 1,594,259,360	$ 1,535,576,040	$ 1,437,723,786
TAX RATES PER $100 VALUATION:				
Debt Service	$ 0.30	$ 0.32	$ 0.32	$ 0.33
Maintenance	0.22	0.20	0.20	0.19
TOTAL TAX RATES PER $100 VALUATION	$ 0.52	$ 0.52	$ 0.52	$ 0.52
ADJUSTED TAX LEVY*	$ 8,820,084	$ 8,290,149	$ 7,990,380	$ 7,479,228
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	26.33 %	99.40 %	99.86 %	99.86 %

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

Maintenance Tax – Maximum tax rate of $0.25 per $100 of assessed valuation approved by voters on August 14, 1976.

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 1 1		
Due During Fiscal Years Ending December 31	Principal Due November 1	Interest Due May 1/ November 1	Total
2021	$ 100,000	$ 283,850	$ 383,850
2022	150,000	280,600	430,600
2023	150,000	273,100	423,100
2024	150,000	265,600	415,600
2025	150,000	258,100	408,100
2026	150,000	250,600	400,600
2027	200,000	243,100	443,100
2028	200,000	233,100	433,100
2029	200,000	225,100	425,100
2030	250,000	216,850	466,850
2031	300,000	206,225	506,225
2032	300,000	193,100	493,100
2033	350,000	179,600	529,600
2034	400,000	163,150	563,150
2035	400,000	144,350	544,350
2036	650,000	125,550	775,550
2037	1,000,000	95,000	1,095,000
2038	1,000,000	47,500	1,047,500
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	$ 6,100,000	$ 3,684,475	$ 9,784,475

See accompanying independent auditor’s report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 1 4		
Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2021	$ 105,000	$ 129,325	$ 234,325
2022	110,000	126,637	236,637
2023	115,000	123,537	238,537
2024	120,000	120,012	240,012
2025	125,000	116,337	241,337
2026	130,000	112,512	242,512
2027	135,000	108,453	243,453
2028	145,000	104,078	249,078
2029	150,000	99,281	249,281
2030	160,000	94,050	254,050
2031	165,000	88,463	253,463
2032	175,000	82,513	257,513
2033	185,000	76,097	261,097
2034	195,000	69,210	264,210
2035	205,000	61,703	266,703
2036	215,000	53,566	268,566
2037	225,000	44,900	269,900
2038	235,000	35,700	270,700
2039	245,000	26,100	271,100
2040	260,000	16,000	276,000
2041	270,000	5,400	275,400
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	$ 3,670,000	$ 1,693,874	$ 5,363,874

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 1 5		
Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2021	$ 200,000	$ 201,550	$ 401,550
2022	225,000	193,050	418,050
2023	225,000	186,159	411,159
2024	225,000	181,237	406,237
2025	225,000	176,034	401,034
2026	250,000	170,238	420,238
2027	250,000	163,675	413,675
2028	250,000	156,488	406,488
2029	275,000	148,612	423,612
2030	275,000	140,363	415,363
2031	300,000	131,550	431,550
2032	300,000	122,176	422,176
2033	325,000	112,206	437,206
2034	325,000	101,644	426,644
2035	350,000	90,456	440,456
2036	350,000	78,644	428,644
2037	375,000	66,409	441,409
2038	400,000	53,082	453,082
2039	400,000	39,081	439,081
2040	425,000	24,378	449,378
2041	460,000	8,337	468,337
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	$ 6,410,000	$ 2,545,369	$ 8,955,369

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2016 REFUNDING		
Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2021	$ 1,600,000	$ 876,363	$ 2,476,363
2022	1,690,000	810,562	2,500,562
2023	1,790,000	758,862	2,548,862
2024	1,875,000	722,212	2,597,212
2025	1,955,000	683,912	2,638,912
2026	2,040,000	641,412	2,681,412
2027	2,120,000	591,962	2,711,962
2028	2,195,000	538,025	2,733,025
2029	2,330,000	481,463	2,811,463
2030	2,425,000	418,994	2,843,994
2031	2,520,000	351,000	2,871,000
2032	2,595,000	277,425	2,872,425
2033	2,670,000	198,450	2,868,450
2034	2,085,000	127,125	2,212,125
2035	2,160,000	63,450	2,223,450
2036	1,035,000	15,525	1,050,525
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	$ 33,085,000	$ 7,556,742	$ 40,641,742

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 1 8		
Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2021	$	$ 282,500	$ 282,500
2022		282,500	282,500
2023	175,000	279,875	454,875
2024	175,000	274,625	449,625
2025	200,000	269,000	469,000
2026	200,000	263,000	463,000
2027	200,000	257,000	457,000
2028	225,000	250,344	475,344
2029	225,000	242,750	467,750
2030	225,000	234,594	459,594
2031	250,000	225,687	475,687
2032	250,000	216,000	466,000
2033	250,000	206,000	456,000
2034	275,000	195,500	470,500
2035	275,000	184,500	459,500
2036	300,000	173,000	473,000
2037	300,000	161,000	461,000
2038	325,000	148,500	473,500
2039	325,000	135,500	460,500
2040	350,000	122,000	472,000
2041	350,000	108,000	458,000
2042	400,000	93,000	493,000
2043	400,000	77,000	477,000
2044	400,000	61,000	461,000
2045	425,000	44,500	469,500
2046	450,000	27,000	477,000
2047	450,000	9,000	459,000
2048			
	$ 7,400,000	$ 4,823,375	$ 12,223,375

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2019		
Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2021	$	$ 158,006	$ 158,006
2022		158,006	158,006
2023		158,006	158,006
2024	125,000	156,132	281,132
2025	125,000	153,006	278,006
2026	150,000	150,256	300,256
2027	150,000	147,256	297,256
2028	150,000	144,256	294,256
2029	175,000	141,006	316,006
2030	175,000	137,178	312,178
2031	175,000	132,913	307,913
2032	175,000	128,538	303,538
2033	200,000	123,725	323,725
2034	200,000	118,350	318,350
2035	200,000	112,850	312,850
2036	225,000	106,725	331,725
2037	225,000	99,975	324,975
2038	225,000	93,225	318,225
2039	250,000	86,100	336,100
2040	250,000	78,600	328,600
2041	275,000	70,725	345,725
2042	275,000	62,475	337,475
2043	300,000	53,850	353,850
2044	300,000	44,850	344,850
2045	300,000	35,850	335,850
2046	325,000	26,475	351,475
2047	350,000	16,350	366,350
2048	370,000	5,550	375,550
	$ 5,670,000	$ 2,900,234	$ 8,570,234

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	S E R I E S - 2 0 1 9 A R E F U N D I N G		
Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2021	$ 1,880,000	$ 449,650	$ 2,329,650
2022	370,000	427,150	797,150
2023	390,000	417,600	807,600
2024	440,000	405,150	845,150
2025	460,000	391,650	851,650
2026	485,000	377,475	862,475
2027	500,000	362,700	862,700
2028	525,000	347,325	872,325
2029	610,000	330,300	940,300
2030	1,085,000	304,875	1,389,875
2031	1,155,000	271,275	1,426,275
2032	1,160,000	236,550	1,396,550
2033	1,110,000	202,500	1,312,500
2034	1,065,000	169,875	1,234,875
2035	1,505,000	131,325	1,636,325
2036	3,625,000	87,375	3,712,375
2037			
2038			
2039			
2040			
2041			
2042			
2043			
2044			
2045			
2046			
2047			
2048			
	$ 16,365,000	$ 4,912,775	$ 21,277,775

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

	SERIES-2020 REFUNDING		
Due During Fiscal Years Ending December 31	Principal Due May 1	Interest Due May 1/ November 1	Total
2021	$ 525,000	$ 97,700	$ 622,700
2022	505,000	87,400	592,400
2023	495,000	77,400	572,400
2024	480,000	66,450	546,450
2025	470,000	53,400	523,400
2026	460,000	39,450	499,450
2027	500,000	25,050	525,050
2028	585,000	8,775	593,775
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
2042			
2043			
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2045			
2046			
2047			
2048			
	$ 4,020,000	$ 455,625	$ 4,475,625

See accompanying independent auditor’s report.

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BRIDGESTONE MUNICIPAL UTILITY DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS
DECEMBER 31, 2020

Due During Fiscal Years Ending December 31	ANNUAL REQUIREMENTS FOR ALL SERIES Total Principal Due	Total Interest Due	Total Principal and Interest Due
2021	$ 4,410,000	$ 2,478,944	$ 6,888,944
2022	3,050,000	2,365,905	5,415,905
2023	3,340,000	2,274,539	5,614,539
2024	3,590,000	2,191,418	5,781,418
2025	3,710,000	2,101,439	5,811,439
2026	3,865,000	2,004,943	5,869,943
2027	4,055,000	1,899,196	5,954,196
2028	4,275,000	1,782,391	6,057,391
2029	3,965,000	1,668,512	5,633,512
2030	4,595,000	1,546,904	6,141,904
2031	4,865,000	1,407,113	6,272,113
2032	4,955,000	1,256,302	6,211,302
2033	5,090,000	1,098,578	6,188,578
2034	4,545,000	944,854	5,489,854
2035	5,095,000	788,634	5,883,634
2036	6,400,000	640,385	7,040,385
2037	2,125,000	467,284	2,592,284
2038	2,185,000	378,007	2,563,007
2039	1,220,000	286,781	1,506,781
2040	1,285,000	240,978	1,525,978
2041	1,355,000	192,462	1,547,462
2042	675,000	155,475	830,475
2043	700,000	130,850	830,850
2044	700,000	105,850	805,850
2045	725,000	80,350	805,350
2046	775,000	53,475	828,475
2047	800,000	25,350	825,350
2048	370,000	5,550	375,550
	$ 82,720,000	$ 28,572,469	$ 111,292,469

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
CHANGES IN LONG-TERM BOND DEBT
FOR THE YEAR ENDED DECEMBER 31, 2020

Description	Original Bonds Issued	Bonds Outstanding January 1, 2020
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2011	$ 6,470,000	$ 6,200,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2012	7,340,000	4,220,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2014	4,040,000	3,770,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2015	6,410,000	6,410,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds - Series 2016	35,055,000	33,735,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2018	7,400,000	7,400,000
Bridgestone Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds - Series 2019	5,670,000	5,670,000
Bridgestone Municipal Utility District Unlimited Tax Refunding Bonds - Series 2019A	16,640,000	16,640,000
Bridgestone Municipal Utility District Unlimited Tax Refunding Bonds - Series 2020	4,020,000	
TOTAL	$ 93,045,000	$ 84,045,000

Bond Authority:	Unlimited Tax and Revenue Bonds	Unlimited Tax Bonds
Amount Authorized by Voters	$ 115,412,000	$ 75,000,000
Amount Issued	115,373,332	365,000
Remaining to be Issued	$ 38,668	$ 74,635,000

See accompanying independent auditor's report.

Current Year Transactions				
	Retirements			
Bonds Sold	Principal	Interest	Bonds Outstanding December 31, 2020	Paying Agent
$	$ 100,000	$ 286,850	$ 6,100,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	4,220,000	2,400	- 0 -	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	100,000	131,637	3,670,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		205,550	6,410,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	650,000	921,363	33,085,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		282,500	7,400,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
		191,802	5,670,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
	275,000	517,279	16,365,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
4,020,000		60,054	4,020,000	The Bank of New York Mellon Trust Company, N.A. Dallas, TX
$ 4,020,000	$ 5,345,000	$ 2,599,435	$ 82,720,000	

Debt Service Fund cash and investment balances as of December 31, 2020:	$ 4,570,250
Average annual debt service payment (principal and interest) for remaining term of all debt:	$ 3,974,731

See accompanying independent auditor’s report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
GENERAL FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 3,204,979	$ 3,027,163	$ 2,739,462
Water Service	1,509,558	1,432,493	1,462,109
Wastewater Service	1,314,483	1,307,722	1,287,593
Solid Waste Disposal	1,092,480	1,071,210	1,067,580
Water Authority Fees	2,986,371	2,615,716	2,294,804
Penalty and Interest	12,425	78,603	100,750
Tap Connection and Inspection Fees	442,282	353,110	1,110,090
Water Authority Credits	256,966	256,966	256,966
Sales Tax Revenues	1,328,478	1,360,679	1,278,493
Investment and Miscellaneous Revenues	152,002	511,146	346,636
TOTAL REVENUES	$ 12,300,024	$ 12,014,808	$ 11,944,483
EXPENDITURES			
Professional Fees	$ 816,038	$ 629,413	$ 510,310
Contracted Services	2,483,351	2,216,472	2,222,776
Purchased Water Service	3,029,513	2,604,650	2,220,948
Utilities	294,455	313,756	371,093
Water Authority Assessments	339,325	317,501	370,535
Repairs and Maintenance	3,100,308	1,402,648	1,054,255
Other	1,038,272	1,132,239	1,870,943
Capital Outlay	3,620,862	5,502,185	1,077,300
TOTAL EXPENDITURES	$ 14,722,124	$ 14,118,864	$ 9,698,160
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (2,422,100)	$ (2,104,056)	$ 2,246,323
OTHER FINANCING SOURCES (USES)			
Transfers In(Out)	$	$ 60,123	$ 649,989
Capital Recovery Fees and Contributions		313,608	2,182,445
TOTAL OTHER FINANCING SOURCES (USES)	$ - 0 -	$ 373,731	$ 2,832,434
NET CHANGE IN FUND BALANCE	$ (2,422,100)	$ (1,730,325)	$ 5,078,757
BEGINNING FUND BALANCE	17,068,718	18,799,043	13,720,286
ENDING FUND BALANCE	$ 14,646,618	$ 17,068,718	$ 18,799,043

See accompanying independent auditor’s report.

2017	2016	2020	2019	2018	2017	2016
		Percentage of Total Revenues				
$ 2,600,801	$ 2,494,947	26.0 %	25.2 %	23.0 %	24.3 %	25.4 %
1,485,176	1,428,028	12.3	11.9	12.2	13.8	14.5
1,270,797	1,233,552	10.7	10.9	10.8	11.8	12.5
1,038,484	1,017,705	8.9	8.9	8.9	9.7	10.4
2,045,655	1,740,622	24.3	21.8	19.2	19.0	17.7
83,715	85,749	0.1	0.7	0.8	0.8	0.9
674,531	389,341	3.6	2.9	9.3	6.3	4.0
256,966	256,966	2.1	2.1	2.2	2.4	2.6
1,090,368	1,054,955	10.8	11.3	10.7	10.1	10.7
198,302	127,996	1.2	4.3	2.9	1.8	1.3
$ 10,744,795	$ 9,829,861	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 507,651	$ 425,963	6.6 %	5.2 %	4.3 %	4.7 %	4.3 %
2,146,134	2,102,062	20.2	18.4	18.6	20.0	21.4
1,899,807	1,718,606	24.6	21.7	18.6	17.7	17.5
316,188	306,410	2.4	2.6	3.1	2.9	3.1
446,542	259,358	2.8	2.6	3.1	4.2	2.6
1,113,633	1,251,920	25.2	11.7	8.8	10.4	12.7
1,164,987	1,026,291	8.4	9.4	15.7	10.8	10.4
3,074,325	2,164,422	29.4	45.8	9.0	28.6	22.0
$ 10,669,267	$ 9,255,032	119.6 %	117.4 %	81.2 %	99.3 %	94.0 %
$ 75,528	$ 574,829	(19.6) %	(17.4) %	18.8 %	0.7 %	6.0 %
$	$					
596,925	375,468					
$ 596,925	$ 375,468					
$ 672,453	$ 950,297					
13,047,833	12,097,536					
$ 13,720,286	$ 13,047,833					

See accompanying independent auditor’s report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES
DEBT SERVICE FUND - FIVE YEARS

	Amounts		
	2020	2019	2018
REVENUES			
Property Taxes	$ 5,137,608	$ 4,844,524	$ 4,760,466
Penalty and Interest	63,940	62,871	64,563
Investment and Miscellaneous Revenues	43,147	111,504	87,665
TOTAL REVENUES	$ 5,244,695	$ 5,018,899	$ 4,912,694
EXPENDITURES			
Tax Collection Expenditures	$ 176,749	$ 183,596	$ 184,758
Debt Service Principal	1,285,000	2,775,000	2,665,000
Debt Service Interest and Fees	2,605,185	2,449,377	2,672,019
Bond Issuance Costs	162,912	523,366	
Payment to Refunded Escrow Agent	63,000	32,000	
TOTAL EXPENDITURES	$ 4,292,846	$ 5,963,339	$ 5,521,777
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 951,849	$ (944,440)	$ (609,083)
OTHER FINANCING SOURCES (USES)			
Transfer to Refunded Escrow Agent	$ (4,067,634)	$ (16,590,504)	$
Proceeds from Issuance of Long-Term Debt	4,020,000	16,640,000	
Bond Discount			
Bond Premium	208,793	473,870	
TOTAL OTHER FINANCING SOURCES (USES)	$ 161,159	$ 523,366	$ - 0 -
NET CHANGE IN FUND BALANCE	$ 1,113,008	$ (421,074)	$ (609,083)
BEGINNING FUND BALANCE	2,016,020	2,437,094	3,046,177
ENDING FUND BALANCE	$ 3,129,028	$ 2,016,020	$ 2,437,094
TOTAL ACTIVE RETAIL WATER CONNECTIONS	6,274	6,265	6,240
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	6,043	6,044	6,033

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
$ 4,928,234	$ 4,976,292	98.0 %	96.5 %	96.9 %	97.7 %	97.4 %
67,051	85,941	1.2	1.3	1.3	1.3	1.7
50,644	43,586	0.8	2.2	1.8	1.0	0.9
$ 5,045,929	$ 5,105,819	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
$ 176,679	$ 184,888	3.4 %	3.7 %	3.8 %	3.5 %	3.6 %
2,500,000	1,930,000	24.5	55.3	54.2	49.5	37.8
2,768,966	3,109,566	49.7	48.8	54.4	54.9	60.9
	1,061,821	3.1	10.4			20.8
	108,000	1.2	0.6			2.1
$ 5,445,645	$ 6,394,275	81.9 %	118.8 %	112.4 %	107.9 %	125.2 %
$ (399,716)	$ (1,288,456)	18.1 %	(18.8) %	(12.4) %	(7.9) %	(25.2) %
$	$ (33,913,031)					
	35,055,000					
	(76,798)					
$ - 0 -	$ 1,065,171					
$ (399,716)	$ (223,285)					
3,445,893	3,669,178					
$ 3,046,177	$ 3,445,893					
6,204	6,184					
6,015	5,991					

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2020

District Mailing Address - Bridgestone Municipal Utility District
c/o Radcliffe Bobbitt Adams Polley PLLC
2929 Allen Parkway, Suite 3450
Houston, TX 77019

District Telephone Number - (713) 237-1221

Board Members	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2020	Expense Reimbursements for the year ended December 31, 2020	Title
Mickey Draper	11/20 05/24 (Elected)	$ 7,200	$ 1,385	President
Michael Crayton	05/18 05/22 (Elected)	$ 7,200	$ 263	Vice-President/ Treasurer
Skip Warren	05/18 05/22 (Elected)	$ 6,600	$ 729	Secretary
David Berry	11/20 05/24 (Elected)	$ 2,550	$ 96	Assistant Secretary
Martha Gutierrez	12/20 05/24 (Appointed)	$ -0-	$ -0-	Director
Jim Marks	05/16 11/20	$ 4,350	$ -0-	Former Director
Ron W. Schkade	05/16 11/20	$ 7,200	$ 1,241	Former Director

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

Submission date of most recent District Registration Form: December 28, 2020

The limit on Fees of Office that a Director may receive during a fiscal year is $7,200 as set by Board Resolution on July 14, 2003. Fees of Office are the amounts actually paid to a Director during the District's current fiscal year.

See accompanying independent auditor's report.

BRIDGESTONE MUNICIPAL UTILITY DISTRICT
BOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS
DECEMBER 31, 2020

Consultants:	Date Hired	Fees for the year ended December 31, 2020	Title
Radcliffe Bobbitt Adams Polley PLLC	05/14/01	$ 293,183	General Counsel
		$ 45,370	Bond Counsel
McCall Gibson Swedlund Barfoot PLLC	01/11/99	$ 26,500	Auditor
		$ 8,000	Other/AUP Related
Myrtle Cruz, Inc.	11/16/78	$ 100,929	Bookkeeper
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	07/01/96	$ 12,373	Delinquent Tax Attorney
Jones & Carter, Inc.	04/01/93	$ 1,411,019	Engineer
The GMS Group, LLC	10/02/12	$ 42,495	Financial Advisor
Mary Jarmon	05/15/07	$ -0-	Investment Officer
Water District Management Company, Inc.	05/05/09	$ 1,499,685	Operator
Kenneth Byrd, RTA	07/28/77	$ 93,913	Tax Assessor/ Collector
Harris County	01/01/04	$ 1,011,047	Law Enforcement

See accompanying independent auditor's report.

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

ASSURED GUARANTY MUNICIPAL

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

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

ASSURED GUARANTY MUNICIPAL CORP.

By ________________________________
Authorized Officer

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