OFFICIAL STATEMENT DATED FEBRUARY 24, 2022

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

The District did NOT designate the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – NOT Qualified Tax-Exempt Obligations for Financial Institutions" herein.

NEW ISSUE—BOOK-ENTRY ONLY
CUSIP No. 414942

RATINGS: Underlying "BBB" (stable outlook) S&P
Insured "AA" (stable) S&P
See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein

$18,345,000
HARRIS COUNTY MUNICIPAL UTILITY DISTRICT NO. 105
(A political subdivision of the State of Texas, located in Harris County, Texas)
UNLIMITED TAX REFUNDING BONDS
SERIES 2022

Dated: April 1, 2022 **Due: March 1 (as shown below)**

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

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

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES

Principal Amount	Maturity	Interest Rate	Yield (a)	Principal Amount	Maturity	Interest Rate	Yield (a)
$150,000	2023	4.000%	1.19%	$860,000	2031	4.000%	2.36%
$100,000	2024	4.000%	1.51%	$905,000	2032	4.000%	2.45%
$630,000	2025	4.000%	1.68%	$970,000	2033 (b)	4.000%	2.53%
$665,000	2026	4.000%	1.85%	$1,015,000	2034 (b)	4.000%	2.55%
$680,000	2027	4.000%	1.96%	$1,085,000	2035 (b)	4.000%	2.57%
$720,000	2028	4.000%	2.08%	$1,100,000	2036 (b)	4.000%	2.59%
$785,000	2029	4.000%	2.20%	$1,170,000	2037 (b)	4.000%	2.61%
$800,000	2030	4.000%	2.28%				

$6,710,000 3.00% Term Bond Due March 1, 2042 to Yield 3.00% (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 March 1, 2033, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on March 1, 2032, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds of a maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity. See "THE BONDS—Optional Redemption."

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

The proceeds of the Bonds will be used by Harris County Municipal Utility District No. 105 (the "District") to currently refund certain of the District's outstanding bonds (as defined herein) and to pay issuance and administrative expenses associated with the sale of the Bonds. See "PLAN OF FINANCE." The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain investment considerations described under the caption "RISK FACTORS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham L.L.P., Houston, Texas, Bond Counsel. Certain matters will be passed on for the Underwriters' by Norton Rose Fulbright US LLP, as Underwriters Counsel, Houston, Texas. Delivery of the Bonds is expected through the facilities of DTC on or about April 14, 2022.

SAMCO CAPITAL **RBC CAPITAL MARKETS**

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USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

All of the summaries of the statutes, orders, resolutions, contracts, audited financial statements, engineering, and other related reports set forth in this Official Statement are made subject to all of the provisions of such documents. These summaries do not purport to be complete statements of such provisions, and reference is made to such documents, copies of which are available from Smith, Murdaugh, Little & Bonham, L.L.P., 2727 Allen Parkway, Suite 1100, Houston, Texas 77019, upon payment of duplication costs.

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

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

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for any purpose.

The following statement is provided by the Underwriters. In accordance with its responsibilities under the federal securities laws, the Underwriter has reviewed the information in this Official Statement but does not guarantee its accuracy or completeness.

UNDERWRITING

The Bonds are being purchased by SAMCO Capital Markets, Inc. and RBC Capital Markets, LLC (collectively, the "Underwriters") pursuant to a proposal submitted to the District at a price of $19,558,017.85 which represents the principal amount of the Bonds of $18,345,000 plus original issue premium of $1,327,674.10 less an underwriter's discount of $114.656.25 plus accrued interest on the Bonds from the Dated Date to the date of delivery. Such price produces a net effective interest rate of 2.999776%.

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 Issuer. 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 Issuer.

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 number of the Bonds of each maturity have been sold to the public. For this purpose, the term "public" shall not include any person who is a bond house, broker or similar person acting in the capacity of underwriter or wholesaler. Otherwise, the District has no understanding with the Underwriters regarding the reoffering yields or prices of the Bonds and has no control over trading of the Bonds after their initial sale by the District. Information concerning reoffering yields or prices is the responsibility of the Underwriters.

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

Securities Laws

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

MUNICIPAL BOND RATING

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

BOND INSURANCE

Bond Insurance

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

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

Build America Mutual Assurance Company

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

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

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

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were were $481.5 million, $183.4 million and $298.1 million, respectively.

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

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

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

BAM GreenStar Bonds

The Bonds have been designated BAM GreenStar Bonds because BAM has determined that the use of bond proceeds by the Issuer as described in this Official Statement and in any additional information obtained by BAM aligns with one of the Green Bond Principles ("GBPs") developed by the International Capital Markets Association ("ICMA"). The GBPs were developed by the ICMA with the goal of establishing universally accepted guidelines for the issuance of green bonds, and one of the key requirements addresses the use of proceeds. BAM has been identified by the ICMA as an observer organization that is active in the field of green and/or social or sustainability finance and as a Climate Bond Initiative approved verifier. The GreenStar Credit Profile prepared by BAM for the Bonds will identify which of the following GBP categories applies to the Bonds:

- renewable energy
- energy efficiency
- pollution prevention and control
- environmentally sustainable management of living natural resources and land use
- terrestrial and aquatic biodiversity
- clean transportation
- climate change adaptation
- sustainable water and wastewater management
- green buildings

Each of the GBPs correlates to one of the following UN Sustainable Development Goals which will also be included in the GreenStar Credit Profile for the Bonds:

- clean water and sanitation
- affordable and clean energy
- sustainable cities and communities
- industry innovation and infrastructure
- responsible consumption and production
- climate action
- life below water
- life on land

The Issuer makes no representation regarding the applicability of or suitability of the GreenStar designation. The term "GreenStar" is neither defined in, nor related to, the security documents relating to the Bonds. The GreenStar designation is solely *for identification purposes and is not intended to provide or imply that the owners of the Bonds are entitled to any security other than that described in this official statement. The Issuer is under no contractual or other legal obligation to ensure compliance with any legal or other principles relating to "GreenStar" designation. The Issuer has made no commitment to provide ongoing reporting or information regarding the designation or compliance with the GBPs.*

The BAM GreenStar designation is based upon an assessment by BAM at the time of the issuance of the Bonds and such designation by BAM reflects only the views of BAM. BAM does not charge a fee in connection with the designation, does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. The designation is provided on an "AS IS" basis and is based on BAM's own investigation, studies, assumptions, and criteria using its reasonable best efforts. In issuing its GreenStar designation, BAM has assumed and relied upon the accuracy and completeness of the information made publicly available by the Issuer or that was otherwise made available to BAM. BAM makes no representation or warranty, express or implied, including, but not limited to, the accuracy, results, timeliness, completeness, merchantability or fitness for any particular purpose with respect to the designation. A complete description of BAM GreenStar, and its limitations and terms of use, are available on BAM's website https://buildamerica.com/greenstar and https://buildamerica.com/terms-of-use and incorporated herein by reference. The BAM GreenStar designation is determined solely by BAM; it has not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for such designation.

BAM's GreenStar designation does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the Bonds and is not a recommendation to any person to purchase, hold, or sell the Bonds. Such labeling does not address the market price, marketability or suitability of these Bonds for a particular investor. There is no assurance that the designation will be retained for any given period of time or that the designation will not be revised, suspended, or withdrawn by BAM if, in its judgment, circumstances so warrant.

Additional Information Available from BAM

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

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

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

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

OFFICIAL STATEMENT SUMMARY

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

THE BONDS

Description: Harris County Municipal Utility District No. 105 Unlimited Tax Refunding Bonds, Series 2022 (herein the "Bonds" or the "Series 2022 Refunding Bonds"), issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, including but not limited to, Chapters 49 and 54 of the Texas Water Code, as amended, an election held within the District, and an order (the "Bond Order") of the Board of Directors of Harris County Municipal Utility District No. 105 (the "District") and City of Houston Ordinance No. 97-416. The Bonds are dated April 1, 2022, and mature on March 1 in the years and in the principal amounts set forth on the cover page of this Official Statement. Interest on the Bonds is payable on September 1, 2022, and each March 1 and September 1 thereafter until maturity or prior redemption.

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

Redemption Provisions: Bonds maturing on or after March 1, 2033, are subject to early redemption, in whole or from time to time in part, on March 1, 2032, or on any date thereafter at the option of the District at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See “THE BONDS – Optional Redemption.” The Bonds maturing on March 1 in the year 2042 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on March 1 in the year 2038 respectively. See “THE BONDS – Mandatory Redemption.”

Authority for Issuance: The voters within the District have authorized the issuance of a total of $114,725,000 of bonds payable from taxes, subsequent to the issuance of the Bonds, $18,650,000 will remain authorized but unissued. Additionally, the District will have $12,002,568.00 authorized but unissued unlimited tax refunding bonds remaining after the issuance of the Bonds. The voters of the District may in the future authorize the issuance of additional bonds. See "THE BONDS – Authority for Issuance."

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

Municipal Bond Rating: S&P has assigned an underlying municipal bond rating of “BBB” (stable outlook) to the 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 “MUNICIPAL BOND RATING.”

Bond Insurance: S&P is expected to assign its municipal bond rating of “AA” (stable outlook) to the Bonds with the understanding that upon delivery of the Bonds, a municipal bond insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by BAM. See "BOND INSURANCE."

Plan of Financing: The Bonds are being issued to refund certain of the District's Series 2015A, Series 2016 and Series 2017 Bonds (all as defined herein) in the aggregate amount of $19,040,000. The bonds that are being refunded are referred to herein as the refunded bonds (the “Refunded Bonds”). The Refunding is being implemented in order to produce present value savings in the District’s annual debt service expense. See “PLAN OF FINANCE.”

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

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

Paying Agent/Registrar: Zions Bancorporation, National Association, Houston, Texas.

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

Verification Agent: Robert Thomas CPA, LLC, Minneapolis, Minnesota. See "VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS."

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

THE DISTRICT

Description: Harris County Municipal Utility District No. 105, a political subdivision of the State of Texas, was created by the Texas Water Rights Commission, predecessor to the Texas Commission on Environmental Quality (the "TCEQ"), on July 28, 1976, pursuant to Article XVI, Section 59 of the Texas Constitution and operates pursuant to Chapters 49 and 54 of the Texas Water Code, as amended. The District is located in Harris County approximately 24 miles west-northwest of the central business district of the City of Houston, Texas and 6 miles northeast of the City of Katy, Texas. The District is bounded on the north by future Longenbaugh Road, School Road to the west, Northwest Harris County Municipal Utility District No. 12 adjacent to the District to the south, and Fry Road, which lies adjacent to and to the east of the District. The District encompasses approximately 1,657 acres. Building development in the District has taken place in: the Settlers Village Subdivision ("Settlers Village"); the Lakeville Subdivision ("Lakeville"); the Eagle Ranch West Subdivision ("Eagle Ranch West"); the Jasmine Heights Subdivision; the Cypress Oaks Subdivision; the Lantana Subdivision; the Cypress Oaks North Subdivision: the West 529 Industrial Park; a 178 acre Cypress-Fairbanks Independent School District campus site, and on approximately 30 acres of commercial reserves. The District lies wholly within the exclusive extra-territorial jurisdiction of the City of Houston. See "THE DISTRICT."

Building Development: As of January 1, 2022, the District has approximately 4,182 completed homes (approximately 4,140 of such homes are presently occupied),107 homes under construction, and 58 vacant developed lots available to be built upon. Additionally, the District includes approximately 39 commercial establishments and 34 industrial buildings. See "THE DISTRICT."

Residential Development: D.R. Horton Homes has completed the development of approximately 339 acres located in the District known as the Jasmine Heights Subdivision, Sections 1 – 5 and 8 – 16. Jasmine Heights currently consists of 1,403 single family lots (which are in the process of being built out). Homes in Jasmine Heights have been marketed in the $140,000 – $323,000 price range. KECH I, Ltd owns 2 tracts of land adjacent to the Jasmine Heights Subdivision totaling approximately 14 acres that it anticipates will be developed for commercial purposes at some time in the future; at this time there is no current building development plan for the 14 acres.

Saratoga Homes engaged Aurous to manage the land development work associated with Cypress Oaks Subdivision. Cypress Oaks, Sections 1 and 2 includes approximately 38 acres with 193 "50 foot" single family lots. The lots in Cypress Oaks were completely built out as of during 2018. The homes in Cypress Oaks, were generally marketed with in the $210,000-$240,000.

Approximately 215 acres in the District is known as the Lantana subdivision. Beazer Homes and MI Homes have developed 230 acres (464 lots) known as Lantana, Sections 1-7. Homes in Lantana, Sections 1-7 were marketed in the $200,000 - $335,000 price range.

West 529 Industrial Park: Urban Construction Southwest, Inc ("Urban") has completed the sale of all of the industrial tracts in the approximately 83-acre industrial project known as West 529 Industrial Park ("West 529"). West 529 is located on the south side of FM 529 Road, between Fry Road and the Grand Parkway. There have been eleven industrial facilities completed and occupied in West 529, consisting of the following: 44,000 SF (Sentry Air Systems); 15,000 SF (Mexssub International, LLC); 122,800 SF (R & N Manufacturing, Inc.); 35,000 SF (REW Materials, Inc.); 21,000 SF (KR Development, LLC); 35,000 SF (Automation Technologies, LLC); 13,825 SF (A R E A Real Properties, LP); 11,000 SF (AllscalesUSA, LLC) and 18,750 SF (USGE Holdings of Arizona XXXI LLC). Construction has been completed for the first phase of the tracts owned by Partners Development, LLC. Gambit Construction, LLC has completed construction of 4 buildings totaling 24,000 SF. Covey Ridge has completed construction of approximately 15 industrial buildings ranging from 4,200 SF to 24,000 SF.

In addition to the foregoing, West 529 Retail, LP, (an affiliate of Urban), has completed the land development and sold all of its West 529 Retail property. See "THE DISTRICT – West 529 Industrial Park."

Other Tracts of Land: Kech I Ltd., L.P. is the owner of approximately 70 acres of additional undeveloped land in the District. The District has no information relative to the future development of such 70 acres, and therefore the District makes no representation that such land will ever be developed in the future.

During September 2011, the District annexed approximately 358 acres. Cypress-Fairbanks Independent School District owns approximately 178 acres, which has been developed into a multi school facility, a transportation center, and an agricultural science center. Approximately 52 acres are owned by 529 Development, Ltd.; such acres have been developed for commercial properties. In addition, approximately 5 acres are owned by an investment group; of which is expected to be developed into commercial retail property. See "THE DISTRICT – Other Large Tracts of Land."

2018 Annexation: The District annexed approximately 8 acres into the District on September 20, 2018. Such acres are presently owned by Christian Bach Investments, LLC. According to Christian Bach Investments, LLC, the land will most likely be developed as commercial property. The District cannot make any representation that such land will ever be developed in the future.

Defined Area: Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water code, as amended, the district is authorized to define areas or designate certain property to pay for improvements, facilities, or services that primarily benefit that area. On November 6, 2018, the District voters approved for the creation of a defined are encompassing approximately 75 acres within the District (the "Defined Area").

At an election within the Defined Area, the voters within the Defined Area authorized $6,400,000 principal amount of unlimited tax bonds to finance water, wastewater and drainage improvements solely within the Define area, and $5,000,000 for road facilities and $1,000,0000 for recreational facilities solely within the Defined Area, and for the further purpose of refunding those bonds, they levy of an unlimited tax in payment of such bonds within the Defined Area.

All land in the Defined Area is owned by either JNC Development, Inc. or Saratoga Homes of Texas Houston, LLC and is expected to be developed as primarily residential development to be known as Cypress Oaks North in the Defined Area. To date, development within Cypress Oaks North, Sections 1 & 2 is substantially complete, and development of Cypress Oaks North Section 3 is expected to begin around March 2022. See "THE DEFINED AREA"

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

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2020 and 2021, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

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

SELECTED FINANCIAL INFORMATION
(Unaudited)

8/1/2021 Estimated Taxable Value	$874,843,566	(a)
2021 Certified Taxable Value	$817,388,834	(b)
Direct Debt (See "DISTRICT DEBT")		
Outstanding Bonds (as of March 1, 2022)	$63,210,000	(c)
The Bonds	$18,345,000	
Total Direct Debt	$81,555,000	
Estimated Overlapping Debt	$47,090,247	
Direct and Estimated Overlapping Debt	$128,645,247	
Percentage of Direct Debt to:		
8/1/2021 Estimated Taxable Value	9.32%	
2021 Certified Taxable Value	9.98%	
See "DISTRICT DEBT"		
Percentage of Direct and Estimated Overlapping Debt to:		
8/1/2021 Estimated Taxable Value	14.70%	
2021 Certified Taxable Value	15.74%	
See "DISTRICT DEBT"		
2021 Tax Rate Per $100 of Assessed Value		
Debt Service	$0.54	
Maintenance Tax	$0.20	
Total 2021 Tax Rate	$0.74	
General Fund approximate cash balance as of December 15, 2021	$7,772,367	
Debt Service Fund approximate cash balance as of December 15, 2021	$3,412,809	(d)

(a) Reflects data supplied by the Harris County Appraisal District ("HCAD"). The Estimated Taxable Value as of 8/1/2021 was prepared by HCAD and provided to the District. Such values are not binding on HCAD, and the new values (subsequent to January 1, 2021) will not be included on the District's tax roll until the 2022 tax roll is prepared and certified by HCAD during the second half of 2022. See "DISTRICT TAX DATA" and "TAX PROCEDURES."

(b) The figure above represents the taxable value that has been fully certified on the District's 2021 tax roll according to HCAD. See "TAX PROCEDURES."

(c) Excludes the Refunded Bonds.

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

DEBT SERVICE SCHEDULE

The following sets forth the debt service requirements for the District's outstanding bonds (the "Outstanding Bonds") less debt service on the Refunded Bonds and the estimated debt service requirements for the Series 2022 Refunding Bonds.

Year	Existing Debt Service Requirements	LESS Debt Service on the Refunded Bonds	Plus: Debt Service on the Series 2022 Refunding Bonds Principal	Interest	Total Debt Service Requirements
2022	$4,086,133	$314,847		$277,792	$4,049,078
2023	$4,381,304	$796,294	$150,000	$663,700	$4,398,710
2024	$5,139,879	$794,394	$100,000	$658,700	$5,104,185
2025	$5,239,032	$1,316,147	$630,000	$644,100	$5,196,985
2026	$5,240,598	$1,325,863	$665,000	$618,200	$5,197,935
2027	$5,276,860	$1,314,638	$680,000	$591,300	$5,233,522
2028	$5,326,725	$1,322,672	$720,000	$563,300	$5,287,353
2029	$5,376,337	$1,359,106	$785,000	$533,200	$5,335,431
2030	$5,413,579	$1,344,069	$800,000	$501,500	$5,371,010
2031	$5,448,764	$1,372,428	$860,000	$468,300	$5,404,636
2032	$5,493,769	$1,378,700	$905,000	$433,000	$5,453,069
2033	$5,543,610	$1,407,988	$970,000	$395,500	$5,501,122
2034	$4,627,112	$1,410,481	$1,015,000	$355,800	$4,587,431
2035	$4,663,530	$1,441,006	$1,085,000	$313,800	$4,621,324
2036	$4,285,660	$1,414,144	$1,100,000	$270,100	$4,241,616
2037	$4,269,934	$1,435,088	$1,170,000	$224,700	$4,229,546
2038	$4,354,097	$1,453,525	$1,235,000	$182,775	$4,318,347
2039	$4,332,096	$1,449,375	$1,270,000	$145,200	$4,297,921
2040	$3,852,040	$1,516,313	$1,375,000	$105,525	$3,816,252
2041	$3,859,931	$1,499,781	$1,400,000	$63,900	$3,824,050
2042	$3,844,636	$1,486,844	$1,430,000	$21,450	$3,809,242
2043	$2,378,667				$2,378,667
2044	$2,446,371				$2,446,371
2045	$2,411,355				$2,411,355
2046	$2,399,855				$2,399,855
2047	$2,436,074				$2,436,074
2048	$2,057,286				$2,057,286
2049	$1,482,249				$1,482,249
2050	$1,469,187				$1,469,187
	$117,136,670	**$27,153,703**	**$18,345,000**	**$8,031,842**	**$116,359,809**

Maximum Annual Debt Service Requirements (2033)..$5,501,122

$0.67 Tax Rate on 8/1/2021 Estimated Taxable Valuation of $874,843,566
@95% collections produces $5,568,379

$0.71 Tax Rate on 2021 Certified Taxable Valuation of $817,388,834
@95% collections produces $5,513,288

See "TAX DATA – Tax Adequacy for Debt Service."

OFFICIAL STATEMENT
relating to

$18,345,000

Harris County Municipal Utility District No. 105
(A political subdivision of the State of Texas, located within Harris County, Texas)

UNLIMITED TAX REFUNDING BONDS
SERIES 2022

INTRODUCTION

This Official Statement provides certain information in connection with the issuance of Harris County Municipal Utility District No. 105 Unlimited Tax Refunding Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and general laws of the State of Texas, particularly, Chapters 49 and 54 of the Texas Water Code, as amended and an order (the "Bond Order") adopted by the Board of Directors of Harris County Municipal Utility District No. 105 (the "District"), a conservation and reclamation district and political subdivision of the State of Texas located within Harris County, Texas.

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

RISK FACTORS

General

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

Infectious Disease Outlook (COVID-19)

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

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within the State. Following the widespread release and distribution of various COVID-19 vaccines in 2020 and 2021, state governments (including Texas) have started to lift business and social limitations associated with COVID-19. Beginning in March 2021, the Governor issued various executive orders, which, among other things, rescinded and superseded prior executive orders and provide that there are currently no COVID-19 related operating limits for any business or other establishment. The Governor retains the right to impose additional restrictions on activities if needed to mitigate the effects of COVID-19. Additional information regarding executive orders issued by the Governor is accessible on the website of the Governor at https://gov.texas.gov/. Neither the information on, nor accessed through, such website of the Governor is incorporated by reference into this Official Statement.

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

Tax Collections

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

Dependence on Future Development and Potential Impact on District Tax Rates

The District's 2021 total tax rate was set at $0.74 per $100 of assessed valuation. At the present time, tax rates in excess of $1.50 per $100 of assessed valuation are not common among the majority of utility districts in the Harris County area, although many newly activated districts are presently projecting tax rates in the range of $1.35 to $1.50 per $100. Any increase in the District's tax rate substantially above the $1.50 level could adversely impact future building development in the District and the District's ability to collect such tax.

The growth of the District's tax base is directly related to the housing industry in general and the demand for residential lots in the District in particular. The housing industry has historically been a cyclical industry, affected by both short-term and long-term interest rates, demand for developed property, availability of mortgage and development funds, labor conditions, the rate of foreclosure and general economic conditions. In the mid 1980's the downturn in the Houston economy and concurrent increases in unemployment substantially reduced the demand for new housing. In many instances, homeowners turned homes back to mortgage companies because of a negative equity position and, consequently, many repossessed homes were resold at substantially reduced prices. The demand for and construction of single-family homes in the District, which is 24 miles west, northwest of downtown Houston, also could be affected by competition from nearby residential developments. In addition to competition for new home sales from other developments, there are numerous previously owned homes in more established neighborhoods and/or in more favorable locations closer to downtown Houston that have been or are on the market at prices comparable to prices of new and previously owned homes within the District. Such previously owned homes represent additional competition for new homes proposed to be sold within the District.

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

Assuming no further residential construction within the District other than that which has already been built, the value of such land and improvements currently located within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds will be $5,501,122 (2033). If no growth in value were to occur beyond the 2021 Certified Taxable Value of $817,388,834 as provided by HCAD, a debt service tax rate of $0.71 per $100 of Assessed Valuation at a 95% collection rate would be required to pay such Maximum Annual Debt Service Requirement. If no growth in value were to occur beyond the 8/1/2021 Estimated Taxable Value of $874,843,566 as provided by HCAD, a debt service tax rate of $0.67 per $100 of Assessed Valuation at a 95% collection rate would be required to pay such Maximum Annual Debt Service Requirement. See "TAX DATA - Tax Adequacy for Debt Service."

Potential Effects of Oil Price Volatility on the Houston Area

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

Dependence on Energy Industry

The economy of the Houston metropolitan area, which has sometimes been referred to as the energy capital of the world, is, in part, dependent upon the oil and gas and petrochemical industries. During the height of the COVID-19 pandemic in 2020, worldwide consumption of energy decreased dramatically and led to the lowest oil prices in three decades. This led to layoffs of workers, business failures and reduced capital and operating expenditures by energy companies. While there has been some rebound, Houston area jobs in the energy industry have not fully recovered. In 2021, the United States rejoined the 2015 Paris Climate Accords, under which many countries have agreed to move away from fossil fuels to alleviate climate change. Although major energy companies expect that fossil fuels will be vital to the global economy for many years to come, they have recognized the need to direct more investment toward various clean energy projects. The pace and success of these efforts could significantly affect the Houston economy in the future.

Current Developers and Landowners Under No Obligation to the District

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

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

Registered Owners' Remedies

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

Bankruptcy Limitation to Registered Owners' Rights

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

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

Economic Factors

The Houston metropolitan area has, in the past, experienced increased unemployment, business failures, and slow absorption of office space, especially during times of relatively low oil and natural gas prices. The relatively low oil and natural gas prices, currently being experienced worldwide, could affect the demand for new residential home construction and commercial development and hence the growth 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 home-building plans altogether.

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

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

Future Debt

Subsequent to the sale of the Bonds, the District has reserved in the Bond Order the right to issue the remaining $18,650,000 for the purpose of providing waterworks, sanitary sewer, and drainage facilities to land within the District. The District also has $12,002,568.00 unlimited tax refunding bonds that remain authorized but unissued. All of the remaining bonds which have heretofore been authorized by the voters of the District may be issued by the District from time to time for qualified purposes, as determined by the Board, subject to the approval of the Attorney General of the State of Texas and the TCEQ (for the unlimited tax bonds).

On November 6, 2018, the District's voters approved the creation of the Defined Area within the boundaries of the District. The voters within the Defined Area have also authorized additional bonds that may be issued in the future. See "DEFINED AREA."

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

Financing Parks and Recreational Facilities

The District may levy an operation and maintenance tax to support parks and recreational facilities at a rate not to exceed $0.10 cents per $100 of assessed valuation of taxable property in the District, after such tax is approved at an election. In addition, the District is authorized to issue bonds payable from an ad valorem tax to pay for the development and maintenance of parks and recreational facilities if (i) the District duly adopts a park plan; (ii) the bonds are authorized at an election; (iii) the bonds payable from any source do not exceed the lesser of 1% or the value of the taxable property in the District at the time of issuance of the bonds or the estimated cost of the park plan; (iv) the District obtains any necessary governmental consents allowing the issuance of such bonds; and (v) the bonds are approved by the Attorney General of Texas. The District may issue bonds for such purposes payable solely from net operating revenues without an election. The issuance of such bonds is subject to rules and regulations to be adopted by the TCEQ.

With the exception of the Defined Area, the District has not considered calling an election for such purposes. The District reserves the right to call such an election in the future.

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

Subsidence and Conversion to Surface Water

The District is within the boundaries of the Harris Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 2001, the Texas legislature created the West Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the western portion of Harris County (including the District) and a small portion of Fort Bend County. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP.

The District's authority to pump groundwater is subject to an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP. The provisions of the Authority's Rate Order allow the District, subject to groundwater reduction requirements imposed by the Authority, the terms of the GRP, and any limitations imposed by the Subsidence District, the right to pump from its groundwater well(s) the amount of groundwater reasonably determined by the District to be needed by the District, for itself or for its customers, to provide water in accordance with at least the minimum regulatory requirements for pressure and supply, including during an emergency requiring immediate use of groundwater (such as for firefighting purposes) so long as the District is not committing waste or being wasteful.

The Authority, among other powers, has the power to: (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, charges and special assessments as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water. The Authority currently charges the District, and other major groundwater users, substantial fees per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2030 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total water demand of the water users within the Authority's GRP beginning in the year 2010; (ii) limit groundwater withdrawals to no more than 40% of the total water demand of the water users within the Authority's GRP beginning in the year 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total water demand of the water users within the Authority's GRP beginning in the year 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a substantial disincentive fee penalty of $9.25 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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

Environmental Regulations

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

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

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

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

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

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

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

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

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

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

Certain governmental entities regulate groundwater usage in the HGB Area. A municipal utility district or other type of special purpose district that (i) is located within the boundaries of such an entity that regulates groundwater usage, and (ii) relies on local groundwater as a source of water supply, may be subject to requirements and restrictions on the drilling of water wells and/or the production of groundwater that could affect both the engineering and economic feasibility of district water supply projects.
Pursuant to the federal Safe Drinking Water Act ("SDWA") and the EPA's National Primary Drinking Water Regulations ("NPDWRs"), which are implemented by the TCEQ's Water Supply Division, a municipal utility district's provision of water for human consumption is subject to extensive regulation as a public water system. Municipal utility districts must generally provide treated water that meets the primary and secondary drinking water quality standards adopted by the TCEQ, the applicable disinfectant residual and inactivation standards, and the other regulatory action levels established under the agency's rules. The EPA has established NPDWRs for more than ninety (90) contaminants and has identified and listed other contaminants which may require national drinking water regulation in the future.

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

The District is subject to the TCEQ's General Permit for Phase II (Small) Municipal Separate Storm Sewer Systems (the "MS4 Permit"), which was issued by the TCEQ on January 24, 2019. The MS4 Permit authorizes the discharge of stormwater to surface water in the state from small municipal separate storm sewer systems. The has applied for and received coverage under the MS4 Permit from the TCEQ. In order to maintain compliance with the MS4 Permit, the District continues to develop, implement, and maintain the required plans, as well as to install or implement best management practices to minimize or eliminate unauthorized pollutants that may otherwise be found in stormwater runoff. Costs associated with these compliance activities could be substantial in the future.

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

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

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

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

On June 9, 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. On November 18, 2021, the EPA and USACE issued a Notice Proposed Rulemaking to put back into place the pre-2015 definition of "waters of the United States." 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.

Recent Extreme Weather Events

The greater Houston area, including the District, is subject to occasional severe weather events, including tropical storms and hurricanes. The greater Houston area, including the District, has experienced four 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 if substantial damage were to occur to taxable property within the District as a result of such a weather event, the investment security of the Bonds could be adversely affected.

The Houston area (including Harris County) sustained widespread rain and flooding damage as a result of Hurricane Harvey's landfall along the Texas gulf coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to the observations of the District's Operator and the District's Engineer, the District's System did not sustain any significant damage and there was no interruption of water and sewer service. According to observations of the District's Operator and the District Board Members, approximately 12 homes in the District experienced minor flooding (3 to 4 inches of flooding in the approximately 12 homes).

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). Flood casualties are usually expected from coverage unless specific flood insurance is purchased. The District cannot provide assurance that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild or repair any damages to improvements within the District. Even if insurance proceeds are available and improvements are rebuilt, there could be a lengthy period in which assessed values within the District would be adversely affected.

Inclement Weather

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

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.

Winter Storm Uri

From February 12-19, 2021, the State of Texas experienced a severe winter storm ("Winter Storm Uri") which included prolonged freezing temperatures, heavy snow and freezing rains statewide. Winter Storm Uri led to power outages and potable and non-potable water shortages in many areas of the State, including the District. The federal government issued a Major Disaster Declaration for the State of Texas and has included federal funding for emergency protective measures. The District did not sustain material damage to its infrastructure during Winter Storm Uri. However, the City, through the Authority, was unable to provide the District with potable water supply as a result of issues relating to the City's water supply system. As a result, the District had to rely solely on its own water supply facilities during Winter Storm Uri, which were insufficient to meet demand from the District's customers. As a result, the District customers experienced an interruption of water supply service as a result of Winter Storm Uri. The District experienced no interruptions of wastewater service as a result of Winter Storm Uri. The District cannot predict the impact of future winter weather events.

Continuing Compliance with Certain Covenants

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

Marketability

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

Tax Payment Installments after Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a natural disaster area and whose property has been damaged as a direct result of the disaster, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction such as the District if the 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.

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.

Temporary Tax Exemption for Property Damaged by Disaster

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% 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.

Tax Payment Installments After Disaster

Certain qualified taxpayers, including owners of residential homesteads, located within a designated disaster area or emergency area and whose property has been damaged as a direct result of the disaster or emergency, are entitled to enter into a tax payment installment agreement with a taxing jurisdiction, such as the District, if the 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 Property 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.

Bond Insurance Risk Factors

If a bond insurance policy is obtained securing principal of and interest on the Bonds, then in the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the “Policy”) for such payments. However, in the event of any acceleration of the due date of such principal by reason or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with optional prepayment of the Bonds by the issuer which is recovered by the issuer from the bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the 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 nor Underwriter has 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.

Harris County and City of Houston Floodplain Regulations

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

The Harris County floodplain regulations govern construction projects in unincorporated Harris County and include regulations governing the elevation of structures (which currently apply within the District) 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 District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in the application of more stringent floodplain regulations applying to a larger area and potentially leaving less developable property within the District. The application of such regulations could additionally result in higher insurance rates, increased development fees, and stricter building codes for any property located within the expanded boundaries of the floodplain.

Changes in Tax Legislation

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

PLAN OF FINANCING

Purpose

The Bonds are being issued to refund certain of the District's Series 2015A, Series 2016 and Series 2017 Bonds (all as defined herein) in the aggregate amount of $19,040,000. The bonds that are being refunded are referred to herein as the refunded bonds (the "Refunded Bonds"). The Refunding is being implemented in order to produce present value savings in the District's annual debt service expense.

$63,210,000 of the District's currently Outstanding Bonds (the "Remaining Outstanding Bonds") will remain outstanding after the issuance of the Bonds and the refunding of the Refunded Bonds. All of the Refunded Bonds, which are scheduled to mature in various amounts on March 1 in the years 2023 through 2042, will be redeemed at par in advance of their respective maturities on the day of closing of the Bonds.

Outstanding Bonds

The table below summarizes the District's previously issued series of bonds, the amount outstanding as of March 1, 2022, and the amount outstanding after the implementation of the Refunding.

Original Principal Amount	Series	Principal Amount Outstanding	Principal Amount Outstanding After the Bonds
$1,400,000	WW and SS Combination Unlimited Tax and Revenue Bonds, Series 1978	$0	$0
$3,325,000	WW and SS Combination Unlimited Tax and Revenue Bonds, Series 1983	$0	$0
$4,115,000	Unlimited Tax Refunding Bonds, Series 1996	$0	$0
$2,050,000	WW and SS Combination Unlimited Tax and Revenue Bonds, Series 2001	$0	$0
$3,830,000	Unlimited Tax Bonds, Series 2004	$0	$0
$6,070,000	Unlimited Tax and Revenue Bonds, Series 2004B	$0	$0
$2,280,000	Unlimited Tax Bonds, Series 2005	$0	$0
$2,185,000	Unlimited Tax Refunding Bonds, Series 2006	$0	$0
$5,325,000	Unlimited Tax Bonds, Series 2006B	$0	$0
$2,190,000	Unlimited Tax Refunding Bonds, Series 2010	$0	$0
$9,865,000	Unlimited Tax Refunding Bonds, Series 2012	$0	$0
$4,805,000	Unlimited Tax Bonds, Series 2012A	$0	$0
$7,915,000	Unlimited Tax Refunding Bonds, Series 2013	$5,785,000	$5,785,000
$2,720,000	Unlimited Tax Bonds, Series 2015	$2,345,000	$2,345,000
$5,530,000	Unlimited Tax Bonds, Series 2015A	$5,065,000	$0
$6,500,000	Unlimited Tax Bonds, Series 2016	$5,975,000	$400,000
$9,500,000	Unlimited Tax Bonds, Series 2017	$9,000,000	$600,000
$6,100,000	Unlimited Tax Bonds, Series 2018	$6,100,000	$6,100,000
$12,565,000	Unlimited Tax Refunding Bonds, Series 2019	$11,340,000	$11,340,000
$9,390,000	Unlimited Tax Bonds, Series 2019A	$9,390,000	$9,390,000
$10,550,000	Unlimited Tax Bonds, Series 2020	$10,550,000	$10,550,000
$16,700,000	Unlimited Tax Bonds, Series 2021	$16,700,000	$16,700,000
$134,910,000		**$82,250,000**	**$63,210,000**

Refunded Bonds

Proceeds of the Bonds will be applied to refund $5,065,000 of the District's Unlimited Tax Bonds, Series 2015A (the "Series 2015A Bonds"); $5,575,000 of the District's Series 2016 Bonds (the "Series 2016 Bonds"); and $8,400,000, of the District's Series 2017 Bonds (the "Series 2017 Bonds"). The principal amounts and maturity dates of the 2015A Bonds, the 2016 Bonds and the Series 2017 Bonds to be refunded are set out in the table below, all with maturity dates of March 1 in the years shown.

Year	Series 2015A Bonds Principal Amount		Series 2016 Bonds Principal Amount		Series 2017 Bonds Principal Amount	
2023	$170,000					
2024	$175,000					
2025	$185,000		$225,000		$300,000	
2026	$190,000		$225,000		$325,000	
2027	$200,000		$225,000		$325,000	
2028	$205,000		$225,000		-	
2029	$215,000		$250,000		-	
2030	$225,000		$250,000		$1,100,000	(e)
2031	$230,000		$275,000		$400,000	
2032	$240,000		$275,000		$425,000	
2033	$250,000		$300,000		$450,000	
2034	$260,000		$300,000		$475,000	
2035	$275,000		$325,000		$500,000	
2036	$285,000		$325,000		-	
2037	$295,000		$350,000		$1,025,000	(f)
2038	$305,000		-		$550,000	
2039	-		-		$575,000	
2040	$655,000	(a)	$1,175,000	(c)	-	
2041	-		-		-	
2042	$705,000	(b)	$850,000	(d)	$1,950,000	(g)
	$5,065,000		**$5,575,000**		**$8,400,000**	

(a) Term Bond with mandatory sinking fund provisions beginning in 2039 through and including the 2040 maturity date.

(b) Term Bond with mandatory sinking fund provisions beginning in 2041 through and including the 2042 maturity date.

(c) Term Bond with mandatory sinking fund provisions beginning in 2038 through and including the 2040 maturity date.

(d) Term Bond with mandatory sinking fund provisions beginning in 2041 through and including the 2042 maturity date.

(e) Term Bond with mandatory sinking fund provisions beginning in 2028 through and including the 2030 maturity date.

(f) Term Bond with mandatory sinking fund provisions beginning in 2036 through and including the 2037 maturity date.

(g) Term Bond with mandatory sinking fund provisions beginning in 2040 through and including the 2042 maturity date.

SOURCES AND USES OF FUNDS

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

Sources of Funds:	
Principal Amount of the Bonds	$18,345,000.00
Plus Original Issue Premium	$1,327,674.10
Plus Accrued Interest	$24,075.28
Plus District Cash	$23,000.00
Total Sources of Funds	**$19,719,749.38**
Uses of Funds:	
Deposit to Refund Bonds	$19,115,213.42
Issuance Expenses (a)	$465,804.43
Underwriter's Discount	$114,656.25
Accrued Interest	$24,075.28
Total Uses of Funds	**$19,719,749.38**

(a) Includes the municipal bond insurance premium.

THE DISTRICT

General

The District is a municipal utility district created by the Texas Water Rights Commission, predecessor to the TCEQ, on July 28, 1976, and confirmed at an election held within the District on August 14, 1976. The rights, powers, privileges, authority and functions of the District are established by Article XVI, Section 59 of the Texas Constitution, and the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54, Texas Water Code, as amended. The District is subject to the continuing supervision of the TCEQ. The District is empowered to finance, purchase, construct, own, operate, and maintain all works, improvements, facilities, and plants necessary for the supply of water; the collection, transportation, and treatment of wastewater; and the control and diversion of storm water.

Description

The District is located in Harris County approximately 24 miles west-northwest of the central business district of the City of Houston, Texas and 6 miles northeast of the City of Katy, Texas. The District is bounded on the north by future Longenbaugh Road, School Road to the west, Northwest Harris County Municipal Utility District No. 12 adjacent to the District to the south, and Fry Road to the east, which lies adjacent to and to the east of the District. The District encompasses approximately 1,657 acres. Building development in the District has taken place in: the Settlers Village Subdivision ("Settlers Village"); the Lakeville Subdivision ("Lakeville"); the Eagle Ranch West Subdivision ("Eagle Ranch West"); the Jasmine Heights Subdivision ("Jasmine Heights"); the Cypress Oaks Subdivision ("Cypress Oaks"); Lantana Subdivision; Cypress Oaks North Subdivision; West 529 Industrial Park; a 178 acre Katy ISD campus site, and approximately 30 acres of commercial reserves. The District lies wholly within the exclusive extraterritorial jurisdiction of the City of Houston. Ground elevations within the District range from 144 feet mean sea level ("MSL") in the northwest corner to 134 feet MSL in the southeast corner of the District. Drainage from the District generally flows into Bear Creek.

Strategic Partnership Agreement

The City and the District entered into a Strategic Partnership Agreement ("SPA") effective as of December 14, 2009. The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City for the limited purposes of imposition of the City's Sales and Use Tax. The District continues to provide water supply and wastewater treatment services in the annexed area, and no City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City. Additional properties may become subject to the SPA by amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50 percent of all Sales and Use Tax revenues generated from the properties subject to the SPA. The term of the SPA is 30 years. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes. The payments from the City under the SPA are not pledged to the payment of the Bonds and are available for any lawful purpose.

Management of the District

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

Name	Title	Term Expires May
Pamela Brandenburg	President	2022
Charles LaConti	Vice President	2024
Kathy Cones	Secretary	2024
Carol N. Diller	Director	2022
Ginger Furlong	Director	2024

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

Tax Assessor/Collector – The District's tax assessor/Collector is BILCO, Inc. dba Bob Leared Interests who is engaged under annual contract and represents 160 other utility districts.

Bookkeeper – The District's bookkeeper is District Data Services, Inc. which acts as bookkeeper for approximately 40 other utility districts.

Auditor – The financial statements of the District as of September 30, 2021, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See "APPENDIX A."

Utility System Operator – The District's operator is Municipal Operations & Consulting, Inc. Such firm acts as operator for approximately 65 other utility districts.

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

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

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

Investments of the District

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

Status of Residential Development in the District

A tabulation of the single-family residences within the District as of January 1, 2022, is approximately as follows:

	Approx. Acreage	Total Lots	Completed	Under Construction	Vacant Developed Lots
Settlers Village, Sections 1 – 5 (a)	280	1,055	1,055	0	0
Lakeville, Sections 1 – 7	109	737	737	0	0
Eagle Ranch West, Sections 1 – 3	93	373	373	0	0
Jasmine Heights, Sections 1 – 5 (b)	70	301	301	0	0
Jasmine Heights, Sections 8 – 13 (b)	203	783	768	0	15
Jasmine Heights, Sections 14 – 16	66	319	319	0	0
Cypress Oaks, Section 1	20	105	105	0	0
Cypress Oaks, Section 2	18	88	88	0	0
Cypress Oaks North, Section 1-2 (c)	38	150	0	107	43
Lantana, Sections 1 – 7 (d)	91	464	464	0	0
Other Areas (e)	672	0	0	0	0
Total (f)	**1,657**	**4,347**	**4,182**	**107**	**58**

(a) Includes Reserve A (12.6 acres), Reserve B (12.1 acres), a Recreation Center reserve (2.07 acres), and Reserve C – school site (10.94 acres).

(b) Homes in Jasmine Heights were constructed by D.R. Horton Homes and marketed in the $140,000 – $323,00 price range.

(c) The land within Cypress Oaks, North Section 1 & 2 includes 31.503 acres of single-family residential development lots (150 lots) plus detention acreage within Section 1, and 4 acres of commercial development in Section 2. The land was developed by JNC Development, Inc. an affiliate of Saratoga Group, LLC ("Saratoga Homes"). All of the homes in Section 1 are under construction by Saratoga Homes of Texas Houston, LLC. Saratoga Homes has indicated that it plans to market homes in the $280,000 – $350,000 price range.

(d) Land within Lantana, Section 1-7 has been developed by Beazer Homes and MI Homes; homes in these sections were constructed by Beazer Homes and MI Homes. Such homes were marketed in the $200,000 - $335,000 price range.

(e) Includes approximately 30 acres of commercial reserves, the 83 acre West 529 Industrial Park, the 178 acre Cypress-Fairbanks ISD campus site (which includes a multi school facility, a transportation center, an agricultural science center, and additional acreage to be built upon in the future). Approximately 11 acres are planned to be developed in the Lantana subdivision for commercial purposes. Approximately 148 presently undeveloped acres that may be developed in the future, and approximately 122 acres that are District plant sites, drainage easements, detention ponds, flood plains, street rights-of-way, and other undevelopable acres.

(f) As of February 1, 2022, there were approximately 4,140 occupied homes in the District.

Commercial Development

Commercial building development in the District currently includes, but is not limited to, a Kroger Center located along Fry Road, 3 fast food restaurants, 2 commercial banks, 2 personal storage facilities, doctor/dentist offices, 2 restaurants, and approximately 25 other commercial establishments.

West 529 Industrial Park

Urban has completed the sale of all of the industrial lots in the approximately 83 acre industrial project known as West 529 Industrial Park ("West 529"). West 529 is located on the south side of FM 529 Road, between Fry Road and the Grand Parkway. Eleven industrial facilities have been constructed and are currently occupied in West 529. The completed and occupied buildings include the following: 44,000 SF (Sentry Air Systems); 15,000 SF (Mexssub International, LLC); 114,000 SF (R & N Manufacturing, Inc.), 35,000 SF (REW Materials, Inc.); 21,000SF (KR Development, LLC); 35,000 SF (Automation Technologies, LLC); 13,825 SF (A R E A Real Properties, LP); 11,000 SF (AllscalesUSA, LLC) and 18,750 SF (USGE Holdings of Arizona XXXI LLC). Construction has been completed for the first phase of the tracts owned by Partners Development, LLC. Gambit Construction, LLC has completed construction of 4 buildings totaling 24,000 SF. Covey Ridge has completed construction of approximately 15 industrial buildings ranging from 4,200 SF to 24,000 SF.

In addition to the developments mentioned in the above paragraph, West 529 Retail, LP, an affiliate of Urban, has completed and sold all of its West 529 Retail property, including a retail building consisting of approximately 13,820 SF.

DEFINED AREA

Pursuant to the provisions of Subchapter J of Chapter 54 of the Texas Water code, as amended, the District is authorized to define areas or designate certain property to pay for improvements, facilities, or services that primarily benefit that area. On

November 6, 2018 the District voters approved the creation of a defined area encompassing approximately 75 acres within the District (the “Defined Area”).

At an election within the Defined Area the voters within the Defined Area may authorize $6,400,000 principal amount of unlimited tax bonds to finance water, wastewater and drainage improvements solely within the Define area, and $5,000,000 for road facilities solely within the Defined Area and $1,000,0000 for recreational facilities solely within the Defined Area, and for the further purpose of refunding those bonds, they levy of an unlimited tax in payment of such bonds within the Defined Area.

The Defined Area is expected to be developed as primarily a residential development consisting of approximately 296 single family residential lots, and called the Cypress Oaks North subdivision. Within the Defined Area, 107 lots out of the planned 296 total lots are owned by Saratoga Homes of Texas Houston, LLC, which is currently constructing single-family residential homes on these 107 lots, and actively marketing the homes for sale to the general public with multiple sales contracts already executed with prospective buyers. To date, the Development that has taken place that includes the 107 lots owned by Saratoga Homes of Texas Houston, LLC is on approximately 38.178 acres within the Defined Area known as Cypress Oaks North, Sections 1 & 2 (See -"Current Status of Residential Development" herein). More specifically, Cypress Oaks North, Section 1 includes of a total of approximately 31.503 acres of real property, comprising 150 finished residential single-family lots and approximately 8.3 acres of detention. And, Cypress Oaks North, Section 2 includes a total of approximately 6.675 acres of real property, comprising approximately 4 acres of commercial property and paved portions of Westgreen Blvd and Longenbaugh Rd. The acreage within the Defined Area that does not consist of the 107 lots sold to Saratoga Homes of Texas Houston, LLC or the platted roadways that have been dedicated to Harris County, Texas remains currently owned by JNC Development, Inc.

THE DEVELOPERS

Role of the Developer

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

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

Jasmine Heights Subdivision

D.R. Horton Homes has completed the development of approximately 339 acres located in the District known as the Jasmine Heights Subdivision, Sections 1 – 5 and 8 – 16. Jasmine Heights currently consists of 1,403 single family lots (which are substantially built out). Homes in Jasmine Height have (over the past several years) been marketed in the $140,000 – $323,000 price range. KECH I, Ltd owns 2 tracts of land adjacent to the Jasmine Heights Subdivision totaling approximately 14 acres that it anticipates will be developed for commercial purposes at some time in the future; at this time there is no current building development plans for the 14 acres.

Cypress Oaks Subdivision

JNC Development, Inc. engaged Aurous to manage the land development work associated within Cypress Oaks Subdivision. Cypress Oaks, Sections 1 – 2 includes approximately 38 acres with 193 “50-foot” single family lots. Cypress Oaks is currently built-out. Saratoga Homes of Texas Houston, LLC was marketing homes on the lots in Cypress Oaks in the $210,000 – $240,000 price range.

Lantana Subdivision

Approximately 91 acres in the District is known as the Lantana subdivision. Beazer Homes and MI Homes have developed all 91 acres (464 lots) known as Lantana, Sections 1-7. Homes in Lantana, Sections 1-7 were marketed in the $200,000 - $335,000 price range.

Other Large Tracts of Land

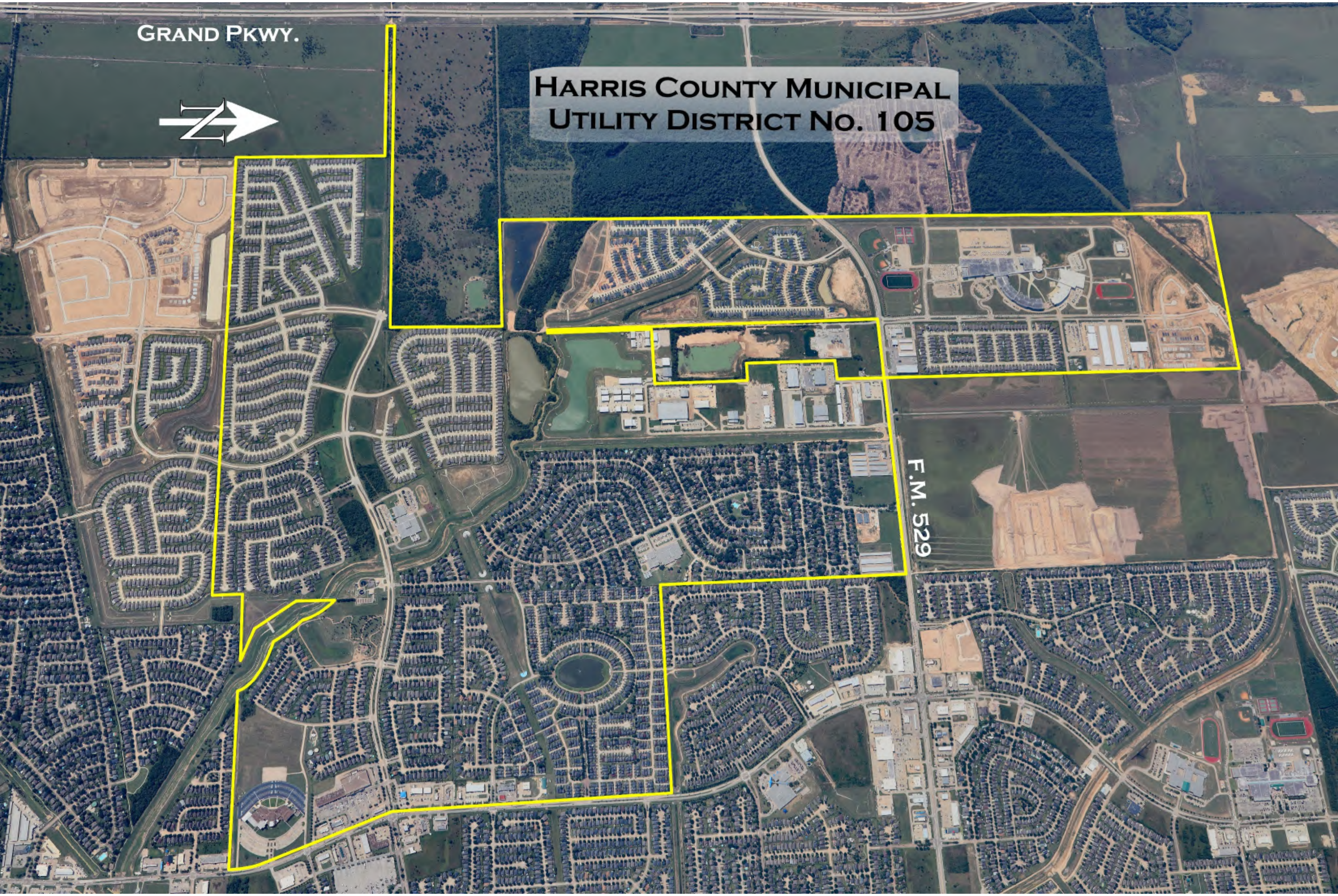
Kech I Ltd., L.P. owns approximately 70 acres of additional undeveloped land in the District. The District has no information relative to the future development of such 70 acres, and therefore the District makes no representation that such land will ever be developed in the future.

During September 2011, the District annexed approximately 358 acres. Cypress-Fairbanks Independent School District owns approximately 178 acres, which has been developed into a multi school facility, a transportation center, an agricultural science center, and additional acreage to be built upon in the future. 529 Development, Ltd. owns approximately 52 acres; of which has been developed for commercial properties. In addition, approximately 5 acres are owned by an investment group; of which is expected to be developed into commercial retail property.

2018 Annexation

The District completed annexing approximately 8 acres into the District on September 20, 2018. Such acres are owned by Christian Bach Investments, LLC. According to Christian Bach Investments, LLC, the land will most likely be developed as commercial property. The District cannot make any representation that such land will ever be developed in the future.

AERIAL PHOTOGRAPH



THE SYSTEM

Regulation

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

Description of the System

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

- Water Facilities -

The District has three water plant sites for its four active water wells, including Water Plant No.3 which is the site of Water Well No.5. The District's water supply facilities are capable of serving 6,000 ESFCs.

In 2013, the District constructed Water Well No. 3 (located at Water Plant No. 2) with proceeds from the District's Series 2012A Bonds. Water Well No. 3 is a 700 gpm well capable of serving 1,167 equivalent single-family connections ("ESFCs"). In 2014, the District received authorization from the TCEQ to blend water from Water Well Nos. 2 and 3 as an approved method to reduce the arsenic levels in the system.

The District constructed Water Well No. 4 (located in Water Plant No. 1) in 2014. Water Well No. 4 is a 900 gpm well capable of serving 1,500 ESFCs. Water Well No. 4 was financed from proceeds from the District's Series 2012A Bonds.

During 2011, 2012, and 2013, the District, from time to time, relied on various emergency water interconnect agreements with neighboring utility districts to satisfy the daily demand for water. It is not currently anticipated that the District will use these interconnections other than for emergency use.

-Surface Water Conversion-

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

The Authority has the power to issue debt supported by the revenues pledged for the payment of its obligations and may establish fees, user fees, rates, charges and special assessments as necessary to accomplish its purposes. The Authority currently charges the District, and other major water users, fees per 1,000 gallons based on the amount of groundwater pumped by the District, of $3.70. Additionally, the Authority now charges the District $4.10 per 1,000 gallons of the surface water that it delivers to the District. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue substantial amounts of bonds by the year 2030 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period. The District passes such fees on to customers of the District's water supply system.

Under the Subsidence District regulations and the GRP, the Authority is required to: (i) limit groundwater withdrawals to no more than 70% of the total water demand within the Authority's GRP beginning in the year 2010 [this goal has been met]; (ii) limit groundwater withdrawals to no more than 40% of the total water demand within the Authority's GRP beginning in the year 2025; and (iii) limit groundwater withdrawals to no more than 20% of the total water demand within the Authority's GRP beginning in the year 2035. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a substantial disincentive fee penalty in the amount of $9.25 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand within the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely seek monetary or other penalties against the District.

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

The Authority currently is under construction to deliver surface water to water plant no. 1 and it is anticipated that the project will be completed during 2021. At this time, the Authority also believes that surface water will be delivered to Water Plant Nos. 2 and 3 in 2024. The conversion from ground water to surface water required the District to convert its disinfection method. In anticipation of the delivery of surface water the District has converted the disinfection process at all 3 water plants.

- Wastewater Treatment -

The District's wastewater is treated at a shared wastewater treatment plant (the "Plant") that is operated by the District and shared with Northwest Harris County Municipal Utility District No. 12 ("NWHCMUD No. 12"). According to the Engineer, the Plant is capable of serving approximately 8,600 ESFCs; the District owns capacity in the Plant capable of serving approximately 5,494 ESFCs. The District owns 63.9% of the Plant capacity, and NWHCMUD No. 12 owns 36.1% of the Plant capacity. The TCEQ has re-rated the Plant's flow from the regulatory requirement of 315 gpd/ESFCs to 250 gpd/ESFCs. Such reduced flow rate reflects actual flows in the District and allows the Plant to serve approximately 8,600 ESFCs noted above.

- Drainage -

Storm sewer lines serving the District are designed to City of Houston standards which specify runoff calculations to be based on a 2 year frequency rain fall for internal sewers and a 2 year frequency rainfall for storm sewer trunk lines. Storm sewers were designed for full flow velocities of 3 – 7 feet per second.

Runoff is collected in curb and gutter streets and conveyed to inlets spaced a maximum of 1,400 feet apart (600 - 700 feet maximum gutter run in each direction). Flow from the inlets is transported along the storm sewer system to the outfall channel, Bear Creek. Manholes are spaced a maximum of 600 - 700 feet apart.

Approximately 662 acres of land within the District lies within the 500 year flood plain area according to maps provided by the Federal Emergency Management Agency. Of this area, 367 acres are undeveloped and approximately 295 acres are within the developed portions of the District.

According to the Engineer, approximately 170 acres along Bear Creek in the southeast portion of the District are located within the 100 year flood plain. The only existing development within the 100 year flood plain consists of detention ponds. Letters of Map Revision ("LOMR") have been prepared for certain areas in Jasmine Heights located along Bear Creek to have such areas removed from the 100 year flood plain and future development of other areas currently located within the 100 year flood plain will also require LOMRs to have such areas removed from the 100 year flood plain. None of the homes in Jasmine Heights are located in the 100 year flood plain.

100-Year Flood Plain

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

Water and Waste Collection and Disposal Service Rates

The Board establishes rates and fees for water and waste collection and disposal services, which are subject to change from time to time. Waste collection and disposal service provided to single family residential customers includes wastewater treatment service and solid waste collection service. Commercial customers receive only wastewater treatment service according to the rate order. The following monthly rates became effective on June 21, 2021.

- Water Service -

Single Family, Commercial, and Multi-Family (per unit):

First 8,000 gallons	$19.00
8,001 – 15,000 gallons	$ 2.25 per 1,000 gallons
15,001 – 25,000 gallons	$ 2.50 per 1,000 gallons
Over 25,000 gallons	$ 3.00 per 1,000 gallons

- Waste Collection and Disposal Service -

Single Family:

First 8,000 gallons	$27.37
Over 8,000 gallons	$ 1.40 per 1,000 gallons

Additionally, effective January 1, 2022, the District began charging each customer $3.69 per 1,000 gallons per month to recover the cost of the groundwater pumpage fees paid to the West Harris County Regional Water Authority by the District.

General Fund Operating History

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

	Fiscal Year Ended September 30 (a)				
	2021	**2020**	**2019**	**2018**	**2017**
Revenues					
Property taxes	$1,326,575	$1,043,706	$956,251	$703,903	$1,089,332
City of Houston rebates	$136,833	$104,525	$114,609	$112,389	$110,511
Water service	$1,417,241	$1,287,366	$1,088,518	$947,577	$869,331
Sewer service	$1,401,520	$1,121,641	$905,969	$955,986	$849,906
Regional water fee	$1,310,658	$1,072,886	$948,332	$691,996	$559,437
Penalty and interest	$73,974	$73,654	$72,988	$61,378	$60,138
Tap connection and inspection fees	$637,282	$987,837	$1,003,566	$516,929	$357,010
Investment income	$3,575	$49,960	$96,988	$50,689	$19,237
Other revenue	$26,593	$26,421	$39,970	$32,227	$111,725
Total revenues	**$6,334,251**	**$5,767,996**	**$5,227,191**	**$4,073,074**	**$4,026,627**
Expenditures					
Service operations:					
Purchased services	$435,823	$362,375	$290,103	$365,072	$326,681
Regional water fee	$620,449	$709,532	$902,955	$717,764	$599,189
Professional fees	$178,701	$183,736	$205,168	$321,638	$257,225
Contracted services	$1,541,491	$1,373,326	$1,136,973	$1,050,940	$983,602
Utilities	$124,711	$108,161	$83,760	$74,032	$75,421
Repairs and maintenance	$812,710	$912,161	$672,856	$690,078	$604,625
Other expenditures	$183,701	$133,364	$140,557	$152,502	$122,589
Tap connections	$252,879	$318,986	$320,604	$204,424	$147,850
Capital outlay	$523,000	-	$145,328	$87,632	$338,340
Debt service, debt issuance costs	-	-	-	$7,919	-
Total expenditures (b)	**$4,673,465**	**$4,101,641**	**$3,898,304**	**$3,672,001**	**$3,455,522**
Excess of Revenues over Expenditures	**$1,660,786**	**$1,666,355**	**$1,328,887**	**$401,073**	**$571,105**
Other Financing Uses					
Interfund transfers out	-	-	-	-	($11,486)
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	**$1,660,786**	**$1,666,355**	**$1,328,887**	**$401,073**	**$559,619**
Fund Balance, Beginning of Year	**$6,494,998**	**$4,828,643**	**$3,499,756**	**$3,098,683**	**$2,539,064**
Fund Balance, End of Year	**$8,155,784**	**$6,494,998**	**$4,828,643**	**$3,499,756**	**$3,098,683**

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

(b) As of December 13, 2021, the District had an unaudited cash and investment balance in the General Fund of approximately $7,772,367. For the Fiscal year ended September 30,2021 the District's General Fund experienced unaudited revenues of $6,403,709 and unaudited expenditures of $4,682,440. For the fiscal year ending September 30, 2022, the District is currently budgeting General Fund revenues of $6,859,000 and General Fund expenditures of $5,525,444.

DISTRICT DEBT
(Unaudited)

8/1/2021 Estimated Taxable Value	$874,843,566	(a)
2021 Certified Taxable Value	$817,388,834	(b)
Direct Debt		
Outstanding Bonds (as of March 1, 2022)	$63,210,000	(c)
The Bonds	$18,345,000	
Total Direct Debt	$81,555,000	
Estimated Overlapping Debt	$47,090,247	
Direct and Estimated Overlapping Debt	$128,645,247	
Percentage of Direct Debt to:		
8/1/2021 Estimated Taxable Value	9.32%	
2021 Certified Taxable Value	9.98%	
Percentage of Direct and Estimated Overlapping Debt to:		
8/1/2021 Estimated Taxable Value	14.70%	
2021 Certified Taxable Value	15.74%	
2021 Tax Rate Per $100 of Assessed Value		
Debt Service	$0.54	
Maintenance Tax	$0.20	
Total 2021 Tax Rate	$0.74	

(a) The Estimated Taxable Value as of 8/1/2021 was prepared by HCAD and provided to the District. Such values are not binding on HCAD, and the new values (subsequent to January 1, 2021) will not be included on the District's tax roll until the 2022 tax roll is prepared and certified by HCAD during the second half of 2022. See "DISTRICT TAX DATA" and "TAX PROCEDURES."

(b) The figure above represents the taxable value that has been fully certified on the District's 2021 tax roll according to HCAD. See "TAX PROCEDURES."

(c) Excludes the Refunded Bonds.

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**
Cypress-Fairbanks ISD (a)	$3,100,660,000	1.32%	$40,949,991
Harris County	$1,335,237,125	0.16%	$2,095,458
Harris County Flood Control District	$584,900,000	0.16%	$933,740
Port of Houston Authority	$469,434,397	0.16%	$749,453
Harris County Hospital District	$76,385,000	0.16%	$121,917
Harris County Department of Education	$20,185,000	0.16%	$31,669
Lone Star College System	$643,949,000	0.34%	$2,208,019
Total Estimated Overlapping Debt			**$47,090,247**
The District's Direct Debt (b)			$81,555,000
Total Direct and Estimated Overlapping Debt			**$128,645,247**

(a) Approximately 135 acres within the District are located in the Katy Independent School District. No occupied homes and no vacant developed lots are currently located in the Katy Independent School District at this time. All of the land located in the Katy ISD is currently subject to an agricultural valuation.

(b) Includes the Bonds.

TAX DATA

Tax Collections

The following table sets forth the historical tax collection experience of the District as of September 30, 2021, for the tax years 2017 through 2021. Such table has been prepared based upon information from District records. Reference is made to such records and statements for further and complete information.

Tax Year	Taxable Valuation	Tax Rate	Adjusted Levy	Current Collections	Current & Prior Years	Year End 9/30
2021	$817,388,834	$0.74	$6,048,677	95%	97%	2022 (a)
2020	$666,051,418	$0.77	$5,128,596	99%	100%	2021
2019	$549,962,584	$0.78	$4,289,708	98%	99%	2020
2018	$457,110,469	$0.80	$3,656,884	99%	99%	2019
2017	$413,506,959	$0.80	$3,308,056	99%	99%	2018

(a) The 2021 taxes were due on or before January 31, 2022.

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	$0.54	$0.57	$0.59	$0.60	$0.63
Maintenance/Operation	$0.20	$0.20	$0.19	$0.20	$0.17
Total	**$0.74**	**$0.77**	**$0.78**	**$0.80**	**$0.80**

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for operation and maintenance of the District's improvements. Such maintenance tax was authorized by the District's voters at various elections held in the District. The District is authorized to levy an unlimited maintenance tax. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Outstanding Bonds, and any tax bonds which may be issued in the future.

The District levied such a maintenance tax in 2001 through and including 2021 and expects to levy a maintenance tax in the future.

Principal Taxpayers

The following table, which sets forth the District's principal taxpayers, was provided by the District's Tax Assessor/Collector based upon the 2021 certified tax roll (which reflects ownership as of January 1, 2021) of the Harris County Appraisal District.

Principal Taxpayers (a)	**Type of Property**	**2021 A.V.**	**% of Total**
R & N Ventures Inc	Land & Improvements	$13,136,400	1.61%
Kroger Texas LP	Land, Improvements & Personal Property	$9,452,507	1.16%
529 and Westgreen Eat LLC	Land & Improvements	$9,086,992	1.11%
SWC Fry Road / West Little	Land & Improvements	$7,104,409	0.87%
Four Seasons Business	Land & Improvements	$6,235,161	0.76%
Brazos Self Storage Ltd	Land & Improvements	$6,222,949	0.76%
Beazer Homes Texas LP	Land, Improvements & Personal Property	$4,881,518	0.60%
USGE Holdings of Arizonia	Land & Improvements	$4,455,348	0.55%
Rew Gray Properties LLC	Land & Improvements	$4,018,746	0.49%
Limestone Ati LLC	Land & Improvements	$3,724,914	0.46%
TOTAL		**$68,318,944**	**8.36%**

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

Analysis of Tax Base

Based on information provided to the District by HCAD and its Tax Assessor/Collector, the following represents the composition of property comprising the tax roll valuations for 2017 through 2021.

	Type of Property					
Year	**Land**	**Improvements**	**Personal Property**	**Gross Valuation**	**Less Exemptions** (a)	**Taxable Valuation**
2021	$249,714,308	$709,854,624	$27,027,663	$986,596,595	$169,207,761	$817,388,834 (b)
2020	$208,473,973	$585,888,839	$24,943,245	$819,306,057	$153,254,639	$666,051,418
2019	$160,044,851	$503,838,513	$23,159,609	$687,042,973	$137,080,389	$549,962,584
2018	$147,943,439	$410,965,520	$20,990,952	$579,899,911	$122,789,442	$457,110,469
2017	$134,013,130	$385,192,354	$22,694,340	$541,899,824	$128,392,865	$413,506,959

(a) Substantially all of the exemptions are comprised of the 20% residential homestead exemption which the District has granted since 1987.

(b) The figure above represents the taxable value that has been fully certified on the District's 2021 tax roll according to HCAD. See "TAX PROCEDURES." Additionally, HCAD has provided the District with an 8/1/2021 Estimated Value of $874,843,566.

Tax Adequacy for Debt Service

The calculations shown below assume, solely for the purpose of illustration, no net revenues, and no increase in the Taxable Value as provided by HCAD. In each case a tax rate is used which is adequate to service the District's maximum annual debt service requirements following issuance of the Bonds. The available balances in the debt service fund are not reflected in these computations.

Maximum Annual Debt Service Requirements (2033) $5,501,122

$0.67 Tax Rate on 8/1/2021 Estimated Taxable Valuation of $874,843,566
@95% collections produces $5,568,379

$0.71 Tax Rate on 2021 Certified Taxable Valuation of $817,388,834
@95% collections produces $5,513,288

Estimated Overlapping Taxes

The following table sets forth all 2021 taxes levied by overlapping taxing jurisdictions on property within the District. No recognition is given to local assessments for civic association dues, fire department contributions, or any other levy by entities other than political subdivisions.

Taxing Entities	2021 Tax Rates
Cypress Fairbanks ISD (a)	$1.339200
Harris County (b)	$0.586340
Lone Star College System	$0.107800
Harris County Emergency Service District No. 9	$0.057628
Overlapping Taxes	**$2.090968**
The District	$0.740000
Total Direct & Overlapping Taxes	**$2.830968**

(a) Approximately 135 acres within the District are located in the Katy Independent School District. No occupied homes and no vacant developed lots are currently located in the Katy Independent School District at this time. All of the land located in the Katy ISD is currently subject to an agricultural valuation.

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

TAX PROCEDURES

Tax Code and County-Wide Appraisal District

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

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property, tangible personal property held or used for the production on income, mobile homes and certain categories of intangible personal property with a tax situs in the District are subject to taxation by the District. The District assesses and collects taxes on personal property rendered for taxation, business inventories, and the property of privately-owned utilities. 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; farm products owned by the producer; all oil, gas, and mineral interests owned by an institution of higher education; certain property owned by charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually-owned automobiles.

The District, either by action of its Board or through a process of petition and referendum initiated by its residents, may grant exemptions for residential homesteads of persons 65 years of age or older and of certain disabled persons, to the extent deemed advisable by the Board. Qualifying surviving spouses of persons 65 years of age and older will be entitled to receive a residential homestead exemption equal to that received by deceased spouses. The District is authorized 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 exemption to disabled veterans or certain surviving dependents of disabled veterans, up to $12,000 of value. The District has granted a $15,000 exemption for persons 65 and over and disabled persons for the 2021 tax year.

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. The items qualify if they leave the State of Texas within 175 days after the person who sent them out of state acquires them. The chief appraiser determines the amount of exemption by: (1) determining the percentage of the owner's inventory that left the state within six months of acquisition in the preceding year, and (2) reducing the current year's inventory by that percentage.

Agricultural, Open Space, or Timber Land Use

The Tax Code permits land designated for agricultural or timber land use to be appraised at its value based upon the land's capacity to produce agricultural products or, with respect to timber land, the value based upon accepted income capitalization methods. The Tax Code permits under certain circumstances that residential real property inventory held by a person in the trade or business valued at the price all of such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of an agricultural, timber land or residential real property appraisal must apply for such appraisal, and the Appraisal District is required to act on each claimant's application individually. If a claimant receives an agricultural or timber land appraisal on land and later changes the land use or sells the land to an unqualified owner, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the five years preceding the year in which the change of use occurs that the land was appraised as agricultural or timber land and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of 7% calculated from the dates on which the differences would have become due. Provisions of the Tax Code are complex and are not fully summarized here. During 2021, approximately 124.7973 acres within the District were classified as agricultural ranch land and were subject to an agricultural appraisal based upon the productivity of the land.

Residential Homestead Exemption

Pursuant to the Texas Constitution the governing body of each political subdivision in the State may exempt up to 20% of the market value of residential homesteads from ad valorem taxes. However, where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligation of the contract by which the debt was created. The District has granted a 20% residential homestead exemption each year since 1987, including the 2022 tax year.

Notice of Hearing Procedures

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

Levy and Collection of Taxes

The District is responsible for the levy and collection of its taxes unless it elects to transfer such functions to another governmental entity. The rate of taxation is set by the Board of Directors, after the legally required notice has been given to owners of property within the District, based upon a) the valuation of property within the District as of the preceding January 1, and b) the amount required to be raised for debt service, maintenance purposes, and authorized contractual obligations. Taxes are due October 1, or when billed, whichever comes later, and become delinquent if not paid before February 1 of the year following the year in which imposed. A delinquent tax incurs a penalty of 6% of the amount of the tax for the first calendar month it is delinquent, plus 1% for each additional month or portion of a month the tax remains unpaid 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.

Collection of Delinquent Taxes

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

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

Reappraisal of Property after Disaster

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

Tax Payment Installments after Disaster

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

Rollback of Maintenance Tax Rate

During the 86th Regular Legislative Session, Senate Bill 2 ("SB 2") was passed and signed by the Governor, with an effective date of January 1, 2020, which effectively restricts increases in the District's operation and maintenance tax rates by requiring rollback elections to reduce the operation and maintenance tax component of the District's total tax rate (collectively, the debt service tax rate, maintenance and operations tax rate and contract tax rate are the "total tax rate"). See "SELECTED FINANCIAL INFORMATION" for a description of the District's current total tax rate. SB 2 requires a reduction in the operation and maintenance tax component of the District's total tax rate if the District's total tax rate surpasses the thresholds for specific classes of districts in SB 2. Debt service and contract tax rates cannot be reduced by a rollback election held within any of the districts described below.

SB 2 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 "Low Tax Rate Districts." 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 are classified herein as "Other Districts." The impact each classification has on the ability of a district to increase its maintenance and operations tax rate pursuant to SB 2 is described for each classification below.

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 maintenance and operations tax rate that would impose1.08 times the amount of the operation and maintenance tax rate.

Developed Districts. Developed Districts that adopt a total tax rate that would impose more than 1.035 times the amount of the total tax imposed by the district in the preceding tax year on a residence homestead appraised at the average appraised value of a residence homestead, subject to certain homestead exemptions for the preceding tax year, plus any unused increment rates, as calculated and described in Section 26.013 of the Tax Code, are required to hold an election within the district to determine whether to approve the adopted total tax rate. If the adopted total tax rate is not approved at the election, the total tax rate for a Developed District is the current year's debt service and contract tax rate plus the maintenance and operations tax rate that would impose 1.035 times the amount of the operation and maintenance tax rate 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 maintenance and operations tax rate that would impose 1.08 times the previous year's operation and maintenance tax rate.

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

ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT, AND CONSOLIDATION

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City of Houston, the District may be annexed by the City of Houston without the District's consent, subject to compliance by the City of Houston with various requirements of Chapter 43 of the Texas Local Government Code, as amended. If the District is annexed, the City of Houston must assume the District's assets and obligations (including the Bonds) and abolish the District within 90 days of the date of annexation. Annexation of territory by the City of Houston is a policy-making matter within the discretion of the Mayor and City Council of the City of Houston, and therefore, the District makes no representation that the City of Houston will ever annex the District and assume its debt. Moreover, no representation is made concerning the ability of the City of Houston to make debt service payments should annexation occur.

Utilizing a provision of Texas law, the City and the District entered into a Strategic Partnership Agreement ("SPA") effective as of December 14, 2009. The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District into the City for the limited purposes of imposition of the City's Sales and Use Tax. The District continues to provide water supply and wastewater treatment services in the annexed area, and no City services are provided. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City. Additional properties may become subject to the SPA by amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50 percent of all Sales and Use Tax revenues generated from the properties subject to the SPA. The term of the SPA is 30 years. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes. The payments from the City under the SPA are not pledged to the payment of the Bonds and are available for any lawful purpose.

The District has the right to consolidate with one or more other municipal utility districts and in connection therewith to consolidate its System with the water and sewer systems of the district or districts with which it is consolidating. No representations are made that the District will ever consolidate its System with other systems.

THE BONDS

General

The Bonds are dated April 1, 2022, and will mature on March 1 in the years and in the amounts set forth on the cover page of this Official Statement. Interest on the Bonds will be calculated on the basis of a 360-day year of (12 months and 30 days per month) and will be payable on September 1, 2022, and each March 1 and September 1 thereafter until maturity or prior redemption. The record date for payment of the interest on any regularly scheduled interest payment date is defined as the 15th day of the month (whether or not a business day) preceding such interest payment date. The Bonds will be issued in denominations of $5,000 each or integral multiples thereof. The Bond Order authorizes the issuance and sale of the Bonds and prescribes terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

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

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

Paying Agent/Registrar

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

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

Authority for Issuance

The Bonds constitute the seventh issue of unlimited tax refunding bonds authorized by the District's voters in various elections held in the District. Subsequent to the sale of the Bonds, $12,002,568.00 unlimited tax refunding bonds will remain authorized but unissued. The Bonds are issued by the District as unlimited tax bonds pursuant to the terms and provisions of the Bond Order, Article XVI, Section 59 of the Texas Constitution, the laws of the State of Texas, including Chapters 49 and 54 of the Texas Water Code and Texas Government Code Section 1207.

Optional Redemption

The Bonds maturing on or after March 1, 2033, are subject to redemption at the option of the District, prior to maturity, in whole or from time to time in part on March 1, 2032, or on any date thereafter, at a price of the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular Bonds to be redeemed will be selected on behalf of the District. If fewer than all of the Bonds of a maturity are redeemed, the Bonds to be redeemed shall be selected, on behalf of the District, by the Paying Agent/Registrar, in its capacity as Registrar, by lot or other customary method, in integral multiples of $5,000 in any one maturity.

Mandatory Redemption

The Bonds maturing March 1 in the year 2042 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown on the table below.

$6,710,000 Term Bonds, due March 1, 2042

Mandatory Redemption Date	Principal Amount
March 1, 2038	$1,235,000
March 1, 2039	$1,270,000
March 1, 2040	$1,375,000
March 1, 2041	$1,400,000
March 1, 2042 (maturity)	$1,430,000

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

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

Defeasance

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

Funds

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

Issuance of Additional Debt

If authorized by the 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"). The District's voters have authorized the issuance of $114,725,000 principal amount of unlimited tax bonds, subsequent to the issuance of the Bonds, $18,650,000 of bonds will remain authorized for the purpose of providing waterworks, sanitary sewer, and drainage facilities to land within the District. See "RISK FACTORS - Future Debt." The District's voters have also authorized the issuance of up to $14,500,000 principal amount of unlimited tax refunding bonds; $12,002,568.00 unlimited tax refunding bonds remain authorized but unissued for the purpose of refunding previously outstanding unlimited tax bonds or combination unlimited tax and revenue bonds or other bonds issued by the District subsequent to the sale of the 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, combination unlimited tax and revenue bonds, revenue bonds, inferior lien bonds and refunding bonds.

Registration, Transfer, and Exchange

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

Replacement of Mutilated, Lost or Stolen Bonds

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

BOOK-ENTRY-ONLY SYSTEM

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

The District and the Underwriter cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Bonds), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the 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 Bonds. The Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount 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 Bonds under the DTC system must be made by or through Direct Participants, who will receive a credit for the Bonds 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 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive securities representing their ownership interests in Bonds except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Redemption notices shall be sent to DTC. If fewer than all of the Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or the Paying Agent/Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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 Bonds at any time by giving reasonable notice to the District or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, securities are required to be printed and delivered.

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

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

LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

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

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

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

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

LEGAL MATTERS

Legal Opinion

The District will furnish the Underwriter a transcript of certain certified proceedings incident to the authorization and issuance of the Bonds. Such transcript will include a certified copy of the approving opinion of the Attorney General of Texas, as recorded in the Bond Register of the Comptroller of Public Accounts of the State of Texas, the effect that the Bonds are valid and binding obligations of the District. The District also will furnish the approving legal opinion of Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel ("Bond Counsel"), the effect that based upon an examination of such transcript; the Bonds are valid and binding obligations of the District under the Constitution and laws of the State of Texas. The legal opinion of Bond Counsel will further state that the Bonds, including principal of and interest thereon, are payable from ad valorem taxes, without legal limit as to rate or amount, upon all taxable property located within the District. The District will also furnish the approving legal opinion of Bond Counsel to the effect that interest on the Bonds is excludable from gross income for federal income tax purposes under the statues, regulations, published rulings and court decisions existing on the date of such opinion, as is described under "TAX MATTERS" below.

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captions "TAX PROCEDURES," "ANNEXATION, STRATEGIC PARTNERSHIP AGREEMENT,

AND CONSOLIDATION," "THE BONDS," "LEGAL INVESTMENT AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS," "LEGAL MATTERS," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION" to determine whether such information fairly summarizes the procedures, law and documents referred to therein. Bond Counsel has not, however, independently verified any of the other factual information contained in this Official Statement nor have they investigated the affairs of the District for the purposes of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to the accuracy or completeness of any of the information contained herein. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold, and delivered. Therefore, such fees are contingent upon the sale and delivery of the Bonds. Bond Counsel acts as general counsel for the District on matters other than the issuance of bonds. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, Houston, Texas acting as Underwriters' Counsel.

No-Litigation Certificate

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

No Material Adverse Change

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

TAX MATTERS

Tax Exemption

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

In rendering its opinion, Bond Counsel to the District will rely upon: (a) certain information and representations of the District, including information and representations contained in the District's federal tax certificate, and (b) covenants of the District contained in the Bond documents relating to certain matters, including arbitrage and the use of the proceeds of the Bonds and the Refunded Bonds and the property financed or refinanced therewith.

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

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

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

Collateral Federal Income Tax Consequences

The following discussion is a summary of certain collateral federal income tax consequences resulting from the purchase, ownership or disposition of the Bonds. This discussion is based on existing statutes, regulations, published rulings and court decisions, all of which are subject to change or modification, retroactively.

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

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

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

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

NOT Qualified Tax-Exempt Obligations

The District did NOT designate the Bonds as "qualified tax-exempt obligations".

Tax Accounting Treatment of Original Issue Premium Bonds

Some of the Bonds may be offered at initial offering prices which exceed the stated redemption prices payable at the maturity of such Bonds. If a substantial amount of any maturity of the Bonds is sold to members of the public (which for this purpose excludes bond houses, brokers and similar persons or entities acting in the capacity of wholesales or underwriters) at such initial offering price, each of the Bonds of such maturity (the “Premium Bonds”) will be considered for federal income tax purposes to have “bond premium” equal to such excess. The basis for federal income tax purposes of a Premium Bond in the hands of an initial purchaser who purchases such Bond in the initial offering must be reduced each year and upon the sale or other taxable disposition of the Bond by the amount of amortizable bond premium. This reduction in basis will increase the amount of any gain (or decrease the amount of any loss) recognized for federal income tax purposes upon the sale or other taxable disposition of a Premium Bond by the initial purchaser. Generally, no corresponding deduction is allowed for federal income tax purposes, for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond which is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined under special tax accounting rules which use a constant yield throughout the term of the Premium Bond based on the initial purchaser’s original basis in such Bond.

The federal income tax consequences of the purchase, ownership, redemption, sale or other disposition by an owner of Bonds that are not purchased in the initial offering or which are purchased at an amount representing a price other than the initial offering prices for the Bonds of the same maturity may be determined according to rules which differ from those described above. Moreover, all prospective purchasers of Bonds should consult their tax advisors with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of Premium Bonds.

Tax Accounting Treatment of Original Issue Discount Bonds

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

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

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

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

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

OFFICIAL STATEMENT

Sources of Information

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

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

Consultants

Financial Advisor: The Official Statement was compiled and edited under the supervision of The GMS Group, L.L.C., (the "Financial Advisor"); such firm was employed in 1996 as Financial Advisor to the District. The fees to be paid to 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 upon the sale and delivery of the Bonds.

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

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

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

Auditors: The financial statements of the District as of September 30, 2021, and for the year then ended, included in this offering document, have been audited by BKD, LLP, independent auditors, as stated in their report appearing herein. See “APPENDIX A.”

Updating of Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

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

Annual Reports

The District will provide certain updated financial information and operating data annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the general type included in this Official Statement under the headings "SELECTED FINANCIAL INFORMATION," "TAX DATA" (except "– Estimated Overlapping Debt"), and in "APPENDIX A." The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to the Municipal Securities Rulemaking Board (the "MSRB") or any successor to its functions as a repository through its Electronic Municipal Market Access ("EMMA") system.

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

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

Event Notices

The District will provide timely notices of certain events to the MRSB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the District or other obligated person within the meaning of Rule15c2-12; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person within the meaning of the Rule15c2-12or the sale of all or substantially all of the assets of the District or other obligated person within the meaning of the Rule15c2-12, 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 obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligated person, any of which reflect financial difficulties. 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 material events only as described above. The District has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The District makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The District disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement although holders and beneficial owners of Bonds may seek a writ of mandamus to compel the District to comply with its agreement.

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

Compliance with Prior Undertakings

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

Continuing Availability of Financial Information

Pursuant to Texas law, the District prepares its financial statements 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's audited financial statements are required to be filed with the TCEQ within 135 days after the close of its fiscal year.

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

VERIFICATION OF ACCURACY OF MATHEMATICAL COMPUTATIONS

Robert Thomas CPA, LLC will deliver to the District, on or before the settlement date of the Bonds, its verification report indicating that it has verified the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash deposited to pay the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Bonds, (b) the mathematical computations related to certain requirements of the City of Houston Ordinance No. 97-416, as amended, and (c) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes.

Robert Thomas CPA, LLC relied on the accuracy, completeness and reliability of all information provided to it by, and on all decisions and approvals of, the District. In addition, Robert Thomas CPA, LLC has relied on any information provided to it by the District's retained advisors, consultants or legal counsel.

CERTIFICATION OF OFFICIAL STATEMENT

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

This Official Statement was approved by the Board of Directors of Harris County Municipal Utility District No. 105 as of the date shown on the cover page.

APPENDIX A

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT

FOR THE YEAR ENDED SEPTEMBER 30, 2021

Harris County Municipal Utility District No. 105

Harris County, Texas

Independent Auditor's Report and Financial Statements

September 30, 2021

BKD
CPAs & Advisors

Harris County Municipal Utility District No. 105

September 30, 2021

Contents

BKD
CPAs & Advisors

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

Independent Auditor's Report

Board of Directors
Harris County Municipal Utility District No. 105
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Harris County Municipal Utility District No. 105 (the District), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of September 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

BKD, LLP

Houston, Texas
February 8, 2022

Harris County Municipal Utility District No. 105
Management's Discussion and Analysis
September 30, 2021

Overview of the Financial Statements

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

In accordance with required reporting standards, the District reports its financial activities as a special-purpose government. Special-purpose governments are governmental entities which engage in a single governmental program, such as the provision of water, sanitary sewer and drainage services. Other activities, such as the provision of recreation facilities and solid waste collection, are minor activities and are not budgeted or accounted for as separate programs. The financial statements of special-purpose governments combine two types of financial statements into one statement. These two types of financial statements are the government-wide financial statements and the fund financial statements. The fund financial statements are presented on the left side of the statements, a column for adjustments is to the right of the fund financial statements and the government-wide financial statements are presented to the right side of the adjustments column. The following sections describe the measurement focus of the two types of statements and the significant differences in the information they provide.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

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

Notes to Financial Statements

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

Financial Analysis of the District as a Whole

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

Summary of Net Position

	2021	2020
Current and other assets	$ 18,559,422	$ 17,114,129
Capital assets	46,197,799	38,006,143
Total assets	64,757,221	55,120,272
Deferred outflows of resources	271,996	288,885
Total assets and deferred outflows of resources	$ 65,029,217	$ 55,409,157
Long-term liabilities	$ 81,771,392	$ 72,984,126
Other liabilities	2,391,504	1,398,962
Total liabilities	84,162,896	74,383,088
Net position:		
Net investment in capital assets	(30,360,844)	(28,798,921)
Restricted	3,516,576	3,215,817
Unrestricted	7,710,589	6,609,173
Total net position	$ (19,133,679)	$ (18,973,931)

The total net position of the District decreased by $159,748, or about 1 percent. The majority of the decrease in net position is related to service operations expenses, conveyance of capital assets to another governmental entity for maintenance, depreciation on the District's capital assets and debt service expenses exceeding property tax revenues, City of Houston (the City) rebates, and service and tap connection and inspection fee revenues. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Changes in Net Position

	2021	2020
Revenues:		
Property taxes	$ 5,114,039	$ 4,286,430
City of Houston rebates	137,738	123,661
Charges for services	4,298,598	3,637,022
Other revenues	818,628	1,257,929
Total revenues	10,369,003	9,305,042
Expenses:		
Services	5,530,918	4,406,719
Conveyance of capital assets	1,861,679	5,211,813
Depreciation	1,005,538	921,323
Debt service	2,130,616	2,483,878
Total expenses	10,528,751	13,023,733
Change in net position	(159,748)	(3,718,691)
Net position, beginning of year	(18,973,931)	(15,255,240)
Net position, end of year	$ (19,133,679)	$ (18,973,931)

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2021, were $16,611,001, an increase of $967,075 from the prior year.

The general fund's fund balance increased by $1,660,786 due to property taxes, City rebates and service revenues exceeding service operations and capital outlay expenditures. In addition, tap connection and inspection fee revenues exceeded the related tap connection expenditures.

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

The debt service fund's fund balance decreased by $22,901 due to bond principal and interest requirements and contracted services expenditures exceeding property tax revenues generated.

The capital projects fund's fund balance decreased by $670,810. This net decrease was primarily due to capital outlay expenditures related to the expansion of the wastewater treatment facilities.

General Fund Budgetary Highlights

There were several differences between the final budgetary amounts and actual amounts. The major differences between budget and actual were due to property tax, service and regional water fee revenues, tap connection and inspection fee revenues and related expenditures, and purchased services and contracted services expenditures being greater than anticipated, as well as regional water fee and repairs and maintenance expenditures being less than anticipated. In addition, capital outlay expenditures incurred were not included in the budget. The fund balance as of September 30, 2021, was expected to be $7,487,390 and the actual end-of-year fund balance was $8,155,784.

Capital Assets and Related Debt

Capital Assets

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

Capital Assets (Net of Accumulated Depreciation)

	2021	2020
Land and improvements	$ 17,791,818	$ 11,361,351
Construction in progress	84,831	603,887
Water facilities	12,102,965	11,779,547
Wastewater facilities	16,218,185	14,261,358
Total capital assets	$ 46,197,799	$ 38,006,143

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

Construction in progress related to SCADA upgrades at water plants	$ 75,552
Wastewater treatment facilities expansion to 2.15 MGD	537,495
Water and wastewater facilities to serve Jasmine Heights, Sections 14-16	956,955
Water and wastewater facilities to serve Lantana, Sections 4-7	1,141,752
Water and wastewater facilities to serve Westgreen Boulevard and West Little York	54,973
Detention to serve Lantana, Sections 5 and 6	611,219
Lantana detention pond, Phase B	2,225,700
28.000-acre site to serve Jasmine Heights, Sections 11-16 detention ponds	2,785,110
21.877-acre detention pond site to serve Lantana	808,438
Total additions to capital assets	$ 9,197,194

Developers within the District have constructed water, sewer and drainage facilities on behalf of the District under the terms of contracts with the District. The District has agreed to purchase these facilities from the proceeds of future bond issues, subject to the approval of the Commission. At September 30, 2021, a liability for developer-constructed capital assets of $15,669,995 was recorded in the government-wide financial statements.

Debt

The changes in the debt position of the District during the fiscal year ended September 30, 2021, are summarized as follows:

Long-term debt payable, beginning of year	$	72,984,126
Increases in long-term debt		10,445,826
Decreases in long-term debt		(1,658,560)
Long-term debt payable, end of year	$	81,771,392

At September 30, 2021, the District had $35,350,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District. In addition, the District had $12,400,000 of unlimited tax bonds authorized, but unissued, for the purpose of acquiring, constructing and improving the water, sanitary sewer, drainage, road and recreational systems within a certain defined area within the District.

The District's bonds carry an underlying rating of "BBB" from Standard & Poor's. The Series 2013 refunding, 2015, 2019 refunding, 2019A and 2020 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2015A, 2017 and 2018 bonds carry a "AA" rating from Standard & Poor's by virtue of bond insurance issued by Build America Mutual Assurance Company.

Other Relevant Factors

Relationship to the City of Houston

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City without the District's consent, except as set forth below.

Effective December 14, 2009, the District entered into a Strategic Partnership Agreement (the Agreement) with the City, which annexed certain portions of the District into the City for "limited purposes," as described therein. Under the terms of the Agreement, the City has agreed it will not annex the District as a whole for full purposes for 30 years, at which time the City has the option to annex the District if it chooses to do so.

Contingencies

Developers of the District are constructing water, sewer and drainage facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated current construction contract amounts are approximately $3,365,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Subsequent Event

On November 18, 2021, the District issued $16,700,000 in unlimited tax bonds, Series 2021, at a net effective interest rate of approximately 2.740 percent. The bonds were sold to reimburse developers for facilities constructed within the District.

Harris County Municipal Utility District No. 105

Statement of Net Position and Governmental Funds Balance Sheet

September 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Assets							
Cash	$ 881,998	$ 87,250	$ 372,714	$ 4,141,507	$ 5,483,469	$ -	$ 5,483,469
Certificates of deposit	245,000	-	95,000	-	340,000	-	340,000
Short-term investments	7,067,010	-	2,285,271	2,031,858	11,384,139	-	11,384,139
Receivables:							
Property taxes	37,160	-	102,936	-	140,096	-	140,096
Service accounts	434,837	-	-	-	434,837	-	434,837
Sales tax rebates	11,146	-	-	-	11,146	25,981	37,127
Accrued penalty and interest	-	-	-	-	-	67,616	67,616
Accrued interest	32	-	358	22	412	-	412
Interfund receivables	562,217	-	30,423	17	592,657	(592,657)	-
Due from participants	-	59,686	-	-	59,686	(27,484)	32,202
Due from others	7,188	-	-	-	7,188	595,152	602,340
Prepaid expenditures	37,184	-	-	-	37,184	-	37,184
Capital assets (net of accumulated depreciation):							
Land and improvements	-	-	-	-	-	17,791,818	17,791,818
Construction in progress	-	-	-	-	-	84,831	84,831
Infrastructure	-	-	-	-	-	28,321,150	28,321,150
Total assets	9,283,772	146,936	2,886,702	6,173,404	18,490,814	46,266,407	64,757,221
Deferred Outflows of Resources							
Deferred amount on debt refundings	0	0	0	0	0	271,996	271,996
Total assets and deferred outflows of resources	$ 9,283,772	$ 146,936	$ 2,886,702	$ 6,173,404	$ 18,490,814	$ 46,538,403	$ 65,029,217

Harris County Municipal Utility District No. 105
Statement of Net Position and Governmental Funds Balance Sheet (Continued)
September 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Net Position
Liabilities							
Accounts payable	$ 311,364	$ 26,807	$ 4,828	$ 44,473	$ 387,472	$ (27,484)	$ 359,988
Accrued interest payable	-	-	-	-	-	168,440	168,440
Customer deposits	635,678	-	-	-	635,678	-	635,678
Operating deposits	-	10,000	-	-	10,000	-	10,000
Unearned tap connection fees	85,560	-	-	-	85,560	-	85,560
Due to others	27,803	-	500	47	28,350	1,103,488	1,131,838
Interfund payables	30,423	100,129	17	462,088	592,657	(592,657)	-
Long-term liabilities:							
Due within one year	-	-	-	-	-	1,720,000	1,720,000
Due after one year	-	-	-	-	-	80,051,392	80,051,392
Total liabilities	1,090,828	136,936	5,345	506,608	1,739,717	82,423,179	84,162,896
Deferred Inflows of Resources							
Deferred property tax revenues	37,160	0	102,936	0	140,096	(140,096)	0
Fund Balances/Net Position							
Fund balances:							
Nonspendable, prepaid expenditures	37,184	-	-	-	37,184	(37,184)	-
Restricted:							
Unlimited tax bonds	-	-	2,778,421	-	2,778,421	(2,778,421)	-
Water, sewer and drainage	-	-	-	5,666,796	5,666,796	(5,666,796)	-
Committed, wastewater collection treatment	-	10,000	-	-	10,000	(10,000)	-
Unassigned	8,118,600	-	-	-	8,118,600	(8,118,600)	-
Total fund balances	8,155,784	10,000	2,778,421	5,666,796	16,611,001	(16,611,001)	0
Total liabilities, deferred inflows of resources and fund balances	$ 9,283,772	$ 146,936	$ 2,886,702	$ 6,173,404	$ 18,490,814		
Net position:							
Net investment in capital assets						(30,360,844)	(30,360,844)
Restricted for plant operations						10,000	10,000
Restricted for debt service						2,780,533	2,780,533
Restricted for capital projects						726,043	726,043
Unrestricted						7,710,589	7,710,589
Total net position						$ (19,133,679)	$ (19,133,679)

Harris County Municipal Utility District No. 105

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

Year Ended September 30, 2021

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments	Statement of Activities
Revenues							
Property taxes	$ 1,326,575	$ -	$ 3,780,436	$ -	$ 5,107,011	$ 7,028	$ 5,114,039
City of Houston rebates	136,833	-	-	-	136,833	905	137,738
Water service	1,417,241	-	-	-	1,417,241	-	1,417,241
Sewer service	1,401,520	-	-	-	1,401,520	-	1,401,520
Regional water fee	1,310,658	-	-	-	1,310,658	-	1,310,658
Participant charges	-	605,002	-	-	605,002	(435,823)	169,179
Penalty and interest	73,974	-	61,145	-	135,119	9,613	144,732
Tap connection and inspection fees	637,282	-	-	-	637,282	-	637,282
Investment income	3,575	60	1,734	4,652	10,021	-	10,021
Other revenue	26,593	-	-	-	26,593	-	26,593
Total revenues	6,334,251	605,062	3,843,315	4,652	10,787,280	(418,277)	10,369,003
Expenditures/Expenses							
Purchased services	435,823	-	-	-	435,823	(435,823)	-
Regional water fee	620,449	-	-	-	620,449	1,103,488	1,723,937
Professional fees	178,701	3,500	13,899	-	196,100	-	196,100
Contracted services	1,541,491	39,581	84,005	-	1,665,077	-	1,665,077
Utilities	124,711	126,174	-	-	250,885	-	250,885
Repairs and maintenance	812,710	395,555	-	-	1,208,265	-	1,208,265
Other expenditures	183,701	40,252	8,923	899	233,775	-	233,775
Tap connections	252,879	-	-	-	252,879	-	252,879
Capital outlay	523,000	-	-	630,714	1,153,714	(1,153,714)	-
Conveyance of capital assets	-	-	-	-	-	1,861,679	1,861,679
Depreciation	-	-	-	-	-	1,005,538	1,005,538
Debt service:							
Principal retirement	-	-	1,685,000	-	1,685,000	(1,685,000)	-
Interest and fees	-	-	2,074,389	-	2,074,389	12,378	2,086,767
Debt issuance costs	-	-	-	43,849	43,849	-	43,849
Total expenditures/expenses	4,673,465	605,062	3,866,216	675,462	9,820,205	708,546	10,528,751
Excess (Deficiency) of Revenues Over Expenditures	1,660,786	0	(22,901)	(670,810)	967,075	(967,075)	
Change in Net Position						(159,748)	(159,748)
Fund Balances/Net Position							
Beginning of year	6,494,998	10,000	2,801,322	6,337,606	15,643,926	-	(18,973,931)
End of year	$ 8,155,784	$ 10,000	$ 2,778,421	$ 5,666,796	$ 16,611,001	$ 0	$ (19,133,679)

Harris County Municipal Utility District No. 105
Notes to Financial Statements
September 30, 2021

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

Harris County Municipal Utility District No. 105 (the District) was created by an order of the Texas Water Rights Commission, now known as the Texas Commission on Environmental Quality (the Commission), effective July 28, 1976, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 49 and 54 of the Texas Water Code and is subject to the continuing supervision of the Commission. The principal functions of the District are to finance, construct, own and operate waterworks, wastewater and drainage facilities and to provide such facilities and services to the customers of the District. The District also provides solid waste disposal service.

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

Reporting Entity

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

Government-wide and Fund Financial Statements

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

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

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

The District presents the following major governmental funds:

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

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

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

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

Fund Balances – Governmental Funds

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

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

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

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

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

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

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

Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

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

Fund Financial Statements

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

Deferred Outflows and Inflows of Resources

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

Interfund Transactions

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

Pension Costs

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

Use of Estimates

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

Investments and Investment Income

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

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

Property Taxes

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

In the governmental funds, property taxes are initially recorded as receivables and deferred inflows of resources at the time the tax levy is billed. Revenues recognized during the fiscal year ended September 30, 2021, include collections during the current period or within 60 days of year-end related to the 2020 and prior years' tax levies.

In the government-wide statement of net position, property taxes are considered earned in the budget year for which they are levied. For the District's fiscal year ended September 30, 2021, the 2020 tax levy is considered earned during the current fiscal year. In addition to property taxes levied, any delinquent taxes are recorded net of amounts considered uncollectible.

Capital Assets

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

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

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

	Years
Water production and distribution facilities	10-45
Wastewater collection and treatment facilities	10-45

Deferred Amount on Debt Refundings

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

Debt Issuance Costs

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

Long-term Obligations

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

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

Net Position/Fund Balances

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

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

Reconciliation of Government-wide and Fund Financial Statements

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

Capital assets used in governmental activities are not financial resources and are not reported in the funds.	$ 46,197,799
Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements.	140,096
Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds.	67,616
Amounts due from others is not receivable in the current period and is not reported in the funds.	595,152

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Sales tax rebates are not receivable in the current period and are not reported in the funds.	$	25,981
Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds.		271,996
Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds.		(168,440)
Amounts due to others are not payable with current financial resources and are not reported in the funds.		(1,103,488)
Long-term debt obligations are not due and payable in the current period and are not reported in the funds.		(81,771,392)
Adjustment to fund balances to arrive at net position.	$	(35,744,680)

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

Change in fund balances.	$	967,075
Governmental funds report capital outlays as expenditures. However, for government-wide financial statements, the cost of capitalized assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and conveyance of capital assets exceeded capital outlay expenditures in the current year.		(1,713,503)
Government funds report principal payments on debt as expenditures. For the statement of activities, these transactions do not have any effect on net position.		1,685,000
Revenues that do not provide current financial resources are not reported as revenues for the funds but are reported as revenues in the statement of activities.		17,546
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(1,115,866)
Change in net position of governmental activities.	$	(159,748)

Harris County Municipal Utility District No. 105

Notes to Financial Statements

September 30, 2021

Note 2: Deposits, Investments and Investment Income

Deposits

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

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

At September 30, 2021, none of the District's bank balances were exposed to custodial credit risk.

Investments

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

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

The District invests in TexPool, an external investment pool that is not registered with the Securities and Exchange Commission. The State Comptroller of Public Accounts of the State of Texas has oversight of TexPool.

At September 30, 2021, the District had the following investments and maturities:

		Maturities in Years			
Type	Amortized Cost	Less Than 1	1-5	6-10	More Than 10
Money market mutual funds	$ 50	$ 50	$ -	$ -	$ -
TexPool	11,384,089	11,384,089	-	-	-
Totals	$ 11,384,139	$ 11,384,139	$ 0	$ 0	$ 0

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

Credit Risk. Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At September 30, 2021, the District's investments in TexPool were rated "AAAm" by Standard and Poor's. The District's investments in money market mutual funds were rated "AAA" by Standard and Poor's.

Summary of Carrying Values

The carrying values of deposits and investments shown previously are included in the balance sheet at September 30, 2021, as follows:

Carrying value:		
Deposits	$	5,823,469
Investments		11,384,139
Total	$	17,207,608

Included in the following statement of net position captions:

Cash	$	5,483,469
Certificates of deposit		340,000
Short-term investments		11,384,139
Total	$	17,207,608

Investment Income

Investment income of $10,021 for the year ended September 30, 2021, consisted of interest income.

Note 3: Capital Assets

A summary of changes in capital assets for the year ended September 30, 2021, is presented below.

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Notes to Financial Statements

September 30, 2021

Governmental Activities	Balances, Beginning of Year	Additions	Reclassi-fications	Balances, End of Year
Capital assets, non-depreciable:				
Land and improvements	$ 11,361,351	$ 6,430,467	$ -	$ 17,791,818
Construction in progress	603,887	75,552	(594,608)	84,831
Total capital assets, non-depreciable	11,965,238	6,506,019	(594,608)	17,876,649
Capital assets, depreciable:				
Water production and distribution facilities	15,993,470	772,738	-	16,766,208
Wastewater collection and treatment facilities	19,186,180	1,918,437	594,608	21,699,225
Total capital assets, depreciable	35,179,650	2,691,175	594,608	38,465,433
Less accumulated depreciation:				
Water production and distribution facilities	(4,213,923)	(449,320)	-	(4,663,243)
Wastewater collection and treatment facilities	(4,924,822)	(556,218)	-	(5,481,040)
Total accumulated depreciation	(9,138,745)	(1,005,538)	0	(10,144,283)
Total governmental activities, net	$ 38,006,143	$ 8,191,656	$ 0	$ 46,197,799

Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2021, were as follows:

Governmental Activities	Balances, Beginning of Year	Increases	Decreases	Balances, End of Year	Amounts Due in One Year
Bonds payable:					
General obligation bonds	$ 68,955,000	$ -	$ 1,685,000	$ 67,270,000	$ 1,720,000
Add premiums on bonds	106,027	-	8,570	97,457	-
Less discounts on bonds	1,301,070	-	35,010	1,266,060	-
	67,759,957	0	1,658,560	66,101,397	1,720,000
Due to developers	5,224,169	10,445,826	-	15,669,995	-
Total governmental activities long-term liabilities	$ 72,984,126	$ 10,445,826	$ 1,658,560	$ 81,771,392	$ 1,720,000

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General Obligation Bonds

	Refunding Series 2013	Series 2015
Amounts outstanding, September 30, 2021	$6,135,000	$2,420,000
Interest rates	2.00% to 4.00%	2.00% to 3.25%
Maturity dates, serially beginning/ending	March 1, 2022/2035	March 1, 2022/2039
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2023	March 1, 2022

	Series 2015A	Series 2016
Amounts outstanding, September 30, 2021	$5,225,000	$6,150,000
Interest rates	3.00% to 4.00%	2.00% to 3.50%
Maturity dates, serially beginning/ending	March 1, 2022/2042	March 1, 2022/2042
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2022	March 1, 2022

	Series 2017	Series 2018
Amounts outstanding, September 30, 2021	$9,250,000	$6,100,000
Interest rates	2.00% to 3.75%	3.50% to 5.00%
Maturity dates, serially beginning/ending	March 1, 2022/2042	March 1, 2023/2047
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2022	March 1, 2023

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

	Refunding Series 2019	Series 2019A
Amounts outstanding, September 30, 2021	$12,050,000	$9,390,000
Interest rates	2.00% to 3.25%	2.00% to 2.75%
Maturity dates, serially beginning/ending	March 1, 2022/2039	March 1, 2024/2048
Interest payment dates	March 1/ September 1	March 1/ September 1
Callable dates*	March 1, 2025	March 1, 2024

	Series 2020
Amount outstanding, September 30, 2021	$10,550,000
Interest rates	2.00% to 4.50%
Maturity dates, serially beginning/ending	March 1, 2024/2050
Interest payment dates	March 1/ September 1
Callable date*	March 1, 2026

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

Annual Debt Service Requirements

The following schedule shows the annual debt service requirements to pay principal and interest on general obligation bonds outstanding at September 30, 2021:

Year	Principal	Interest	Total
2022	$ 1,720,000	$ 1,999,781	$ 3,719,781
2023	1,995,000	1,946,681	3,941,681
2024	2,405,000	1,876,631	4,281,631
2025	2,595,000	1,798,534	4,393,534
2026	2,665,000	1,718,224	4,383,224
2027-2031	15,250,000	7,332,274	22,582,274
2032-2036	15,295,000	4,971,199	20,266,199
2037-2041	13,480,000	2,807,342	16,287,342
2042-2046	8,085,000	1,032,264	9,117,264
2047-2050	3,780,000	154,519	3,934,519
Total	$ 67,270,000	$ 25,637,449	$ 92,907,449

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

Bonds voted	$ 114,725,000
Bonds sold	79,375,000
Refunding bonds voted	14,500,000
Refunding bonds authorization used	2,497,432
Bonds voted – Defined Area	12,400,000

Due to Developers

Developers of the District have constructed underground utilities on behalf of the District. The District is maintaining and operating the facilities and has agreed to reimburse the developers for these construction costs, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. The District's engineer estimates reimbursable costs for completed projects are $15,669,995. These amounts have been recorded in the financial statements as long-term liabilities.

Note 5: Significant Bond Order and Commission Requirements

A. The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended September 30, 2021, the District levied an ad valorem debt service tax at the rate of $0.5700 per 100 of assessed valuation, which resulted in a tax levy of $3,796,863 on the taxable valuation of $666,116,122 for the 2020 tax year. The interest and principal requirements paid from the tax revenues were $3,771,103.

B. The Commission required the District to escrow $33,000 from the proceeds of its Series 1983 bonds until released by the Commission. At September 30, 2021, the balance of $33,000 was held in a short-term investment account.

C. In accordance with the Series 2020 Bond Order, a portion of the bond proceeds were deposited into the debt service fund and reserved for the payment of bond interest during the construction period. This bond interest is reduced as the interest is paid. The balance of $274,861 in the bond interest reserve was fully utilized in the current year.

Note 6: Regional Wastewater Treatment Agreement

On August 29, 1984, the District, Northwest Harris County Municipal Utility District No. 12 (District No. 12) and Harris County Municipal Utility District No. 272 (District No. 272) entered into an agreement to construct and operate regional wastewater treatment facilities (the facilities) on behalf of the participants. The agreement was amended on October 18, 1999, and April 17, 2001, to extend the agreement to 20 years after the date of the latest amendment, with the right of renewal thereafter on similar terms and conditions as may be mutually acceptable to and agreed by the parties. During the year ended September 30, 2013, the District purchased an additional 50,000 gpd of capacity from District No. 12. During the year ended September 30, 2016, the District purchased an additional 37,500 gpd of capacity from District No. 12. In addition, During the year ended September 30, 2018, District No. 12 repurchased 87,500 gpd of capacity from the District.

The agreement provides construction costs will be shared based upon capacity acquired by each participant. The initial facilities had capacity to treat 1,100,000 gallons per day of waste. The current capacity is allocated as shown below:

Participant	Gallons Per Day
The District	1,098,400
District No. 12	501,600
Totals	1,600,000

The District holds title to and operates the facilities on behalf of all participants. District No. 272 has been dissolved, and the land comprising District No. 272 has been annexed into the boundaries of the District. The District has assumed the assets and liabilities of District No. 272, including the capacity in the facilities. The participants are billed monthly for fixed costs based on capacity owned, for variable costs based on flow to the facilities, plus a 10 percent administrative fee on variable costs. Operations of the facilities are accounted for in the special revenue fund. Transactions for the current year are summarized below:

	The District	District No. 12	Total
Receivable, beginning of year	$ 53,580	$ 32,661	$ 86,241
Participant billings	435,823	169,179	605,002
Collections	(461,919)	(169,638)	(631,557)
Receivable, end of year	$ 27,484	$ 32,202	$ 59,686

Note 7: Maintenance Taxes

At an election held September 1, 1976, voters authorized a maintenance tax not to exceed $0.15 per $100 of assessed valuation on all property within the District subject to taxation. At an election held May 11, 2013, voters authorized an unlimited maintenance tax. During the year ended September 30, 2021, the District levied an ad valorem maintenance tax at the rate of $0.2000 per $100 of assessed valuation, which resulted in a tax levy of $1,332,233 on the taxable valuation of $666,116,122 for the 2020 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

Note 8: Regional Water Authority

The District is within the boundaries of the West Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature. The Authority was created to provide a regional entity to acquire surface water and build the necessary facilities to convert from groundwater to surface water in order to meet conversion requirements mandated by the Harris-Galveston Subsidence District, which regulates groundwater withdrawal. As of September 30, 2021, the Authority was billing the District $3.45 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

Note 9: Strategic Partnership Agreement

Effective December 14, 2009, the District and the City of Houston (the City) entered into a Strategic Partnership Agreement (the Agreement) under which the City annexed a tract of land (the tract) within the boundaries of the District for limited purposes. The District continues to exercise all powers and functions of a municipal utility district as provided by law. As consideration for the District providing services as detailed in the Agreement, the City agrees to remit one-half of all City sales and use tax revenues generated within the boundaries of the tract. As consideration for the sales tax payments by the City, the District agrees to continue to provide and develop water, sewer and drainage services within the District in lieu of full-purpose annexation. The City agrees it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is 30 years. During the current year, the District recorded $137,738 in revenues related to the Agreement.

Note 10: Risk Management

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

Note 11: Contingencies

Developers of the District are constructing water, sewer and drainage facilities within the boundaries of the District. The District has agreed to reimburse the developers for a portion of these costs, plus interest, from the proceeds of future bond sales, to the extent approved by the Commission. The District's engineer has stated current construction contract amounts are approximately $3,365,000. This amount has not been recorded in the financial statements since the facilities are not complete or operational.

Note 12: Defined Area

On November 6, 2018, District voters approved the creation of a "defined area" encompassing approximately 75 acres. Under the provisions of the Texas Water Code, property within the defined area will be responsible for the payment of improvements that benefit the defined area. At the same election, voters authorized $12,400,000 in bonding authority for the construction of water, wastewater, drainage, roads and recreational facilities within the defined area. As of September 30, 2021, no bonds have been issued pursuant to this authorization.

Note 13: Uncertainties

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

Note 14: Subsequent Event

On November 18, 2021, the District issued $16,700,000 in unlimited tax bonds, Series 2021, at a net effective interest rate of approximately 2.740 percent. The bonds were sold to reimburse developers for facilities constructed within the District.

Required Supplementary Information

Harris County Municipal Utility District No. 105

Budgetary Comparison Schedule – General Fund

Year Ended September 30, 2021

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	$ 1,165,000	$ 1,326,575	$ 161,575
City of Houston rebates	109,000	136,833	27,833
Water service	1,300,000	1,417,241	117,241
Sewer service	1,300,000	1,401,520	101,520
Regional water fee	1,100,000	1,310,658	210,658
Penalty and interest	60,000	73,974	13,974
Tap connection and inspection fees	205,000	637,282	432,282
Investment income	50,000	3,575	(46,425)
Other revenue	29,000	26,593	(2,407)
Total revenues	5,318,000	6,334,251	1,016,251
Expenditures			
Service operations:			
Purchased services	358,200	435,823	(77,623)
Regional water fee	850,000	620,449	229,551
Professional fees	190,000	178,701	11,299
Contracted services	1,394,208	1,541,491	(147,283)
Utilities	108,000	124,711	(16,711)
Repairs and maintenance	1,195,500	812,710	382,790
Other expenditures	144,700	183,701	(39,001)
Tap connections	85,000	252,879	(167,879)
Capital outlay	-	523,000	(523,000)
Total expenditures	4,325,608	4,673,465	(347,857)
Excess of Revenues Over Expenditures	992,392	1,660,786	668,394
Fund Balance, Beginning of Year	6,494,998	6,494,998	-
Fund Balance, End of Year	$ 7,487,390	$ 8,155,784	$ 668,394

Harris County Municipal Utility District No. 105

Budgetary Comparison Schedule – Special Revenue Fund

Year Ended September 30, 2021

	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Participant charges	$ 499,000	$ 605,002	$ 106,002
Investment income	-	60	60
Total revenues	499,000	605,062	106,062
Expenditures			
Service operations:			
Professional fees	8,500	3,500	5,000
Contracted services	42,800	39,581	3,219
Utilities	98,700	126,174	(27,474)
Repairs and maintenance	315,000	395,555	(80,555)
Other expenditures	34,000	40,252	(6,252)
Total expenditures	499,000	605,062	(106,062)
Excess of Revenues Over Expenditures	-	-	-
Fund Balance, Beginning of Year	10,000	10,000	-
Fund Balance, End of Year	$ 10,000	$ 10,000	$ 0

Harris County Municipal Utility District No. 105
Notes to Required Supplementary Information
September 30, 2021

Budgets and Budgetary Accounting

Annual operating budgets are prepared for the general and special revenue funds by the District's consultants. The budgets reflect resources expected to be received during the current year and expenditures expected to be incurred. The Board of Directors is required to adopt the budgets prior to the start of its fiscal year. The budgets are not a spending limitation (a legally restricted appropriation). The budgets were not amended during fiscal 2021.

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

Other Information

Harris County Municipal Utility District No. 105
Other Schedules Included Within This Report
September 30, 2021

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

[X] Notes Required by the Water District Accounting Manual
See "Notes to Financial Statements," Pages 13-28

[X] Schedule of Services and Rates

[X] Schedule of General Fund Expenditures

[X] Schedule of Temporary Investments

[X] Analysis of Taxes Levied and Receivable

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

[X] Changes in Long-term Bonded Debt

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

[X] Board Members, Key Personnel and Consultants

Harris County Municipal Utility District No. 105

Schedule of Services and Rates

Year Ended September 30, 2021

1. Services provided by the District:

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

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

___ Other ______

2. Retail service providers

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

	Minimum Charge	Minimum Usage	Flat Rate Y/N	Rate Per 1,000 Gallons Over Minimum	Usage Levels		
Water:	$ 19.00	8,000	N	$ 2.25	8,001	to	15,000
				$ 2.50	15,001	to	25,000
				$ 3.00	25,001	to	No Limit
Wastewater:	$ 27.37	8,000	N	$ 1.40	8,001	to	No Limit
Regional water fee:	$ 3.69	1,000	N	$ 3.69	1,001	to	No Limit

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

Total charges per 10,000 gallons usage (including fees): Water $ 60.40 Wastewater $ 30.17

b. Water and wastewater retail connections:

Meter Size	Total Connections	Active Connections	ESFC Factor	Active ESFC*
Unmetered	-	-	x1.0	-
≤ 3/4"	4,296	4,248	x1.0	4,248
1"	31	31	x2.5	78
1 1/2"	21	20	x5.0	100
2"	57	57	x8.0	456
3"	1	1	x15.0	15
4"	6	6	x25.0	150
6"	2	2	x50.0	100
8"	3	3	x80.0	240
10"	-	-	x115.0	-
Total water	4,417	4,368		5,387
Total wastewater	4,342	4,296	x1.0	4,296

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

Gallons pumped into the system:	392,970
Gallons billed to customers:	360,161
Water accountability ratio (gallons billed/gallons pumped):	91.65%

*"ESFC" means equivalent single-family connections

Harris County Municipal Utility District No. 105
Schedule of General Fund Expenditures
Year Ended September 30, 2021

Personnel (including benefits)		$ -
Professional Fees		
Auditing	$ 22,600	
Legal	104,513	
Engineering	50,388	
Financial advisor	1,200	178,701
Purchased Services for Resale		
Bulk water and wastewater service purchases		435,823
Regional Water Fee		620,449
Contracted Services		
Bookkeeping	18,078	
General manager	-	
Appraisal district	-	
Tax collector	-	
Security	364,678	
Other contracted services	302,940	685,696
Utilities		124,711
Repairs and Maintenance		812,710
Administrative Expenditures		
Directors' fees	21,750	
Office supplies	66,431	
Insurance	14,977	
Other administrative expenditures	80,543	183,701
Capital Outlay		
Capitalized assets	-	
Expenditures not capitalized	523,000	523,000
Tap Connection Expenditures		252,879
Solid Waste Disposal		855,795
Fire Fighting		-
Parks and Recreation		-
Other Expenditures		-
Total expenditures		$ 4,673,465

Harris County Municipal Utility District No. 105

Schedule of Temporary Investments

September 30, 2021

	Interest Rate	Maturity Date	Face Amount	Accrued Interest Receivable
General Fund				
Certificate of Deposit				
No. 3300041077	0.35%	03/12/22	$ 245,000	$ 32
Money Market Mutual Funds	0.01%	Demand	25	-
TexPool	0.04%	Demand	7,066,985	-
			7,312,010	32
Debt Service Fund				
Certificate of Deposit				
No. 4010930	0.05%	10/14/21	95,000	358
Money Market Mutual Funds	0.01%	Demand	25	-
TexPool	0.04%	Demand	2,285,246	-
			2,380,271	358
Capital Projects Fund				
TexPool	0.04%	Demand	2,031,858	0
Totals			$ 11,724,139	$ 412

Harris County Municipal Utility District No. 105
Analysis of Taxes Levied and Receivable
Year Ended September 30, 2021

	Maintenance Taxes	Debt Service Taxes
Receivable, Beginning of Year	$ 34,614	$ 98,454
Additions and corrections to prior years' taxes	(3,112)	(11,945)
Adjusted receivable, beginning of year	31,502	86,509
2020 Original Tax Levy	1,160,187	3,306,532
Additions and corrections	172,046	490,331
Adjusted tax levy	1,332,233	3,796,863
Total to be accounted for	1,363,735	3,883,372
Tax collections: Current year	(1,317,086)	(3,753,695)
Prior years	(9,489)	(26,741)
Receivable, end of year	$ 37,160	$ 102,936
Receivable, by Years		
2020	$ 15,147	$ 43,168
2019	5,199	16,143
2018	3,346	10,038
2017	2,698	10,000
2016	2,929	5,175
2015	2,067	3,992
2014	1,198	2,396
2013	2,393	656
2012	574	2,983
2011	420	2,183
2010	285	1,480
2009	285	1,480
2008	295	1,538
2007	191	997
2006	133	707
Receivable, end of year	$ 37,160	$ 102,936

Harris County Municipal Utility District No. 105

Analysis of Taxes Levied and Receivable (Continued)

Year Ended September 30, 2021

	2020	2019	2018	2017
Property Valuations				
Land	$ 208,473,973	$ 160,044,851	$ 98,575,898	$ 134,274,568
Improvements	585,888,839	504,699,076	462,689,325	386,316,142
Personal property	24,943,246	22,846,937	6,305,928	21,827,767
Exemptions	(153,189,936)	(135,719,649)	(108,495,669)	(127,329,584)
Total property valuations	$ 666,116,122	$ 551,871,215	$ 459,075,482	$ 415,088,893
Tax Rates per $100 Valuation				
Debt service tax rates	$ 0.5700	$ 0.5900	$ 0.6000	$ 0.6300
Maintenance tax rates*	0.2000	0.1900	0.2000	0.1700
Total tax rates per $100 valuation	$ 0.7700	$ 0.7800	$ 0.8000	$ 0.8000
Tax Levy	$ 5,129,096	$ 4,304,595	$ 3,672,604	$ 3,320,711
Percent of Taxes Collected to Taxes Levied**	99%	99%	99%	99%

*Maximum tax rate approved by voters: $0.15 on September 1, 1976; replaced by unlimited authorization on May 11, 2013

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

Harris County Municipal Utility District No. 105

Schedule of Long-term Debt Service Requirements by Years

September 30, 2021

	Refunding Series 2013		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 350,000	$ 202,900	$ 552,900
2023	365,000	188,600	553,600
2024	385,000	173,600	558,600
2025	410,000	159,750	569,750
2026	420,000	147,300	567,300
2027	440,000	134,125	574,125
2028	455,000	119,856	574,856
2029	455,000	104,784	559,784
2030	485,000	89,225	574,225
2031	515,000	72,975	587,975
2032	515,000	55,916	570,916
2033	540,000	38,113	578,113
2034	390,000	21,931	411,931
2035	410,000	7,431	417,431
Totals	$ 6,135,000	$ 1,516,506	$ 7,651,506

Harris County Municipal Utility District No. 105

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

September 30, 2021

	Series 2015		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 75,000	$ 72,056	$ 147,056
2023	100,000	70,056	170,056
2024	100,000	67,556	167,556
2025	100,000	64,806	164,806
2026	100,000	61,806	161,806
2027	100,000	58,806	158,806
2028	100,000	55,806	155,806
2029	100,000	52,806	152,806
2030	100,000	49,806	149,806
2031	125,000	46,431	171,431
2032	125,000	42,681	167,681
2033	125,000	38,931	163,931
2034	175,000	34,322	209,322
2035	200,000	28,463	228,463
2036	200,000	22,213	222,213
2037	200,000	15,963	215,963
2038	200,000	9,589	209,589
2039	195,000	3,170	198,170
Totals	$ 2,420,000	$ 795,267	$ 3,215,267

Harris County Municipal Utility District No. 105

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

September 30, 2021

	Series 2015A		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 160,000	$ 177,469	$ 337,469
2023	170,000	171,669	341,669
2024	175,000	164,769	339,769
2025	185,000	157,569	342,569
2026	190,000	151,018	341,018
2027	200,000	145,168	345,168
2028	205,000	139,094	344,094
2029	215,000	132,794	347,794
2030	225,000	126,194	351,194
2031	230,000	119,224	349,224
2032	240,000	111,730	351,730
2033	250,000	103,770	353,770
2034	260,000	95,480	355,480
2035	275,000	86,616	361,616
2036	285,000	76,988	361,988
2037	295,000	66,838	361,838
2038	305,000	56,338	361,338
2039	320,000	45,000	365,000
2040	335,000	32,718	367,718
2041	345,000	19,968	364,968
2042	360,000	6,750	366,750
Totals	$ 5,225,000	$ 2,187,164	$ 7,412,164

Harris County Municipal Utility District No. 105

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

September 30, 2021

	Series 2016		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 175,000	$ 186,156	$ 361,156
2023	200,000	182,156	382,156
2024	200,000	177,656	377,656
2025	225,000	172,734	397,734
2026	225,000	167,250	392,250
2027	225,000	161,625	386,625
2028	225,000	155,859	380,859
2029	250,000	149,469	399,469
2030	250,000	142,281	392,281
2031	275,000	134,234	409,234
2032	275,000	125,641	400,641
2033	300,000	116,844	416,844
2034	300,000	107,656	407,656
2035	325,000	97,891	422,891
2036	325,000	87,531	412,531
2037	350,000	76,563	426,563
2038	375,000	64,313	439,313
2039	375,000	51,188	426,188
2040	425,000	37,188	462,188
2041	425,000	22,313	447,313
2042	425,000	7,438	432,438
Totals	$ 6,150,000	$ 2,423,986	$ 8,573,986

Harris County Municipal Utility District No. 105

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

September 30, 2021

	Series 2017		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 250,000	$ 293,719	$ 543,719
2023	300,000	288,219	588,219
2024	300,000	282,219	582,219
2025	300,000	275,844	575,844
2026	325,000	267,594	592,594
2027	325,000	257,844	582,844
2028	350,000	247,718	597,718
2029	375,000	236,844	611,844
2030	375,000	225,594	600,594
2031	400,000	213,968	613,968
2032	425,000	201,328	626,328
2033	450,000	187,375	637,375
2034	475,000	172,344	647,344
2035	500,000	156,500	656,500
2036	500,000	139,625	639,625
2037	525,000	121,688	646,688
2038	550,000	102,875	652,875
2039	575,000	83,188	658,188
2040	625,000	61,405	686,405
2041	650,000	37,500	687,500
2042	675,000	12,656	687,656
Totals	$ 9,250,000	$ 3,866,047	$ 13,116,047

Harris County Municipal Utility District No. 105

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

September 30, 2021

	Series 2018		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ -	$ 224,625	$ 224,625
2023	150,000	220,875	370,875
2024	150,000	214,125	364,125
2025	150,000	208,125	358,125
2026	150,000	202,500	352,500
2027	175,000	196,813	371,813
2028	175,000	190,688	365,688
2029	175,000	184,563	359,563
2030	200,000	178,000	378,000
2031	200,000	171,000	371,000
2032	200,000	164,000	364,000
2033	200,000	157,000	357,000
2034	225,000	149,563	374,563
2035	225,000	141,688	366,688
2036	250,000	133,375	383,375
2037	250,000	124,625	374,625
2038	275,000	115,438	390,438
2039	275,000	105,469	380,469
2040	275,000	95,155	370,155
2041	300,000	84,375	384,375
2042	300,000	73,125	373,125
2043	325,000	61,405	386,405
2044	350,000	48,750	398,750
2045	350,000	35,625	385,625
2046	375,000	22,031	397,031
2047	400,000	7,500	407,500
Totals	$ 6,100,000	$ 3,510,438	$ 9,610,438

Harris County Municipal Utility District No. 105

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

September 30, 2021

	Refunding Series 2019		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ 710,000	$ 350,300	$ 1,060,300
2023	710,000	332,550	1,042,550
2024	735,000	310,875	1,045,875
2025	775,000	288,225	1,063,225
2026	805,000	264,525	1,069,525
2027	830,000	240,000	1,070,000
2028	880,000	214,350	1,094,350
2029	895,000	187,725	1,082,725
2030	945,000	160,125	1,105,125
2031	975,000	131,325	1,106,325
2032	1,020,000	101,400	1,121,400
2033	1,050,000	70,350	1,120,350
2034	255,000	50,775	305,775
2035	255,000	42,966	297,966
2036	275,000	34,684	309,684
2037	295,000	25,594	320,594
2038	320,000	15,600	335,600
2039	320,000	5,200	325,200
Totals	$ 12,050,000	$ 2,826,569	$ 14,876,569

Harris County Municipal Utility District No. 105

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

September 30, 2021

	Series 2019A		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ -	$ 233,525	$ 233,525
2023	-	233,525	233,525
2024	110,000	232,425	342,425
2025	200,000	229,325	429,325
2026	200,000	225,325	425,325
2027	250,000	220,825	470,825
2028	275,000	215,575	490,575
2029	300,000	209,450	509,450
2030	300,000	202,700	502,700
2031	300,000	195,950	495,950
2032	325,000	188,919	513,919
2033	350,000	181,325	531,325
2034	350,000	173,231	523,231
2035	350,000	164,700	514,700
2036	375,000	155,638	530,638
2037	375,000	146,263	521,263
2038	400,000	136,575	536,575
2039	425,000	126,263	551,263
2040	425,000	115,372	540,372
2041	450,000	103,888	553,888
2042	450,000	92,075	542,075
2043	500,000	79,606	579,606
2044	525,000	66,153	591,153
2045	525,000	52,044	577,044
2046	525,000	37,606	562,606
2047	550,000	22,825	572,825
2048	555,000	7,630	562,630
Totals	$ 9,390,000	$ 4,048,738	$ 13,438,738

Harris County Municipal Utility District No. 105

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

September 30, 2021

	Series 2020		
Due During Fiscal Years Ending September 30	Principal Due March 1	Interest Due March 1, September 1	Total
2022	$ -	$ 259,031	$ 259,031
2023	-	259,031	259,031
2024	250,000	253,406	503,406
2025	250,000	242,156	492,156
2026	250,000	230,906	480,906
2027	250,000	222,781	472,781
2028	250,000	217,781	467,781
2029	275,000	212,531	487,531
2030	300,000	206,781	506,781
2031	300,000	200,781	500,781
2032	325,000	194,531	519,531
2033	325,000	188,031	513,031
2034	350,000	181,281	531,281
2035	350,000	174,063	524,063
2036	375,000	166,359	541,359
2037	375,000	158,156	533,156
2038	400,000	149,438	549,438
2039	400,000	140,438	540,438
2040	425,000	130,891	555,891
2041	425,000	120,797	545,797
2042	450,000	110,406	560,406
2043	450,000	99,719	549,719
2044	500,000	88,125	588,125
2045	500,000	75,625	575,625
2046	500,000	63,125	563,125
2047	525,000	50,313	575,313
2048	575,000	36,563	611,563
2049	575,000	22,188	597,188
2050	600,000	7,500	607,500
Totals	$ 10,550,000	$ 4,462,734	$ 15,012,734

Harris County Municipal Utility District No. 105
Schedule of Long-term Debt Service Requirements by Years (Continued)
September 30, 2021

	Annual Requirements For All Series		
Due During Fiscal Years Ending September 30	Total Principal Due	Total Interest Due	Total Principal and Interest Due
2022	$ 1,720,000	$ 1,999,781	$ 3,719,781
2023	1,995,000	1,946,681	3,941,681
2024	2,405,000	1,876,631	4,281,631
2025	2,595,000	1,798,534	4,393,534
2026	2,665,000	1,718,224	4,383,224
2027	2,795,000	1,637,987	4,432,987
2028	2,915,000	1,556,727	4,471,727
2029	3,040,000	1,470,966	4,510,966
2030	3,180,000	1,380,706	4,560,706
2031	3,320,000	1,285,888	4,605,888
2032	3,450,000	1,186,146	4,636,146
2033	3,590,000	1,081,739	4,671,739
2034	2,780,000	986,583	3,766,583
2035	2,890,000	900,318	3,790,318
2036	2,585,000	816,413	3,401,413
2037	2,665,000	735,690	3,400,690
2038	2,825,000	650,166	3,475,166
2039	2,885,000	559,916	3,444,916
2040	2,510,000	472,729	2,982,729
2041	2,595,000	388,841	2,983,841
2042	2,660,000	302,450	2,962,450
2043	1,275,000	240,730	1,515,730
2044	1,375,000	203,028	1,578,028
2045	1,375,000	163,294	1,538,294
2046	1,400,000	122,762	1,522,762
2047	1,475,000	80,638	1,555,638
2048	1,130,000	44,193	1,174,193
2049	575,000	22,188	597,188
2050	600,000	7,500	607,500
Totals	$ 67,270,000	$ 25,637,449	$ 92,907,449

Harris County Municipal Utility District No. 105

Changes in Long-term Bonded Debt

Year Ended September 30, 2021

	Bond			
	Refunding Series 2012	Refunding Series 2013	Series 2015	Series 2015A
Interest rates	3.00%	2.00% to 4.00%	2.00% to 3.25%	3.00% to 4.00%
Dates interest payable	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity dates		March 1, 2022/2035	March 1, 2022/2039	March 1, 2022/2042
Bonds outstanding, beginning of current year	$ 470,000	$ 6,470,000	$ 2,495,000	$ 5,380,000
Retirements, principal	470,000	335,000	75,000	155,000
Bonds outstanding, end of current year	$ 0	$ 6,135,000	$ 2,420,000	$ 5,225,000
Interest paid during current year	$ 7,050	$ 214,925	$ 73,556	$ 182,194

Paying agent's name and address:

Series 2012 - Wells Fargo Bank, N.A., Houston, Texas
Series 2013 - Amegy Bank N.A., Houston, Texas
Series 2015 - Amegy Bank N.A., Houston, Texas
Series 2015A - Amegy Bank N.A., Houston, Texas
Series 2016 - Amegy Bank N.A., Houston, Texas
Series 2017 - Amegy Bank N.A., Houston, Texas
Series 2018 - Zions Bancorporation, National Association, Houston, Texas
Series 2019 - Zions Bancorporation, National Association, Houston, Texas
Series 2019A - Zions Bancorporation, National Association, Houston, Texas
Series 2020 - Zions Bancorporation, National Association, Houston, Texas

Bond authority:

	Tax Bonds	Other Bonds	Refunding Bonds
Amount authorized by voters	$ 114,725,000	$ 12,400,000	$ 14,500,000
Amount issued	$ 79,375,000	$ -	$ 2,497,432
Remaining to be issued	$ 35,350,000	$ 12,400,000	$ 12,002,568

Debt service fund cash and temporary investment balances as of September 30, 2021: $ 2,752,985

Average annual debt service payment (principal and interest) for remaining term of all debt: $ 3,203,705

Issues

Series 2016	Series 2017	Series 2018	Refunding Series 2019	Series 2019A	Series 2020	Totals
2.00% to 3.50%	2.00% to 3.75%	3.50% to 5.00%	2.00% to 3.25%	2.00% to 2.75%	2.00% to 4.50%	
March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	March 1/ September 1	
March 1, 2022/2042	March 1, 2022/2042	March 1, 2023/2047	March 1, 2022/2039	March 1, 2024/2048	March 1, 2024/2050	
$ 6,325,000	$ 9,500,000	$ 6,100,000	$ 12,275,000	$ 9,390,000	$ 10,550,000	$ 68,955,000
175,000	250,000	-	225,000	-	-	1,685,000
$ 6,150,000	$ 9,250,000	$ 6,100,000	$ 12,050,000	$ 9,390,000	$ 10,550,000	$ 67,270,000
$ 189,656	$ 298,719	$ 224,625	$ 359,650	$ 233,525	$ 302,203	$ 2,086,103

Harris County Municipal Utility District No. 105
Comparative Schedule of Revenues and Expenditures – General Fund
Five Years Ended September 30,

	Amounts				
	2021	2020	2019	2018	2017
General Fund					
Revenues					
Property taxes	$ 1,326,575	$ 1,043,706	$ 956,251	$ 703,903	$ 1,089,332
City of Houston rebates	136,833	104,525	114,609	112,389	110,511
Water service	1,417,241	1,287,366	1,088,518	947,577	869,331
Sewer service	1,401,520	1,121,641	905,969	955,986	849,906
Regional water fee	1,310,658	1,072,886	948,332	691,996	559,437
Penalty and interest	73,974	73,654	72,988	61,378	60,138
Tap connection and inspection fees	637,282	987,837	1,003,566	516,929	357,010
Investment income	3,575	49,960	96,988	50,689	19,237
Other revenue	26,593	26,421	39,970	32,227	111,725
Total revenues	6,334,251	5,767,996	5,227,191	4,073,074	4,026,627
Expenditures					
Service operations:					
Purchased services	435,823	362,375	290,103	365,072	326,681
Regional water fee	620,449	709,532	902,955	717,764	599,189
Professional fees	178,701	183,736	205,168	321,638	257,225
Contracted services	1,541,491	1,373,326	1,136,973	1,050,940	983,602
Utilities	124,711	108,161	83,760	74,032	75,421
Repairs and maintenance	812,710	912,161	672,856	690,078	604,625
Other expenditures	183,701	133,364	140,557	152,502	122,589
Tap connections	252,879	318,986	320,604	204,424	147,850
Capital outlay	523,000	-	145,328	87,632	338,340
Debt service, debt issuance costs	-	-	-	7,919	-
Total expenditures	4,673,465	4,101,641	3,898,304	3,672,001	3,455,522
Excess of Revenues Over Expenditures	1,660,786	1,666,355	1,328,887	401,073	571,105
Other Financing Uses					
Interfund transfers out	-	-	-	-	(11,486)
Excess of Revenues and Transfers In Over Expenditures and Transfers Out	1,660,786	1,666,355	1,328,887	401,073	559,619
Fund Balance, Beginning of Year	6,494,998	4,828,643	3,499,756	3,098,683	2,539,064
Fund Balance, End of Year	$ 8,155,784	$ 6,494,998	$ 4,828,643	$ 3,499,756	$ 3,098,683
Total Active Retail Water Connections	4,368	4,107	3,479	3,034	2,694
Total Active Retail Wastewater Connections	4,296	4,041	3,412	2,978	2,647

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
20.9 %	18.1 %	18.3 %	17.3 %	27.0 %
2.2	1.8	2.2	2.8	2.7
22.4	22.3	20.8	23.3	21.6
22.1	19.4	17.3	23.4	21.1
20.7	18.6	18.1	17.0	13.9
1.2	1.3	1.4	1.5	1.5
10.1	17.1	19.2	12.7	8.9
0.0	0.9	1.9	1.2	0.5
0.4	0.5	0.8	0.8	2.8
100.0	100.0	100.0	100.0	100.0
6.9	6.3	5.5	9.0	8.1
9.8	12.3	17.3	17.6	14.9
2.8	3.2	3.9	7.9	6.4
24.3	23.8	21.8	25.8	24.4
2.0	1.9	1.6	1.8	1.9
12.8	15.8	12.9	16.9	15.0
2.9	2.3	2.7	3.8	3.0
4.0	5.5	6.1	5.0	3.7
8.3	-	2.8	2.2	8.4
-	-	-	0.2	-
73.8	71.1	74.6	90.2	85.8
26.2 %	28.9 %	25.4 %	9.8 %	14.2 %

Harris County Municipal Utility District No. 105
Comparative Schedule of Revenues and Expenditures – Debt Service Fund
Five Years Ended September 30,

	Amounts				
	2021	2020	2019	2018	2017
Debt Service Fund					
Revenues					
Property taxes	$ 3,780,436	$ 3,232,529	$ 2,807,823	$ 2,600,922	$ 1,924,473
Penalty and interest	61,145	41,445	56,470	49,131	26,913
Sale of capacity	-	-	-	222,650	-
Investment income	1,734	29,056	44,292	22,842	9,457
Total revenues	3,843,315	3,303,030	2,908,585	2,895,545	1,960,843
Expenditures					
Current:					
Professional fees	13,899	9,380	13,786	12,039	9,994
Contracted services	84,005	72,787	63,517	58,024	54,798
Other expenditures	8,923	25,431	11,581	9,427	7,462
Debt service:					
Principal retirement	1,685,000	1,465,000	950,000	895,000	815,000
Interest and fees	2,074,389	1,816,854	1,557,323	1,605,752	1,266,694
Debt defeasance	-	-	5,000	-	-
Bond issue costs	-	-	461,301	-	-
Total expenditures	3,866,216	3,389,452	3,062,508	2,580,242	2,153,948
Excess (Deficiency) of Revenues Over Expenditures	(22,901)	(86,422)	(153,923)	315,303	(193,105)
Other Financing Sources (Uses)					
Interfund transfers in	-	-	-	-	11,486
General obligation bonds issued	-	259,031	12,789,625	-	276,117
Premium on debt issued	-	-	108,171	-	-
Deposit with escrow agent	-	-	(12,207,072)	-	-
Total other financing sources	0	259,031	690,724	0	287,603
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(22,901)	172,609	536,801	315,303	94,498
Fund Balance, Beginning of Year	2,801,322	2,628,713	2,091,912	1,776,609	1,682,111
Fund Balance, End of Year	$ 2,778,421	$ 2,801,322	$ 2,628,713	$ 2,091,912	$ 1,776,609

Percent of Fund Total Revenues				
2021	2020	2019	2018	2017
98.4 %	97.9 %	96.6 %	89.8 %	98.2 %
1.5	1.2	1.9	1.7	1.4
-	-	-	7.7	-
0.1	0.9	1.5	0.8	0.4
100.0	100.0	100.0	100.0	100.0
0.4	0.3	0.5	0.4	0.5
2.2	2.2	2.2	2.0	2.8
0.2	0.8	0.4	0.3	0.4
43.8	44.3	32.6	30.9	41.5
54.0	55.0	53.5	55.5	64.6
-	-	0.2	-	-
-	-	15.9	-	-
100.6	102.6	105.3	89.1	109.8
(0.6) %	(2.6) %	(5.3) %	10.9 %	(9.8) %

Harris County Municipal Utility District No. 105

Board Members, Key Personnel and Consultants

Year Ended September 30, 2021

Complete District mailing address:	Harris County Municipal Utility District No. 105 c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	
District business telephone number:	713.652.6500	
Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054):		July 28, 2020
Limit on fees of office that a director may receive during a fiscal year:		$ 7,200

Board Members	Term of Office Elected & Expires	Fees*	Expense Reimbursements	Title at Year-end
Pamela Brandenburg	Elected 05/18-05/22	$ 7,200	$ 0	President
Charles LaConti	Elected 05/20-05/24	2,250	0	Vice President
Kathy Cones	Elected 05/20-05/24	7,200	85	Secretary
Carol Diller	Appointed 03/19-05/22	2,400	1,211	Director
Ginger Furlong	Elected 05/20-05/24	2,700	1,415	Director

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

Harris County Municipal Utility District No. 105
Board Members, Key Personnel and Consultants (Continued)
Year Ended September 30, 2021

Consultants	Date Hired	Fees and Expense Reimbursements	Title
BKD, LLP	09/12/85	$ 26,100	Auditor
District Data Services, Inc.	01/05/16	23,683	Bookkeeper
The GMS Group, L.L.C.	08/08/96	1,200	Financial Advisor
Harris County Appraisal District	Legislative Action	37,756	Appraiser
Bob Leared Interests	12/09/83	50,595	Tax Assessor/ Collector
Municipal Operations & Consulting, Inc.	08/01/99	1,097,445	Operator
Perdue, Brandon, Fielder, Collins & Mott, L.L.P.	04/17/97	13,899	Delinquent Tax Attorney
Smith, Murdaugh, Little & Bonham, L.L.P.	07/30/76	104,513	Attorney
Vogler & Spencer Engineering	04/29/13	227,295	Engineer

Investment Officer			
Lynnette Tujague	01/18/16	N/A	Bookkeeper

APPENDIX B

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _________

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

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

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