**OFFICIAL STATEMENT APRIL 18, 2022**

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

The District has designated the Bonds as "Qualified Tax-Exempt Obligations" for financial institutions. See "TAX MATTERS – Qualified Tax-Exempt Obligations for Financial Institutions" herein.

**NEW ISSUE—BOOK-ENTRY ONLY** **RATINGS: Underlying "A3" Moody's**
**CUSIP No. 445787** **Insured "A1" Moody's / "AA" (stable outlook) S&P**
**See "MUNICIPAL BOND RATING" and "BOND INSURANCE" herein**

**$7,535,000**

# HUNTER'S GLEN MUNICIPAL UTILITY DISTRICT

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

## WATERWORKS AND SEWER SYSTEM COMBINATION UNLIMITED TAX AND REVENUE BONDS SERIES 2022

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

Interest on the $7,535,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2022 (the "Bonds") will accrue from May 1, 2022, and will be payable on October 1 and April 1 of each year, commencing October 1, 2022. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC"), pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS."

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

**MATURITIES, AMOUNTS, INTEREST RATES AND PRICES**

| Principal Amount | Maturity | Interest Rate | Yield to Maturity(a) | Principal Amount | Maturity | Interest Rate | Yield to Maturity(a) |
|---|---|---|---|---|---|---|---|
| $190,000 | 2024 | 4.00% | 2.15% | $215,000 | 2028 (b) | 3.00% | 2.60% |
| $195,000 | 2025 | 4.00% | 2.30% | $220,000 | 2029 (b) | 3.00% | 2.70% |
| $200,000 | 2026 | 3.00% | 2.40% | $230,000 | 2030 (b) | 3.00% | 2.80% |
| $210,000 | 2027 | 3.00% | 2.50% | $235,000 | 2031 (b) | 3.00% | 2.90% |

$1,590,000 3.00% Term Bond Due April 1, 2037 to Yield 3.200% (a) (b) (c)
$600,000 3.50% Term Bond Due April 1, 2039 to Yield 3.500% (a) (b) (c)
$975,000 3.50% Term Bond Due April 1, 2042 to Yield 3.600% (a) (b) (c)
$1,075,000 3.50% Term Bond Due April 1, 2045 to Yield 3.700% (a) (b) (c)
$1,600,000 3.75% Term Bond Due April 1, 2049 to Yield 3.825% (a) (b) (c)

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

(b) The Bonds maturing on or after April 1, 2028, are subject to redemption in whole or from time to time in part, at the option of the District (hereinafter defined), on April 1, 2027, or on any date thereafter, at a price equal to the par value thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. If fewer than all of the Bonds in any one 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 such 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 Hunter's Glen Municipal Utility District (the "District") to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain water, wastewater, and drainage facilities serving the District and associated engineering and testing costs; (2) finance certain improvements to the District's water supply system; (3) finance certain rehabilitation projects related to the District's wastewater system; (4) fund approximately 12 months of capitalized interest on the Bonds; (5) fund Developer interest related to the advancement of funds for certain construction costs; and (6) pay issuance and administrative expenses associated with the sale of the Bonds. See "USE OF BOND PROCEEDS."

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. In addition, the Bonds are secured by a pledge of the net revenues (as defined in the Bond Order), if any, of the District's waterworks and sewer system. See "THE BONDS – Sources of and Security for Payment." The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas, Harris County, or the City of Houston, is pledged to the payment of the principal of or interest on the Bonds. **The Bonds are subject to certain investment considerations described under the caption "INVESTMENT CONSIDERATIONS."**

The Bonds are offered when, as and if issued by the District, subject to approval by the Attorney General of Texas and the approval of certain legal matters by Radcliffe Bobbitt Adams Polley PLLC, Houston, Texas, Bond Counsel. The District will be advised on certain legal matters concerning disclosure by Norton Rose Fulbright US LLP, Houston, Texas, Disclosure Counsel. Delivery of the Bonds is expected through the facilities of DTC on or about May 17, 2022.

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## USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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 Underwriter.

References to website 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 websites and the information or links contained therein are not incorporated into, and are not part of this Official Statement for any purpose.

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

## SALE AND DISTRIBUTION OF THE BONDS

### Award of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid producing the lowest net interest cost to the District, which was tendered by SAMCO Capital Markets, Inc. (the "Underwriter"), to purchase the Bonds bearing the rates shown on the cover page of this Official Statement at a price of 97.0% of par plus accrued interest to the date of delivery, which resulted in a net effective interest rate of 3.656125%, as calculated pursuant to Chapter 1204 of the Texas Government Code, as amended.

The Underwriter 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 Underwriter.

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

### Prices and Marketability

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

THE PRICES AND OTHER TERMS RESPECTING THE OFFERING AND SALE OF THE BONDS MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITER AFTER THE BONDS ARE RELEASED FOR SALE, AND THE BONDS MAY BE OFFERED AND SOLD AT PRICES OTHER THAN THE INITIAL OFFERING PRICES, INCLUDING SALES TO DEALERS WHO MAY SELL THE BONDS INTO INVESTMENT ACCOUNTS. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVER-ALLOT OR AFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES

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

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

## NO REGISTRATION OR QUALIFICATION FOR SALE OF BONDS

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

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

## CONTINUING DISCLOSURE OF INFORMATION - SEC RULE 15c2-12

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

### Annual Reports

The District will provide certain updated financial information and operating data to EMMA annually. The information to be updated with respect to the District includes all quantitative financial information and operating data of the District of the general type included in this Official Statement included under the headings "TAX DATA" and "APPENDIX A" (Independent Auditor's Report and Financial Statements of the District). The District will update and provide this information within six months after the end of each of its fiscal years ending in or after 2022. The District will provide the updated information to EMMA.

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

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

### Event Notices

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

### Limitations and Amendments

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

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

### Compliance with Prior Undertakings

During the last five years, the District has substantially complied with all of its continuing disclosure agreements in accordance with the Rule.

## REGISTRATION

### Paying Agent/Registrar

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

### Successor Paying Agent/Registrar

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

### Assignments, Transfers and Exchange

In the event that Book-Entry is discontinued, the Bonds may be transferred, registered and assigned only on the registration books of the Paying Agent/Registrar, and such registration (exclusive of any tax or governmental charge therefor) shall be at the expense of the District. A Bond may be assigned by execution of the assignment form printed on the Bond. A new Bond or Bonds will be delivered by the Paying Agent/Registrar to the last assignee (the new registered owner) in exchange for such transferred and assigned Bonds not more than three days after receipt of the Bonds to be transferred in proper form. Such new Bond or Bonds must be in the denomination of $5,000 for any one maturity, or any integral multiple thereof. The Bonds are transferable only on the bond register kept by the Registrar upon surrender and re-issuance. The Bonds are exchangeable for an equal principal amount or maturity amount of Bonds of the same maturity in any authorized denomination upon surrender of the Bonds to be exchanged at the principal office of the Registrar.

**Record Date**

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

**Record Date for Bonds to be Redeemed**

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

## MUNICIPAL BOND RATING

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

Moody's has assigned its municipal bond rating of "A1" 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 AGM. The District can make no assurance that the Moody's rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by Moody's if, in the judgment of Moody's, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE."

S&P Global Ratings ("S&P") has assigned 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 AGM. The District can make no assurance that the S&P rating will continue for any period of time or that such rating will not be revised downward or withdrawn entirely by S&P if, in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Bonds. See "BOND INSURANCE."

## BOND INSURANCE

**Bond Insurance Policy**

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

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

**Assured Guaranty Municipal Corp.**

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

AGM's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AGM should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

*Current Financial Strength Ratings*

On March 18, 2022, Moody's announced it had upgraded AGM's insurance financial strength rating to "A1" (stable outlook) from "A2" (stable outlook). AGM can give no assurance as to any further ratings action that Moody's may take.

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

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

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

*Capitalization of AGM*

At December 31, 2021:

- The policyholders' surplus of AGM was approximately $3,053 million.
- The contingency reserve of AGM was approximately $877 million.
- The net unearned premium reserves and net deferred ceding commission income of AGM and its subsidiaries (as described below) were approximately $2,127 million. Such amount includes (i) 100% of the net unearned premium reserve and deferred ceding commission income of AGM, and (ii) the net unearned premium reserves and net deferred ceding commissions of AGM's wholly owned subsidiaries Assured Guaranty UK Limited ("AGUK") and Assured Guaranty (Europe) SA ("AGE").

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

*Incorporation of Certain Documents by Reference*

Portions of the following document filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof: the Annual Report on Form 10-K for the fiscal year ended December 31, 2021 (filed by AGL with the SEC on February 25, 2022).

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

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

*Miscellaneous Matters*

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

## OFFICIAL STATEMENT SUMMARY

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

### THE BONDS

**Description:** The $7,535,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2022 (the "Bonds"), are dated May 1, 2022, with interest payable commencing October 1, 2022, and each April 1 and October 1 thereafter until the earlier of maturity or redemption. The Bonds represent the twenty-third series of bonds to be issued by Hunter's Glen Municipal Utility District (the "District"). The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution, the general laws of the State of Texas, including but not limited to Chapters 49 and 54, Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") to be adopted by the Board of Directors of the District, an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and a bond election held within the District. See "THE BONDS."

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

**Redemption Provision:** The Bonds maturing on or after April 1, 2028, are subject to redemption at the option of the District, prior to maturity, in whole or from time to time in part, on April 1, 2027, or on any date thereafter, at a price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the date fixed for redemption. See "THE BONDS – Optional Redemption." The Bonds maturing on April 1 in the years 2037, 2039, 2042, 2045, and 2049 are Term Bonds and are subject to annual mandatory sinking fund redemption beginning on April 1 in the years 2032, 2038, 2040, 2043, and 2046, respectively. See "THE BONDS – Mandatory Redemption."

**Sources of Payment:** The Bonds are payable from a continuing direct annual ad valorem tax levied against all taxable property within the District which, under Texas law, is not limited as to rate or amount. In addition, the Bonds are secured by a pledge of the net revenues (as defined in the Bond Order), if any, of the District's waterworks and sewer system. The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, the City of Houston or any other political subdivision or agency. See "THE BONDS – Sources of and Security for Payment."

**Use of Proceeds:** Proceeds from the sale of the Bonds will be used by the District to: (1) reimburse the Developer (hereinafter defined) for advancing funds to construct certain water, wastewater, and drainage facilities serving the District and associated engineering and testing costs; (2) finance certain improvements to the District's water supply system; (3) finance certain rehabilitation projects related to the District's wastewater system; (4) fund approximately 12 months of capitalized interest on the Bonds; (5) fund Developer interest related to the advancement of funds for certain construction costs; and (6) pay issuance and administrative expenses associated with the sale of the Bonds. See "USE OF BOND PROCEEDS."

**Payment Record:** The District has previously issued fifteen (15) series of unlimited tax and revenue bonds and seven (7) series of unlimited tax and revenue refunding bonds, of which $33,605,000 principal amount will be outstanding as of April 1, 2022 (the "Outstanding Bonds"). There has been no default by the District in payment of principal of or interest on the Outstanding Bonds. See "DISTRICT DEBT."

**Qualified Tax-Exempt Obligations:** The District has designated the Bonds as "qualified tax-exempt obligations" pursuant to section 265(b) of the Internal Revenue Code of 1986, as amended, and represents that the total amount of tax-exempt bonds (including the Bonds) issued by it during calendar year 2022 is not reasonably expected to exceed $10,000,000 and that it will not designate more than $10,000,000 of qualified tax-exempt obligations during calendar year 2022. See "QUALIFIED TAX-EXEMPT OBLIGATIONS."

**Legal Opinion:** Radcliffe Bobbitt Adams Polley PLLC, Houston, Texas. See "LEGAL MATTERS."

**Paying Agent/Registrar:** The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. See "THE BONDS."

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

**Bond Insurance:** Moody's has assigned its municipal bond rating of "A1" 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 AGM. See "MUNICIPAL BOND RATING," "BOND INSURANCE," and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

S&P has assigned 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 AGM. See "MUNICIPAL BOND RATING," "BOND INSURANCE," and "APPENDIX B – Specimen Municipal Bond Insurance Policy."

**Authorized but Unissued Bonds:** After the issuance of the Bonds, the District will have $23,175,000 unlimited tax and revenue bonds that may be used for the purposes of constructing facilities to serve the District. In addition, the District has $65,762,500 authorized but unissued unlimited tax and revenue refunding bonds designated solely for the purpose refunding outstanding bonds of the District. See "THE BONDS – Issuance of Additional Debt."

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

## THE DISTRICT

**Description:** The District, a political subdivision of the State of Texas, was created by an order of the Texas Water Rights Commission, the predecessor state agency to the Texas Natural Resource Conservation Commission and the Texas Commission on Environmental Quality (the "TCEQ") on June 12, 1972. The District operates as a municipal utility district under Chapters 49 and 54 of the Texas Water Code, as amended. Creation of the District was initiated as a means of financing construction of the waterworks, sanitary sewage, and drainage facilities to serve the area within the District's boundaries. The rights, powers, privileges, authority and functions of the District are established by the general laws of the State of Texas pertaining to municipal utility districts, particularly Chapters 49 and 54 of the Texas Water Code, as amended

The District, as it was originally created, contained 525.479 acres. Since its creation, the District has annexed certain tracts of land under four (4) separate annexations, and the District presently includes approximately 1,119 acres. The District is located in northern Harris County approximately 17 miles north, northeast of the central business district of the City of Houston, Texas (the "City"), approximately three (3) miles west of the central business district of the City of Humble, Texas, and approximately seven (7) miles east of Interstate Highway 45. The District is bounded on the north by Cypress Creek and bounded on the south by F.M. 1960. According to the District's engineer, approximately 70 acres of land in the District lie within the 100-year flood plain. However, none of the presently developed land within the District is located in the 100-year flood plain. The District is located wholly within the extraterritorial jurisdiction of the City. See "THE DISTRICT – General."

**Status of Development:** The District has been developed for predominately single-family residential purposes in the subdivisions known as Foxwood, Sections 1 – 5 and 7 – 16, Cypresswood Point, Sections 1 – 11, Saddle Ridge, Sections 1 – 6, and Foxwood Meadow, Section 1. As of March 1, 2022, the District included approximately 701 acres that have been developed for single-family residential purposes, approximately 20 acres that have been developed for commercial purposes, approximately 10 acres currently under development, approximately 50 acres available for future development, and approximately 338 undevelopable acres, which includes homeowner's association land, recreational facilities, detention ponds, drainage rights-of-way, floodplain acreage, District plant sites, and pipeline easements.

As of March 1, 2022, the single-family residential development in the District included approximately 2,951 completed homes (approximately 2,910 of which were owner-occupied), 20 homes under construction, and 52 vacant developed single-family residential lots. Additionally, approximately 41 single-family residential lots are currently being developed in Cypresswood Point, Section 12 and are anticipated to be available for homebuilding during the second quarter of 2022. Commercial building development within the District as of March 1, 2022, included 387 multi-family residential units in three (3) different apartment complexes, two (2) service stations with convenience stores, two (2) retail shopping centers with a total of approximately 10 retail establishments, and one (1) day care facility. Such commercial building development is located on approximately 20 acres of land, generally located at the south end of the District along F.M. 1960. See "THE DISTRICT – Summary of Land Use," "– Status of Residential Development," and "– Commercial Development."

**The Developers:** In August 2002, Ley Properties sold approximately 252 acres within the District to Woodmere Development Company, Woodmere Development, Ltd. and BGM Land Investments, Inc.; all three of such entities are related parties and are defined herein as "Woodmere" or the "Developer." Currently, Woodmere is the only active developer in the District and is active in the Cypresswood Point subdivision. Woodmere has completed the development of the Foxwood subdivision. Woodmere sold developed lots in the Foxwood subdivision to Foxwood Homes and sold developed lots in the Cypresswood Point subdivision to Postwood Homes. Both Postwood Homes and Foxwood Homes are home building corporations that are related to Woodmere. Homes in the Foxwood subdivision were marketed and sold in the $190,000 – $240,000 price range. Homes in the Cypresswood Point subdivision are currently being marketed in the $230,000 – $290,000 price range.

Ley Properties is in the process of selling approximately 30 acres to CWP Hunters Glen Partners, LLC, a Texas limited liability company and a special purpose entity established solely for the purpose of developing the approximately 30 acres of land, which is located adjacent to Cypresswood Drive and generally along F.M. 1960. According to CWP Hunters Glen Partners, LLC, the 30 acres is anticipated to be developed for single-family residential purposes in the subdivision to be known as Cypresswood Point South, Section 1. Based on current land plans, Cypresswood Point South, Section 1 is expected to contain 111 single-family residential lots. According to CWP Hunters Glen Partners, LLC, the 111 lots are presently under design and anticipated to be available for homebuilding during the first quarter of 2023. The District makes no representation that intended development plans will ever be implemented or that taxable improvements will ever be constructed on such land.

In February 2013, Castlerock purchased acreage and developed lots (approximately 59 single-family lots) in the subdivision known as Saddle Ridge from KHI Post Consummation Trust & KHI Liquidation Trust. Since acquiring the property, Castlerock has completed the development of approximately 22 acres (140 single-family lots) in the sections known as Saddle Ridge, Sections 5 and 6. The Saddle Ridge subdivision was built out during 2018. Homes in the Saddle Ridge subdivision were marketed and sold in the $160,000 – $215,000 price range.

JP Developers has completed the development of approximately 10 acres in the District known as Foxwood Meadow, Section 1. Foxwood Meadow, Section 1 consists of 46 single-family lots. Homes in Foxwood Meadow, Section 1 were constructed by Sync Enterprises, LLC, which is a corporate entity related to JP Developers. JP Developers completed the build out of Foxwood Meadow, Section 1 during 2019. Homes in Foxwood Meadow, Section 1 were marketed and sold in the $175,000 – $195,000 price range.

The Estate of Fred Parks has no development plans for its 51 acres at the present time. However, such acreage is anticipated to be developed for commercial purposes at some point in the future. The District makes no representation that such land will ever be developed or that taxable improvements will ever be constructed thereon. See "THE DEVELOPERS" and "THE DISTRICT – Status of Residential Development."

**The System:** The District owns and operates water supply facilities capable of serving approximately 4,167 equivalent single-family connections ("ESFCs"). According to the Engineer (hereinafter defined), such water supply facilities are adequate to serve all of the existing users of the water supply facilities, as well as the ultimate development of the District given currently anticipated land uses. The District owns and operates wastewater treatment plant facilities capable of serving approximately 3,482 ESFCs. According to the Engineer, such wastewater treatment plant facilities are adequate to serve all of the existing users of the wastewater treatment plant facilities, as well as the ultimate development of the District given currently anticipated land uses.

The District drains into two different watersheds. Foxwood, Sections 1, 2, 3, 8, the commercial reserve areas along F.M. 1960, and the Saddle Ridge subdivision drain south and east to Harris County Flood Control District Unit P-130-00-00, which discharges into Garners Bayou and then drains to the Greens Bayou watershed. The remainder of the District drains north to the Cypress Creek watershed. The developed portions of the District are all served by underground storm sewer facilities. The Harris County Flood Control District ("HCFCD") has regional detention programs to provide regional storm water detention capacity for both Greens Bayou watershed and Cypress Creek watershed, which requires payment of an impact fee of $3,300 per acre and $4,000 per acre, respectively, at time of development. However, since no HCFCD regional detention capacity is currently available or anticipated to be available to the District in the near future, HCFCD requires all new development, including developed land without building improvements, to provide site specific storm water detention facilities. HCFCD will credit a developer's land, construction and engineering costs for site specific detention against the detention impact fees due. See "THE SYSTEM."

**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.

Over the ensuing year, COVID-19 negatively affected commerce, travel and businesses locally and globally, and negatively affected economic growth worldwide and within Texas. 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 "INVESTMENT CONSIDERATIONS – Infectious Disease Outlook (COVID-19)."

## SELECTED FINANCIAL INFORMATION
(Unaudited)

| | | |
|---|---|---|
| 2/1/2022 Estimated Taxable Value | $551,552,098 | (a) |
| 2021 Certified Taxable Value | $529,599,618 | (b) |
| | | |
| Direct Debt: | | |
| Outstanding Bonds (as of April 1, 2022) | $33,605,000 | |
| The Bonds | $7,535,000 | |
| Total Direct Debt | $41,140,000 | |
| See “DISTRICT DEBT” | | |
| | | |
| Estimated Overlapping Debt | $25,162,557 | (c) |
| Direct and Estimated Overlapping Debt | $66,302,557 | |
| | | |
| Percentage of Direct Debt to: | | |
| 2/1/2022 Estimated Taxable Value | 7.46% | |
| 2021 Certified Taxable Value | 7.77% | |
| See “DISTRICT DEBT” | | |
| | | |
| Percentage of Direct and Estimated Overlapping Debt to: | | |
| 2/1/2022 Estimated Taxable Value | 12.02% | |
| 2021 Certified Taxable Value | 12.52% | |
| See “DISTRICT DEBT” | | |
| | | |
| 2021 Tax Rate Per $100 of Assessed Value: | | |
| Debt Service Tax Rate | $0.48 | |
| Maintenance Tax Rate | $0.20 | |
| Total 2021 Tax Rate | $0.68 | |
| | | |
| Cash and Temporary Investment Balances as of March 21, 2022: | | |
| General Fund | $2,672,877 | (d) |
| Debt Service Fund | $4,676,403 | (e) |

(a) Reflects data supplied by the Harris County Appraisal District (“HCAD” or the “Appraisal District”). The Estimated Taxable Value as of February 1, 2022, was prepared by HCAD and provided to the District for informational purposes only. Such value is not binding on HCAD, and any new value, subsequent to January 1, 2021, will not be included on the District’s tax roll until the January 1, 2022, certified tax roll is prepared by HCAD during the second half of 2022. The District is authorized by law to levy taxes only against certified values. See “TAX DATA” and “TAXING PROCEDURES.”

(b) Reflects the certified taxable valuation as of January 1, 2021, according to data supplied by HCAD. See "TAX DATA" and "TAXING PROCEDURES."

(c) See “DISTRICT DEBT – Estimated Overlapping Debt.”

(d) Unaudited figure per the District’s records. See “THE SYSTEM – Historical Operations of the System.”

(e) 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. The cash and investment balance in the Debt Service Fund includes the amount of capitalized interest approved by the TCEQ in the District’s bond application; such amount will be deposited into the Debt Service Fund on the date of delivery of the Bonds. See “TAX DATA – Tax Rate Calculations” and “USE OF BOND PROCEEDS.”

## DEBT SERVICE REQUIREMENTS

The following table sets forth the debt service requirements on the Outstanding Bonds and the debt service requirements for the Bonds.

| Year | Outstanding Debt Service Requirements | Plus: Debt Service Requirements on the Bonds Principal | Interest | Total Debt Service Requirements |
|---|---|---|---|---|
| 2022 | $2,244,777 | | $106,312 | $2,351,089 |
| 2023 | $2,238,577 | | $255,150 | $2,493,727 |
| 2024 | $2,244,097 | $190,000 | $251,350 | $2,685,447 |
| 2025 | $2,248,426 | $195,000 | $243,650 | $2,687,076 |
| 2026 | $2,246,285 | $200,000 | $236,750 | $2,683,035 |
| 2027 | $2,250,210 | $210,000 | $230,600 | $2,690,810 |
| 2028 | $2,255,277 | $215,000 | $224,225 | $2,694,502 |
| 2029 | $2,099,990 | $220,000 | $217,700 | $2,537,690 |
| 2030 | $2,069,941 | $230,000 | $210,950 | $2,510,891 |
| 2031 | $2,098,797 | $235,000 | $203,975 | $2,537,772 |
| 2032 | $2,115,950 | $245,000 | $196,775 | $2,557,725 |
| 2033 | $2,111,798 | $250,000 | $189,350 | $2,551,148 |
| 2034 | $2,131,129 | $260,000 | $181,700 | $2,572,829 |
| 2035 | $2,193,049 | $270,000 | $173,750 | $2,636,799 |
| 2036 | $2,177,475 | $280,000 | $165,500 | $2,622,975 |
| 2037 | $2,179,095 | $285,000 | $157,025 | $2,621,120 |
| 2038 | $1,669,286 | $295,000 | $147,587 | $2,111,873 |
| 2039 | $1,634,612 | $305,000 | $137,087 | $2,076,699 |
| 2040 | $1,383,005 | $315,000 | $126,237 | $1,824,242 |
| 2041 | $1,369,180 | $325,000 | $115,037 | $1,809,217 |
| 2042 | $1,364,176 | $335,000 | $103,487 | $1,802,663 |
| 2043 | $1,105,374 | $345,000 | $91,587 | $1,541,961 |
| 2044 | $1,147,093 | $360,000 | $79,250 | $1,586,343 |
| 2045 | $743,500 | $370,000 | $66,475 | $1,179,975 |
| 2046 | $755,499 | $380,000 | $52,875 | $1,188,374 |
| 2047 | $354,375 | $395,000 | $38,343 | $787,718 |
| 2048 | | $405,000 | $23,343 | $428,343 |
| 2049 | | $420,000 | $7,875 | $427,875 |
| ***TOTALS*** | **$46,430,973** | **$7,535,000** | **$4,233,945** | **$58,199,918** |

Maximum Annual Debt Service Requirement (2028).......... $2,694,502

$0.52 debt service tax rate on the February 1, 2022 Estimated Taxable Value of $551,552,098 at 95% collections produces.......... $2,724,667

$0.54 debt service tax rate on the 2021 Certified Taxable Value of $529,599,618 at 95% collections produces.......... $2,716,846

See "TAX DATA – Tax Rate Calculations."

**OFFICIAL STATEMENT**

**relating to**

**HUNTER'S GLEN MUNICIPAL UTILITY DISTRICT**
**(A political subdivision of the State of Texas, located within Harris County, Texas)**

**$7,535,000**
**WATERWORKS AND SEWER SYSTEM COMBINATION**
**UNLIMITED TAX AND REVENUE BONDS**
**SERIES 2022**

## INTRODUCTION

This Official Statement provides certain information in connection with the issuance of Hunter's Glen Municipal Utility District Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 54 of the Texas Water Code, as amended, an order authorizing the issuance of the Bonds (the "Bond Order") to be adopted by the Board of Directors (the "Board") of Hunter's Glen Municipal Utility District (the "District"), an approving order of the Texas Commission on Environmental Quality (the "TCEQ"), and a bond election held within the District.

This Official Statement includes descriptions of the Bonds, the Bond Order and certain information about the District and its financial condition. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the District's Bond Counsel upon payment of costs of duplication thereof.

## INVESTMENT CONSIDERATIONS

### General

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

### Infectious Disease Outlook (COVID-19)

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.

**Marketability**

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

**Dependence on Tax Collections**

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

**Registered Owners' Remedies**

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

**Bankruptcy Limitation to Registered Owners' Rights**

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

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

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

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

A district cannot be place into bankruptcy involuntarily.

**Approval of the Bonds**

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

**Economic Factors**

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

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

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

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

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

**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 has 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 the 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.

**Landowners/Developers Under No Obligation to the District**

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

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

The District's 2021 combined debt service and maintenance tax rate is $0.68 per $100 of assessed valuation. The maintenance of the District's tax base is directly related to the housing industry in general. The housing industry has historically been a cyclical industry, affected by short and long-term interest rates, demand for developed property, availability of mortgage and development funds, labor conditions, and general economic conditions. In the 1980s the downturn in the Houston economy and concurrent increases in unemployment substantially reduced the demand for housing. In many instances, homeowners turned homes back to mortgage companies because of a negative equity position and, consequently, many repossessed homes were resold at substantially reduced prices. The demand for single-family homes in the District, which is located approximately 17 miles from the central business district of the City Houston, also could be affected by competition from nearby residential developments. In addition to competition for new home sales from other developments, there are numerous previously-owned homes in more established neighborhoods closer to downtown Houston that have been on the market for an extended period of time.

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

Assuming no further construction of residential, multi-family and/or commercial projects within the District other than those which have heretofore been constructed, the value of such land and improvements currently located and under construction within the District could be a major determinant of the ability of the District to collect, and the willingness of property owners to pay, ad valorem taxes levied by the District. After issuance of the Bonds, the Maximum Annual Debt Service Requirement on the Bonds and the Outstanding Bonds will be $2,694,502 (2028). The February 1, 2022 Estimated Taxable Valuation of property within the District according to HCAD is $551,552,098. Assuming no increase or decrease from the February 1, 2022 Estimated Taxable Valuation and no use of other District funds, a debt service tax rate of $0.52 per $100 of assessed valuation at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. The 2021 Certified Taxable Valuation of property within the District according to HCAD is $529,599,618. Assuming no increase or decrease from the 2021 Certified Taxable Valuation and no use of other District funds, a debt service tax rate of $0.54 per $100 of assessed valuation at a 95% collection rate would be necessary to pay the Maximum Annual Debt Service Requirement. See "TAX DATA – Tax Rate Calculations."

**Use of Net System Revenues**

As stated elsewhere in this Official Statement, the Bonds are payable from a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property within the District. In addition, the Bonds are secured by a pledge of the net revenues (as defined in the Bond Order), if any, of the District's waterworks and sewer system. The District does not anticipate using the net revenues of the District's waterworks and sewer system to provide for annual debt service requirements, nor does the District presently anticipate the need of such net revenues in order to pay, when due, the debt service requirements on the Bonds or the Outstanding Bonds. See "THE BONDS – Sources of and Security for Payment."

While the District has pledged net revenues of its water and sewer system to payment of the Bonds, it is not expected that there will be sufficient net revenues for the payment of the Bonds in the absence of ad valorem tax collections.

**Future Debt**

The District reserves in the Bond Order the right to issue the remaining $23,175,000 authorized but unissued unlimited tax and revenue bonds which may be issued for the purposes of constructing facilities to serve the District and $65,762,500 authorized but unissued unlimited tax and revenue refunding bonds which may be issued for the purpose of refunding outstanding bonds of the District. All such bonds that will remain authorized but unissued can be issued subject to the approval of the Attorney General of the State of Texas and, in the case of new money bonds, subject to the approval of the TCEQ.

The Board has indicated its intention to proceed with the issuance of bonds to reimburse the Developer in the Cypresswood Point subdivision as the building development in such subdivision proceeds after the homebuilding development in such sections is substantially completed.

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

**Financing Parks and Recreational Facilities**

The District is authorized by statute to develop parks and recreational facilities, including the issuing of bonds payable from taxes for such purpose. Before the District could issue park bonds payable from taxes, the following actions would be required: (a) amendments to existing City ordinances specifying the purposes for which the District may issue bonds; (b) preparation of a detailed park plan; (c) authorization of park bonds by the qualified voters in the District; (d) approval of the park project and bonds by the TCEQ; and (e) approval of the bonds by the Attorney General of Texas. If the District does issue park bonds, the outstanding principal amount of such bonds may not exceed an amount equal to one percent of the value of the taxable property in the District, unless the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent but not more than three percent of the value of the taxable property in the District. The Board has not considered authorizing the preparation of a park plan or calling a park bond election at this time.

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

**Continuing Compliance with Certain Covenants**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 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 of 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.

**Conversion to Surface Water**

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District’s authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District’s jurisdiction. Under the 1999 Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and must have begun construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District’s total water demand. This same disincentive fee will be imposed under the 1999 Plan if the District’s groundwater withdrawal exceeds 70% of the District’s total water demand beginning January 2010, exceeds 40% of the District’s total water demand beginning January 2025, and exceeds 20% of the District’s total water demand beginning January 2035. In addition, if the District does not meet the Subsidence District’s requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the “Authority”). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a ground water reduction plan to comply with the Subsidence District’s 1999 Plan. The Authority submitted its Groundwater Reduction Plan to the Subsidence District and it received final certification on June 11, 2003. The Authority entered into a contract with the City to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee per 1,000 gallons of water produced from its wells. If the District were to receive surface water from the Authority, the Authority would charge a fee per 1,000 gallons of surface water purchased from the Authority. The Authority controls when, if ever, the District will receive surface water. However, to date, the District has not been notified of any such intent by the Authority. The issuance of additional bonds by the District in an undetermined amount may be necessary in the future to develop further surface water infrastructure or to participate in the Authority’s regional surface water conversion effort.

**Bond Insurance Investment Considerations**

If a bond insurance policy is obtained securing principal of and interest on the Bonds, 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 insured 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 insured Bonds by the issuer that 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 in payment of principal of and interest on insured 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 insured Bonds are dependent in part on the financial strength of the Bond Insurer and its claims-paying ability. The Bond Insurer's financial strength and claims-paying ability are predicated upon a number of factors that 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 the 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 insured 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.

## 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.

## Severe Weather

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

The greater Houston area 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 as a result of such a storm (or any other severe weather event) requiring substantial repair or replacement, or if substantial damage to taxable property within the District were to occur as a result of a severe weather event, the investment security of the Bonds could be adversely affected.

## Hurricane Harvey

The Houston area, including Harris County, sustained widespread wind and rain damage and flooding as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, and historic levels of rainfall during the succeeding four days. According to 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 as a result of Hurricane Harvey. According to the observations of the District's Operator and the District's Board of Directors, approximately five (5) single-family homes in the District experienced some flooding as a result of Hurricane Harvey.

## 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, but the District cannot predict the impact of future winter weather events.

**Specific Flood Risks**

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

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

**Reappraisal of Property**

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. 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.

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

**Atlas 14**

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

## USE OF BOND PROCEEDS

Proceeds from the sale of the Bonds will be used by the District to: (1) reimburse the Developer for advancing funds to construct certain water, wastewater, and drainage facilities serving the District and associated engineering and testing costs; (2) finance certain improvements to the District's water supply system; (3) finance certain rehabilitation projects related to the District's wastewater system; (4) fund approximately 12 months of capitalized interest on the Bonds; (5) fund Developer interest related to the advancement of funds for certain construction costs; and (6) pay issuance and administrative expenses associated with the sale of the Bonds.

IDS Engineering Group (the "Engineer") has advised the District that the proceeds listed below should be sufficient for the acquisition of such facilities. The District's present estimate of the use of proceeds of the Bonds is as follows:

| **CONSTRUCTION COSTS** | **Total Amount** | |
|---|---|---|
| ***Developer Contribution Items*** | | |
| Cypresswood Point Sections 10 & 11 – W, WW & D | $464,500 | |
| Cypresswood Point Section 12 – W, WW & D | $425,000 | |
| Contingencies | $21,250 | |
| Engineering & Miscellaneous Services | $291,295 | |
| ***Total Developer Contribution Items*** | **$1,202,045** | |
| ***District Items*** | | |
| Water Plant Improvements | $2,581,750 | |
| Water Reuse System | $803,000 | |
| Wastewater System Rehabilitation | $901,000 | |
| Contingencies | $428,575 | |
| Engineering & Miscellaneous Services | $642,863 | |
| ***Total District Items*** | **$5,357,188** | |
| **TOTAL CONSTRUCTION COSTS** | **$6,559,233** | (a) |
| **NON-CONSTRUCTION COSTS** | | |
| Legal Fees | $188,375 | |
| Fiscal Agent Fees | $150,700 | |
| Interest Costs: | | |
| Capitalized Interest | $233,585 | |
| Developer Interest | $51,917 | |
| Bond Discount | $226,050 | |
| Bond Issuance Expenses | $53,767 | |
| Bond Application Report Costs | $45,000 | |
| TCEQ Bond Issuance Fee | $18,838 | |
| Attorney General's Fee | $7,535 | |
| Contingency | $0 | (b) |
| **TOTAL NON-CONSTRUCTION COSTS** | **$975,767** | |
| **TOTAL BOND ISSUE REQUIREMENT** | **$7,535,000** | |

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

(b) Represents the difference between the estimated and actual Capitalized Interest and Bond Discount.

## THE BONDS

### General

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

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

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

**Authority for Issuance**

The Bonds are issued pursuant to the authority of the Bond Order, Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 54 of the Texas Water Code, as amended, and an approving order of the TCEQ. At various elections held within the District between 1983 and 2005 the voters of the District authorized the issuance of a total of $75,545,000 Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds for the purpose of constructing facilities to serve the District.

**Optional Redemption**

The Bonds scheduled to mature on or after April 1, 2028, are subject to redemption prior to scheduled maturity at the option of the District, in whole or from time to time in part, on April 1, 2027, and on any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest from the most recent interest payment date to the redemption date. If fewer than all Bonds are redeemed in any one maturity, 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 April 1 in the years 2037, 2039, 2042, 2045, and 2049 (the "Term Bonds") shall be subject to annual mandatory sinking fund redemption as shown in the tables below.

**$1,590,000 Term Bonds, due April 1, 2037**

| Mandatory Redemption Date | Principal Amount |
|---|---|
| April 1, 2032 | $245,000 |
| April 1, 2033 | $250,000 |
| April 1, 2034 | $260,000 |
| April 1, 2035 | $270,000 |
| April 1, 2036 | $280,000 |
| April 1, 2037 (maturity) | $285,000 |

**$600,000 Term Bonds, due April 1, 2039**

| Mandatory Redemption Date | Principal Amount |
|---|---|
| April 1, 2038 | $295,000 |
| April 1, 2039 (maturity) | $305,000 |

**$975,000 Term Bonds, due April 1, 2042**

| Mandatory Redemption Date | Principal Amount |
|---|---|
| April 1, 2040 | $315,000 |
| April 1, 2041 | $325,000 |
| April 1, 2042 (maturity) | $335,000 |

**$1,075,000 Term Bonds, due April 1, 2045**

| Mandatory Redemption Date | Principal Amount |
|---|---|
| April 1, 2043 | $345,000 |
| April 1, 2044 | $360,000 |
| April 1, 2045 (maturity) | $370,000 |

**$1,600,000 Term Bonds, due April 1, 2049**

| Mandatory Redemption Date | Principal Amount |
|---|---|
| April 1, 2046 | $380,000 |
| April 1, 2047 | $395,000 |
| April 1, 2048 | $405,000 |
| April 1, 2049 (maturity) | $420,000 |

On or before 30 days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bond that must be mandatorily redeemed on such Mandatory Redemption Date, after taking into account deliveries for cancellation and optional redemptions as more fully provided for below, (ii) select, by lot or other customary random method, the Term Bond or portions of the Term Bond of such maturity to be mandatorily redeemed on such Mandatory Redemption Date, and (iii) give notice of such redemption as provided in the Bond Resolution. The principal amount of any Term Bond to be mandatorily redeemed on such Mandatory Redemption Date shall be reduced by the principal amount of such Term Bond, which, by the 45th day prior to such Mandatory Redemption Date, either has been purchased in the open market and delivered or tendered for cancellation by or on behalf of the District to the Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this sentence.

**Notice of Redemption; Partial Redemption**

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

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

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

**Sources of and Security for Payment**

The Bonds are payable from the proceeds of a continuing direct annual ad valorem tax levied, without legal limitation as to rate or amount, levied 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. In addition, the Bonds are secured by a pledge of the net revenues (as defined in the Bond Order), if any, of the District's waterworks and sewer system. See "INVESTMENT CONSIDERATIONS – Use of Net System Revenues."

**Defeasance**

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

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

There is no assurance that the current law will not be changed in the future in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds.

**Funds**

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

**Issuance of Additional Debt**

If authorized by the District's voters and with the approval of the TCEQ, the District may issue bonds necessary to provide and maintain improvements for which the District was created. See "THE DISTRICT." After the issuance of the Bonds, the District will have $23,175,000 principal amount of authorized but unissued Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds. In addition, the District has $65,762,500 principal amount of authorized but unissued unlimited tax and revenue refunding bonds designated solely for the purpose refunding outstanding bonds of the District. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District, and in the Bond Order the District reserves the right to issue additional unlimited tax bonds, unlimited tax and revenue bonds, revenue bonds, and inferior lien bonds. See "INVESTMENT CONSIDERATIONS – Future Debt."

**Registration, Transfer, and Exchange**

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

**Replacement of Mutilated, Lost or Stolen Bonds**

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

**Legal Investment and Eligibility to Secure Public Funds in Texas**

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

"(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 un-matured interest coupons attached to them."

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

## BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

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

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

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

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

## THE DISTRICT

### General

The District is a municipal utility district created by an order of the Texas Water Rights Commission, predecessor state agency to the Texas Natural Resource Conservation Commission and the TCEQ, entered on June 13, 1972, which was confirmed at an election within the District on August 24, 1973, by a vote of 8 for to 0 against. The District operates as a municipal utility district under Chapters 49 and 54 of the Texas Water Code, as amended. Creation of the District was initiated as a means of financing construction of waterworks, sanitary sewage, and drainage facilities to serve the area within the District's boundaries. The District, as it was originally created, contained 525.479 acres. Since its creation, the District has annexed certain tracts of land under four (4) separate annexations, and the District presently includes approximately 1,119 acres. The District is located in northern Harris County approximately 17 miles north, northeast of the central business district of the City of Houston, Texas (the "City"), approximately three (3) miles west of the central business district of the City of Humble, Texas, and approximately seven (7) miles east of Interstate Highway 45. The District is bounded on the north by Cypress Creek and bounded on the south by F.M. 1960. According to the Engineer, approximately 70 acres of land in the District are located within the 100-year flood plain. However, none of the presently developed land within the District is located in the 100-year flood plain. The District is located wholly within the extraterritorial jurisdiction of the City.

The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities and plants necessary for: (i) the supply of water; (ii) the collection, transportation and treatment of wastewater; and (iii) the control of storm water and harmful excess water. The District is also empowered to establish, operate, and maintain a firefighting department and facilities after approval of the TCEQ, the City and the voters of the District. No such department is presently planned by the District.

### Summary of Land Use

A summary of the approximate land use in the District as of March 1, 2022, appears in the following table:

| Type of Land Use | Approx. Acres |
|---|---|
| Fully Developed Residential Acreage (a) | 701 |
| Fully Developed Commercial Acreage (b) | 20 |
| Acres Currently Being Developed (c) | 10 |
| Additional Developable Acreage (d) | 50 |
| Undevelopable Acreage (e) | 338 |
| **Total Approximate Acres** | **1,119** |

(a) See "– Status of Residential Development" herein.

(b) See "– Commercial Development" herein.

(c) Represents the developable land located in Cypresswood Point, Section 12, which is expected to contain 41 single-family residential lots. The lots in Cypresswood Point, Section 12 are expected to be available for homebuilding during the second quarter of 2022.

(d) Includes 30 acres owned by CWP Hunters Glen Partners, LLC; such land is anticipated to be developed for single-family residential purposes in the subdivision to be known as Cypresswood Point South, Section 1. Cypresswood Point South, Section 1 is currently under design and, based on current land plans, is expected to contain 111 single-family residential lots. See "THE DEVELOPERS – Description of the Developers and Principal Landowners."

(e) Includes homeowner's association land, recreational facilities, detention ponds, drainage rights-of-way, floodplain acreage, District plant sites, and pipeline easements.

## Status of Residential Development

The District has been developed for predominately single-family residential purposes in the subdivisions known as Foxwood, Cypresswood Point, Saddle Ridge, and Foxwood Meadow. The following table lists the approximate status of single-family residential development within the District as of March 1, 2022.

| | | | Homes | | |
|---|---|---|---|---|---|
| Subdivision/Section | Approx. Acres | Total Lots | Completed | Under Construction | Vacant Lots |
| Foxwood, Sections 1 – 5 & 7 – 16 (a) | 429 | 1,750 | 1,750 | 0 | 0 |
| Cypresswood Point, Section 1 | 31 | 142 | 142 | 0 | 0 |
| Cypresswood Point, Section 2 | 14 | 62 | 62 | 0 | 0 |
| Cypresswood Point, Section 3 | 16 | 79 | 79 | 0 | 0 |
| Cypresswood Point, Section 4 | 18 | 59 | 59 | 0 | 0 |
| Cypresswood Point, Section 5 | 12 | 59 | 59 | 0 | 0 |
| Cypresswood Point, Section 6 | 12 | 59 | 59 | 0 | 0 |
| Cypresswood Point, Section 7 | 12 | 42 | 42 | 0 | 0 |
| Cypresswood Point, Section 8 | 16 | 65 | 65 | 0 | 0 |
| Cypresswood Point, Section 9 | 14 | 63 | 36 | 9 | 18 |
| Cypresswood Point, Section 10 | 8 | 27 | 21 | 6 | 0 |
| Cypresswood Point, Section 11 | 9 | 46 | 7 | 5 | 34 |
| Saddle Ridge, Sections 1 – 6 (b) | 90 | 524 | 524 | 0 | 0 |
| Foxwood Meadow, Section 1 (c) | 10 | 46 | 46 | 0 | 0 |
| Acres Under Development (d) | 10 | - | - | - | - |
| Additional Single-Family Acreage (e) | 30 | - | - | - | - |
| Undevelopable Acreage (f) | 388 | 0 | 0 | 0 | 0 |
| **TOTAL** | **1,119** | **3,023** | **2,951** (g) | **20** (h) | **52** |

(a) Foxwood, Sections 1 – 4 and 8 represent the original sections of the District, which were developed during the 1970's through the 1990's and included 868 single-family residential lots on approximately 213 acres. Foxwood, Sections 5 and 7 – 16 were developed by Woodmere; such sections include 882 single-family residential lots on approximately 216 acres.

(b) The acreage figure reflected for the Saddle Ridge subdivision excludes a 13-acre detention pond (undevelopable acreage) that serves the entire subdivision. The lots in Saddle Ridge, Sections 1 – 4 were developed by Kimball Hill and the lots in Saddle Ridge, Sections 5 and 6 were developed by Castlerock. Homes in Saddle Ridge, Sections 1 – 4 were constructed by Kimball Hill and Castlerock and were marketed with an average sales price of approximately $125,000. Homes Saddle Ridge, Sections 5 and 6 were constructed by Castlerock and were marketed in the $160,000 - $215,000 price range.

(c) The lots Foxwood Meadow, Section 1 were developed by JP Developers. Homes were constructed by Sync Enterprises, LLC, which is a corporate entity related to JP Developers, and were marketed in the $175,000 - $195,000 price range.

(d) Represents the developable land located in Cypresswood Point, Section 12, which is expected to contain 41 single-family residential lots. The lots in Cypresswood Point, Section 12 are expected to be available for homebuilding during the second quarter of 2022.

(e) Represents 30 acres owned by CWP Hunters Glen Partners, LLC; such land is anticipated to be developed for single-family residential purposes in the subdivision to be known as Cypresswood Point South, Section 1. Cypresswood Point South, Section 1 is currently under design and, based on current land plans, is expected to contain 111 single-family residential lots. See "THE DEVELOPERS – Description of the Developers and Principal Landowners."

(f) Includes homeowner's association land, recreational facilities, detention ponds, drainage rights-of-way, floodplain acreage, District plant sites, and pipeline easements.

(g) As of March 1, 2022, approximately 2,910 of the 2,951 completed homes in the District were owner-occupied.

(h) Represents homes that are under construction or homes that are still owned by homebuilders.

## Commercial Development

Commercial building development within the District as of March 1, 2022, included 387 multi-family residential units in three (3) different apartment complexes, two (2) service stations with convenience stores, two (2) retail shopping centers with a total of approximately 10 retail establishments, and one (1) day care facility. Such commercial building development is located on approximately 20 acres of land generally located at the south end of the District along F.M. 1960.

**Management of the District**

The District is governed by the Board which has control over and management supervision of all affairs of the District. All of the Directors own property within the District and four of the Directors reside within the District. A directors' election is held within the District on the first Saturday in May in even numbered years. Directors are elected to serve four-year, staggered terms. The current members and officers of the Board are listed below:

| Name | Title | Expires May |
|---|---|---|
| Randall C. Chesnutt | President | 2022 |
| Doyle D. Gibbs | Vice President | 2022 |
| Gary D. Alley | Secretary | 2022 |
| Mark S. Brooks | Treasurer/Investment Officer | 2024 |
| Christina C. Cheek | Assistant Secretary | 2024 |

The District does not employ a general manager or any other full-time employees. The District has contracted for utility system operating, engineering, bookkeeping, tax assessing and collecting services and annual auditing of its financial statements as follows:

*Tax Assessor/Collector* – The District's Tax Assessor/Collector is Equi-Tax, Inc., who is employed under an annual contract to perform the District's tax collection functions.

*Bookkeeper* – The District has contracted with Municipal Accounts & Consulting, L.P. for bookkeeping services.

*Auditor* – The financial statements of the District as of June 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" for a copy of the District's June 30, 2021, audited financial statements.

*Utility System Operator* – The District's operator is Municipal Operations & Consulting, Inc.

*Engineer* – The consulting engineer for the District is IDS Engineering Group (the "Engineer").

*Financial Advisor* – The GMS Group, L.L.C. serves as Financial Advisor to the District and is paid an hourly consulting fee for certain services rendered from time to time. The GMS Group, L.L.C. has served in the capacity as Financial Advisor relative to the issuance of the Bonds and will be paid a fee from Bond proceeds contingent upon the sale and delivery of the Bonds.

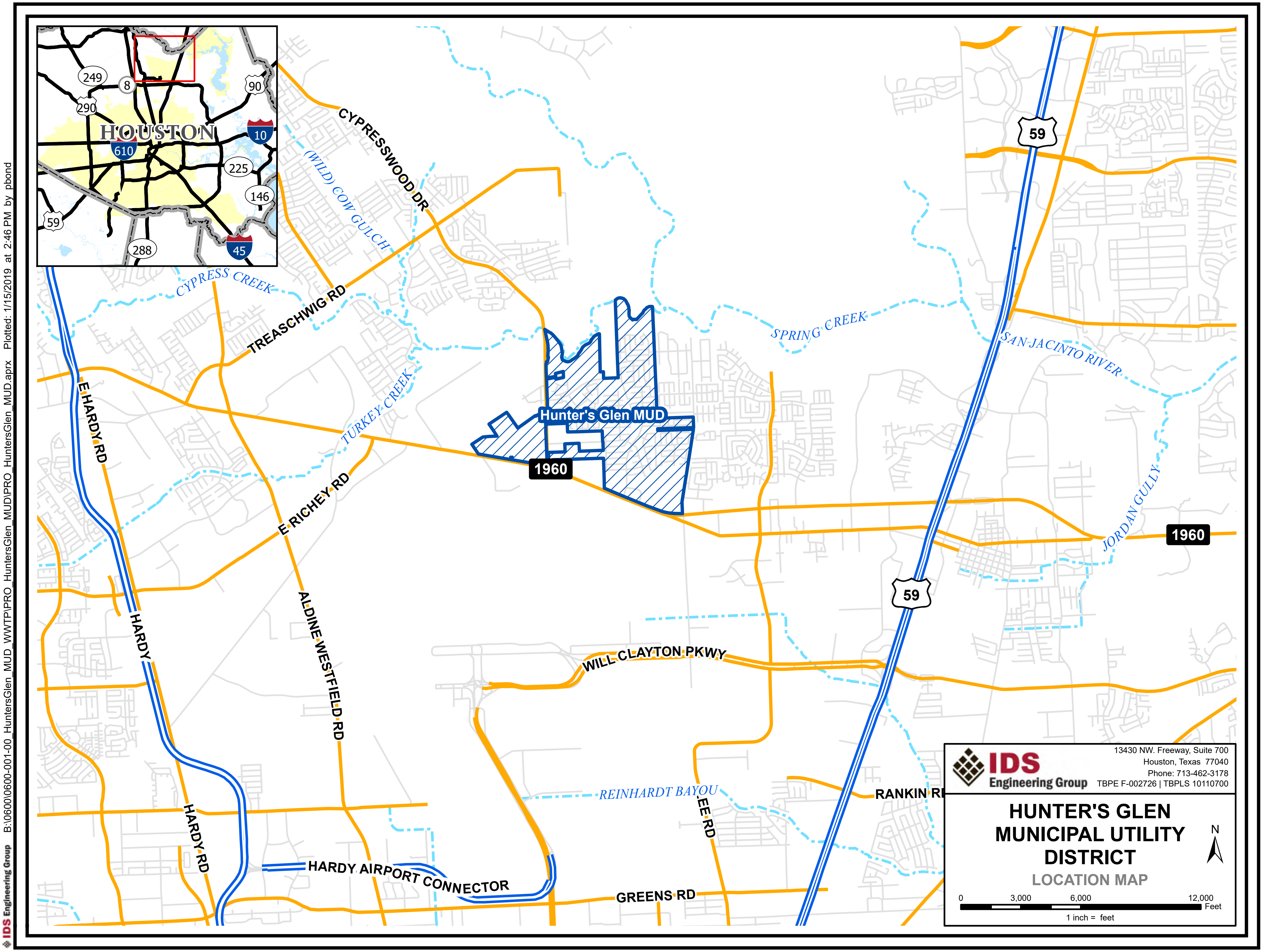
*Legal Counsel* – The District has employed Radcliffe Bobbitt Adams Polley PLLC, of Houston, Texas, as general counsel and as Bond Counsel. The legal fees to be paid to Bond Counsel for service rendered in connection with the issuance of the Bonds are based on a percentage of the Bonds actually issued, sold, and delivered. Therefore, such fees are contingent on the sale and delivery of the Bonds.

*Disclosure Counsel* – Norton Rose Fulbright US LLP, Houston, Texas, has been engaged by the District to serve as Disclosure Counsel on certain matters related to the sale and delivery of the Bonds, but such advice should not be relied upon by the purchasers as a due diligence undertaking on their behalf. Fees of the Disclosure Counsel will be paid from proceeds of the Bonds; such fees are contingent upon the sale and delivery of such Bonds.

## DISTRICT INVESTMENT POLICY

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

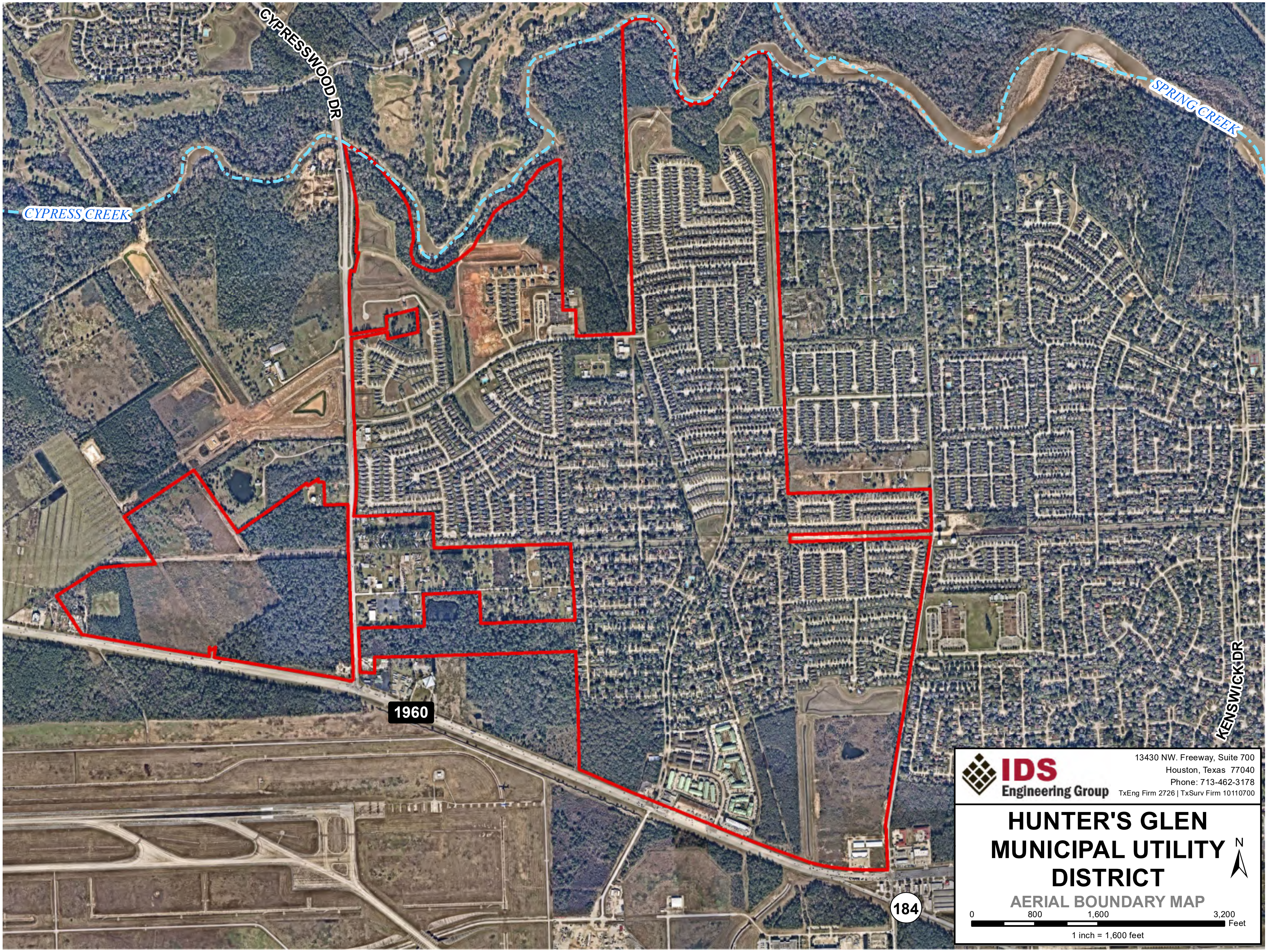
LOCATION MAP




B:\060000600-001-00_HuntersGlen_MUD_WWTP\PRO_HuntersGlen_MUD\PRO_HuntersGlen_MUD.aprx Plotted: 1/15/2019 at 2:46 PM by pbond

IDS Engineering Group

AERIAL PHOTOGRAPH

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IDS Engineering Group

## THE SYSTEM

### Regulation

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

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

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

### 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 Supply Facilities

The District owns and operates water supply facilities capable of serving approximately 4,167 equivalent single-family connections ("ESFCs") and which are adequate to serve the ultimate development of the District given currently anticipated land uses. Such water supply facilities include:

- One (1) water well with capacity of 1,750 gallons per minute ("gpm");
- One (1) water well with capacity of 1,338 gpm;
- Three (3) ground storage tanks with a combined total capacity of 920,000 gallons;
- Three (3) hydropneumatic pressure tanks with a combined total capacity of 50,000 gallons; and
- Six (6) booster pumps with a combined total pumping capacity of 6,770 gpm.

The District has an emergency water supply contract and interconnect with Harris County Municipal Utility District No. 26.

### Conversion to Surface Water

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The District's authority to pump groundwater from its well is subject to annual permits issued by the Subsidence District. On April 14, 1999, the Subsidence District adopted a District Regulatory Plan (the "1999 Plan") to reduce groundwater withdrawal through conversion to surface water in areas within the Subsidence District's jurisdiction. Under the 1999 Plan, the District was required to submit to the Subsidence District by January 2003 a groundwater reduction plan and must have begun construction of surface water conversion infrastructure by January 2005, or pay a disincentive fee for any groundwater withdrawn in excess of 20% of the District's total water demand. This same disincentive fee will be imposed under the 1999 Plan if the District's groundwater withdrawal exceeds 70% of the District's total water demand beginning January 2010, exceeds 40% of the District's total water demand beginning January 2025, and exceeds 20% of the District's total water demand beginning January 2035. In addition, if the District does not meet the Subsidence District's requirements as described above, the District may be required to pay the disincentive fees adopted by the Subsidence District.

The District is located within the North Harris County Regional Water Authority (the "Authority"). The Authority was created to provide for the supply of surface water to north Harris County and to prepare a ground water reduction plan to comply with the Subsidence District's 1999 Plan. The Authority submitted its Groundwater Reduction Plan to the Subsidence District and it received final certification on June 11, 2003. The Authority entered into a contract with the City to purchase surface water beginning in 2010. The District currently pays to the Authority a ground water pumpage fee per 1,000 gallons of water produced from its wells. If the District were to receive surface water from the Authority, the Authority would charge a fee per 1,000 gallons of surface water purchased from the Authority. The Authority controls when, if ever, the District will receive surface water. However, to date, the District has not been notified of any such intent by the Authority. The issuance of additional bonds by the District in an undetermined amount may be necessary in the future to develop further surface water infrastructure or to participate in the Authority's regional surface water conversion effort.

**Wastewater Treatment Facilities**

The District wholly owns a wastewater treatment plant with capacity of 975,000 gallons per day ("gpd"). According to the Engineer, the District's capacity in the wastewater treatment plant is sufficient to serve approximately 3,482 ESFCs and is capable of serving all of the existing users of the System, as well as the ultimate development of the District given currently anticipated land uses.

**Storm Drainage System**

The District drains into two different watersheds. Foxwood, Sections 1, 2, 3, 8, the commercial reserve areas along F.M. 1960, and the Saddle Ridge subdivision drain south and east to Harris County Flood Control District Unit P-130-00-00, which discharges into Garners Bayou and then drains to the Greens Bayou watershed. The remainder of the District drains north to the Cypress Creek watershed. The developed portions of the District are served by underground storm sewer facilities.

The Harris County Flood Control District ("HCFCD") has regional detention programs to provide regional storm water detention capacity for both Greens Bayou watershed and Cypress Creek watershed, which requires payment of an impact fee of $3,300 per acre and $4,000 per acre, respectively, at time of development. However, since no HCFCD regional detention capacity is currently available nor anticipated to be available to the District in the near future, HCFCD requires all new development, including developed land without building improvements, to provide site specific storm water detention facilities. HCFCD will credit a developer's land, construction and engineering costs for site specific detention against the detention impact fees due.

**100-Year Flood Plain**

According to the Engineer, approximately 70 acres within the District is shown to be within the 100-year flood plain as delineated on the current Federal Emergency Management Agency Flood Insurance Rate Maps for Harris County, Texas Community Panel Nos. 48201C0290N and 48201C0295M dated June 9, 2014. The Harris County Engineers Office Building Permit Section regulates construction in the flood plain. According to the Engineer, none of the presently developed land within the District is located in the 100-year flood plain.

During Hurricane Harvey the District's facilities remained operational and there was no interruption of water and sewer service; approximately five (5) homes in the District experienced flooding as a result of Hurricane Harvey. See "INVESTMENT CONSIDERATIONS – Hurricane Harvey."

**Historical Operations of the System**

The Bonds are payable from the levy of an ad valorem tax, without legal limitation as to rate or amount, levied against all taxable property in the District and are additionally secured by a pledge of the System's net revenues. It is not presently anticipated that the net revenues will provide for a significant amount of the District's annual debt service requirements. 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 June 30 (a) | | | | |
|---|---|---|---|---|---|
| **GENERAL FUND** | **2021** | **2020** | **2019** | **2018** | **2017** |
| **REVENUES** | | | | | |
| Property taxes | $935,186 | $842,210 | $737,366 | $574,807 | $523,745 |
| City of Houston rebates | $11,167 | $10,108 | $8,556 | $9,323 | $11,202 |
| Water service | $951,998 | $924,481 | $898,765 | $819,018 | $772,730 |
| Sewer service | $1,176,371 | $1,148,118 | $1,114,101 | $981,662 | $869,127 |
| Regional water fee | $1,106,095 | $974,359 | $823,065 | $704,506 | $590,370 |
| Penalty and interest | $139,935 | $152,322 | $153,311 | $140,321 | $136,143 |
| Tap connection and inspection fees | $355,760 | $141,680 | $85,090 | $185,125 | $118,800 |
| Investment income | $8,824 | $40,900 | $34,955 | $14,594 | $7,319 |
| **TOTAL REVENUES** | **$4,685,336** | **$4,234,178** | **$3,855,209** | **$3,429,356** | **$3,029,436** |
| **EXPENDITURES** | | | | | |
| *Service operations:* | | | | | |
| Regional water fee | $1,214,137 | $1,033,837 | $841,204 | $690,030 | $586,632 |
| Professional fees | $198,315 | $188,778 | $172,898 | $159,528 | $157,559 |
| Contracted services | $785,103 | $728,792 | $723,689 | $678,229 | $604,394 |
| Solid waste disposal | $464,067 | $437,426 | $441,416 | $436,406 | $405,393 |
| Utilities | $153,826 | $144,060 | $134,807 | $128,585 | $127,300 |
| Repairs and maintenance | $981,112 | $1,134,514 | $1,012,704 | $1,020,087 | $872,142 |
| Other expenditures | $142,132 | $138,033 | $123,396 | $193,185 | $153,418 |
| Tap connections | $160,993 | $87,030 | $36,900 | $73,950 | $49,500 |
| Capital outlay | $95,728 | $1,108,529 | $378,206 | $38,381 | - |
| Debt service, debt issuance costs | $11,250 | - | - | - | $33,750 |
| **TOTAL EXPENDITURES** | **$4,206,663** | **$5,000,999** | **$3,865,220** | **$3,418,381** | **$2,990,088** |
| **EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES** | **$478,673** | **($766,821)** | **($10,011)** | **$10,975** | **$39,348** |
| **OTHER FINANCING SOURCES** | | | | | |
| Interfund transfers | - | - | - | $33,750 | - |
| Insurance proceeds (b) | - | $221,109 | $959,740 | - | - |
| **TOTAL OTHER FINANCING SOURCES** | **$0** | **$221,109** | **$959,740** | **$33,750** | **$0** |
| **Excess Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | **$478,673** | **($545,712)** | **$949,729** | **$44,725** | **$39,348** |
| **Fund Balance Beginning of Year** | **$1,910,967** | **$2,456,679** | **$1,506,950** | **$1,462,225** | **$1,422,877** |
| **Fund Balance End of Year** (c) | **$2,389,640** | **$1,910,967** | **$2,456,679** | **$1,506,950** | **$1,462,225** |

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

(b) Reflects insurance proceeds attributable to certain insurance claims filed by the District relating to certain losses at the wastewater treatment plant motor control center and administration building.

(c) As of March 21, 2022, the District's General Fund had an unaudited cash and investment balance of $2,672,877. For the fiscal year ending June 30, 2022, the District's General Fund is currently budgeting revenues of approximately $4,657,300 and operating expenditures of approximately $4,166,795. Additionally, for the fiscal year ending June 30, 2022, the District has identified $50,000 of capital expenditures that may be funded by the General Fund. Any capital expenditures to be made from the General Fund will depend on the availability of cash and investment balances in such fund, the necessity of the project, and the need to maintain adequate reserve balances.

# THE DEVELOPERS

## Role of a Developer in a Municipal Utility District

In general, activities of developers in special utility districts such as the District include defining a marketing program and building schedule, securing necessary governmental approvals and permits, arranging for construction of roads and installation of utilities (including in some cases, a contribution of 30% of the costs of certain water, sewer, and drainage facilities pursuant to the rules of the TCEQ), as well as gas, telephone, and electric service, and selling improved lots and commercial reserves to builders or others. In addition, developers are ordinarily major taxpayers during the development phase of the property within a utility district, and their ability to pay taxes may affect the security of a district's bonds. No developer projects are being financed with proceeds of the Bonds.

## Description of the Developers and Principal Landowners

In August 2002, Ley Properties sold approximately 252 acres within the District to Woodmere Development Company, Woodmere Development, Ltd. and BGM Land Investments, Inc.; all three of such entities are related parties and are defined as "Woodmere" or the "Developer" herein. Currently, Woodmere is the only active developer in the District and is active in the Cypresswood Point subdivision. Woodmere has completed the development of the Foxwood subdivision. Woodmere sold developed lots in the Foxwood subdivision to Foxwood Homes and sold developed lots in the Cypresswood Point subdivision to Postwood Homes. Both Postwood Homes and Foxwood Homes are home building corporations that are related to Woodmere. Homes in the Foxwood subdivision were marketed and sold in the $190,000 – $240,000 price range. Homes in the Cypresswood Point subdivision are currently being marketed in the $230,000 – $290,000 price range. See "THE DISTRICT – Status of Residential Development."

Ley Properties is in the process of selling approximately 30 acres to CWP Hunters Glen Partners, LLC, a Texas limited liability company and a special purpose entity established solely for the purpose of developing the approximately 30 acres of land, which is located adjacent to Cypresswood Drive and generally along F.M. 1960. According to CWP Hunters Glen Partners, LLC, the 30 acres is anticipated to be developed for single-family residential purposes in the subdivision to be known as Cypresswood Point South, Section 1. Based on current land plans, Cypresswood Point South, Section 1 is expected to contain 111 single-family residential lots. According to CWP Hunters Glen Partners, LLC, the 111 lots are presently under design and anticipated to be available for homebuilding during the first quarter of 2023. The District makes no representation that intended development plans will ever be implemented or that taxable improvements will ever be constructed on such land.

In February 2013, Castlerock purchased acreage and developed lots (approximately 59 lots) in the subdivision known as Saddle Ridge from KHI Post Consummation Trust & KHI Liquidation Trust. Since acquiring the property, Castlerock has completed the development of approximately 22 acres (140 lots) in the sections known as Saddle Ridge, Sections 5 and 6. The Saddle Ridge subdivision was built out during 2018. Homes in the Saddle Ridge subdivision were marketed and sold in the $160,000 – $215,000 price range.

JP Developers has completed the development of approximately 10 acres in the District known as Foxwood Meadow, Section 1. Foxwood Meadow, Section 1 consists of 46 single-family lots. Homes in Foxwood Meadow, Section 1 were constructed by Sync Enterprises, LLC, which is a corporate entity related to JP Developers. JP Developers completed the build out of Foxwood Meadow, Section 1 during 2019. Homes in Foxwood Meadow, Section 1 were marketed and sold in the $175,000 – $195,000 price range.

The Estate of Fred Parks has no development plans for its 51 acres at the present time. However, such acreage is anticipated to be developed for commercial purposes at some point in the future. The District makes no representation that such land will ever be developed or that taxable improvements will ever be constructed thereon.

## DISTRICT DEBT
## (unaudited)

| | | |
|---|---|---|
| 2/1/2022 Estimated Taxable Value | $551,552,098 | (a) |
| 2021 Certified Taxable Value | $529,599,618 | (b) |
| | | |
| Direct Debt: | | |
| Outstanding Bonds (as of April 1, 2022) | $33,605,000 | |
| The Bonds | $7,535,000 | |
| Total Direct Debt | $41,140,000 | |
| | | |
| Estimated Overlapping Debt | $25,162,557 | (c) |
| Direct and Estimated Overlapping Debt | $66,302,557 | |
| | | |
| Percentage of Direct Debt to: | | |
| 2/1/2022 Estimated Taxable Value | 7.46% | |
| 2021 Certified Taxable Value | 7.77% | |
| | | |
| Percentage of Direct and Estimated Overlapping Debt to: | | |
| 2/1/2022 Estimated Taxable Value | 12.02% | |
| 2021 Certified Taxable Value | 12.52% | |
| | | |
| 2021 Tax Rate Per $100 of Assessed Value: | | |
| Debt Service Tax Rate | $0.48 | |
| Maintenance Tax Rate | $0.20 | |
| Total 2021 Tax Rate | $0.68 | |
| | | |
| Cash and Temporary Investment Balances as of March 21, 2022: | | |
| General Fund | $2,672,877 | (d) |
| Debt Service Fund | $4,676,403 | (e) |

(a) Reflects data supplied by HCAD. The Estimated Taxable Value as of February 1, 2022, was prepared by HCAD and provided to the District for informational purposes only. Such value is not binding on HCAD, and any new value, subsequent to January 1, 2021, will not be included on the District's tax roll until the January 1, 2022, certified tax roll is prepared by HCAD during the second half of 2022. The District is authorized by law to levy taxes only against certified values. See "TAX DATA" and "TAXING PROCEDURES."

(b) Reflects the certified taxable valuation as of January 1, 2021, according to data supplied by HCAD. See "TAX DATA" and "TAXING PROCEDURES."

(c) See "– Estimated Overlapping Debt" herein.

(d) Unaudited figure per the District's records. See "THE SYSTEM – Historical Operations of the System."

(e) 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. The cash and investment balance in the Debt Service Fund includes the amount of capitalized interest approved by the TCEQ in the District's bond application; such amount will be deposited into the Debt Service Fund on the date of delivery of the Bonds. See "TAX DATA – Tax Rate Calculations" and "USE OF BOND PROCEEDS."

### 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** |
| Aldine Independent School District | $970,855,000 | 2.18% | $21,184,205 |
| Harris County (a) | $1,355,237,125 | 0.10% | $1,357,682 |
| Harris County Flood Control District | $584,900,000 | 0.10% | $604,986 |
| Port of Houston Authority | $469,434,397 | 0.10% | $485,583 |
| Harris County Hospital District | $76,385,000 | 0.10% | $78,992 |
| Harris County Department of Education | $20,185,000 | 0.10% | $20,519 |
| Lone Star College System | $643,940,000 | 0.22% | $1,430,592 |
| **Total Estimated Overlapping Debt** | | | **$25,162,557** |
| | | | |
| **The District's Direct Debt** (b) | | | **$41,140,000** |
| **Total Direct and Estimated Overlapping Debt** | | | **$66,302,557** |

(a) Excludes the currently outstanding Harris County Toll Road Bonds, which have been paid from toll revenues.

(b) Includes the Bonds.

## TAX DATA

### Tax Distribution

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

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| Debt Service | $0.4800 | $0.4900 | $0.5000 | $0.5100 | $0.5478 |
| Maintenance/Operation | $0.2000 | $0.2000 | $0.2000 | $0.2000 | $0.1722 |
| **Total** | **$0.6800** | **$0.6900** | **$0.7000** | **$0.7100** | **$0.7200** |

### Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for maintenance of the District's improvements if such maintenance tax is authorized by vote of the District's electors held on September 14, 2002. Such maintenance tax was authorized by vote of the District's electors in an amount not to exceed $0.20 per $100 of assessed valuation. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Bonds, the Remaining Outstanding Bonds, and any tax bonds which may be issued in the future.

## Analysis of Tax Base

Based on information provided to the District by its Tax Assessor/Collector, the following table represents the composition of property comprising the District's gross tax roll valuations and the exemptions (including supplemental adjustments made by HCAD) for 2017 through 2021 and includes the February 1, 2022 Estimated Taxable Value.

| | Type of Property | | | | | |
|---|---|---|---|---|---|---|
| **Tax Roll Year** | **Land** | **Improvements** | **Personal Property** | **Gross Valuations** | **Exemptions** (a) | **Taxable Valuation** (b) |
| 3/1/2022 | | | | | | $551,552,098 (c) |
| 2021 | $124,954,859 | $520,824,752 | $7,038,742 | $652,818,353 | $123,218,735 | $529,599,618 |
| 2020 | $125,260,407 | $469,007,337 | $7,993,976 | $602,261,720 | $118,010,030 | $484,251,690 |
| 2019 | $116,467,129 | $408,290,788 | $7,194,038 | $531,951,955 | $108,920,872 | $423,031,083 |
| 2018 | $96,014,165 | $363,917,606 | $5,543,801 | $465,475,572 | $96,325,430 | $369,150,142 |
| 2017 | $92,391,732 | $342,302,931 | $5,579,210 | $440,273,873 | $103,760,654 | $336,513,219 |

(a) The majority of the exemptions for each tax year listed above are attributable to the 20% Homestead Exemption granted to homeowners by the District.

(b) Reflects the gross assessed valuation supplied by HCAD, less exemptions.

(c) The Estimated Taxable Value as of February 1, 2022, was prepared by HCAD and provided to the District for informational purposes only. Such value is not binding on HCAD, and any new value, subsequent to January 1, 2021, will not be included on the District's tax roll until the January 1, 2022, certified tax roll is prepared by HCAD during the second half of 2022. The District is authorized by law to levy taxes only against certified values. See "TAXING PROCEDURES."

## Principal Taxpayers

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

| Taxpayer | Type of Property | | 2021 Valuation | Percent of Total |
|---|---|---|---|---|
| TJD Texas Enterprises LLC | Land & Improvement | | $33,628,566 | 6.35% |
| Ramdass Corp | Land & Improvement | | $13,615,691 | 2.57% |
| Rankin Road Investments LLC | Land & Improvement | | $5,679,528 | 1.07% |
| AZ Global Business | Land & Improvement | | $4,757,076 | 0.90% |
| Centerpoint Energy Houston Electric | Personal Property | | $2,971,920 | 0.56% |
| Woodmere Development Co Ltd | Land & Improvements | | $2,194,110 | 0.41% |
| Tricon SFR 2020 2 Borrower LLC | Land & Improvements | | $2,016,843 | 0.38% |
| Wertheim Thomas A Trustee | Land & Improvements | | $1,600,000 | 0.30% |
| Long Lake Ltd | Land & Improvements | | $1,324,904 | 0.25% |
| Dexoon 1881 LLC | Land & Improvements | | $1,230,000 | 0.23% |
| | | ***TOTALS*** | **$69,018,638** | **13.03%** |

## Levy and Collection

The following represents the collection history of District taxes; the collections represent cumulative collections for each year's tax levy through February 28, 2021. According to the District's Tax Assessor/Collector, the District's current tax collections for the tax years 2017 through 2021 have averaged more than 97%.

| Tax Year | Taxable Valuation | Tax Rate (a) | Tax Levy | Cumulative Tax Collections | Tax Year Ended September 30 |
|---|---|---|---|---|---|
| 2021 | $529,599,618 | $0.68 | $3,601,277 | 95.7% | 2022 (b) |
| 2020 | $484,251,690 | $0.69 | $3,341,337 | 99.5% | 2021 |
| 2019 | $423,031,083 | $0.70 | $2,961,218 | 99.6% | 2020 |
| 2018 | $369,150,142 | $0.71 | $2,620,966 | 99.7% | 2019 |
| 2017 | $336,513,219 | $0.72 | $2,422,895 | 99.6% | 2018 |

(a) See "Tax Distribution" herein.

(b) The 2021 tax levy is in the process of collections; such taxes became delinquent if not paid before February 1, 2022. See "TAXING PROCEDURES." According to the District's records as of March 21, 2022, the 2021 tax levy was approximately 97% collected.

**Tax Rate Calculations**

The tax rate calculations set forth below are presented to indicate the tax rates per $100 assessed valuation which would be required to meet certain debt service requirements if no growth in the District occurs beyond the February 1, 2022 Estimated Taxable Valuation and the 2021 Certified Taxable Valuation. The foregoing further assumes collection of 95% of taxes levied, and assumes the issuance of the Bonds but no additional bonds.

Maximum Annual Debt Service Requirement (2028)........................................................................$2,694,502 (a)

Tax rate of $0.52 on the February 1, 2022 Estimated Taxable Value produces..............................................$2,724,667 (a)

Tax rate of $0.54 on the 2021 Certified Taxable Value produces..................................................................$2,716,846 (a)

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(a) Calculations based upon the taxable value of the District net of exemptions. The Board has adopted a 20% homestead exemption each year since 1988.

**Estimated Overlapping Taxes**

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

Set forth below are all 2021 taxes levied by such taxing jurisdictions, assuming each assesses at 100% basis of assessment. No recognition is given to local assessments for civic association dues, fire department contributions, solid waste disposal charges, or any other levy of entities other than political subdivisions.

| Taxing Jurisdictions | 2021 Tax Rate Per $100 Assessed Valuation |
|---|---|
| Aldine Independent School District | $1.266900 |
| Harris County (a) | $0.586340 |
| Lone Star College System | $0.107800 |
| HC Emergency Service District No. 10 | $0.100000 |
| HC Emergency Service District No. 11 | $0.032305 |
| **Overlapping Taxes** | **$2.093345** |
| The District | $0.680000 |
| **Total 2021 Direct & Overlapping Tax Rate** | **$2.773345** |

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

## TAXING PROCEDURES

**Authority to Levy Taxes**

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

**Tax Code and County-Wide Appraisal District**

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

## Property Subject to Taxation by the District

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

***Residential Homestead Exemptions.*** The Tax Code authorizes the governing body of each political subdivision in the State of Texas to exempt up to 20% of the appraised value of residential homesteads from ad valorem taxation. Where ad valorem taxes have previously been pledged for the payment of debt, the assessor and collector of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged if the cessation of the levy would impair the obligations of the contract by which the debt was created. The adoption of a homestead exemption may be considered each year, but must be adopted before July 1. The District has granted a general residential homestead exemption each year since 1988. See "TAX DATA – Analysis of Tax Base."

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

## Tax Abatement

Harris County or the City may designate all or part of the area within the District as a reinvestment zone. Thereafter, the City (after annexation), Harris County, Aldine Independent School District, or the District, at the option and discretion of each entity, may enter into tax abatement agreements with owners of property within the zone. Prior to entering into a tax abatement agreement, each entity must adopt guidelines and criteria for establishing tax abatement, which each entity will follow in granting tax abatement to owners of property. The tax abatement agreements may exempt from ad valorem taxation by each of the applicable taxing jurisdictions, including the District, for a period of up to ten (10) years, all or any part of any increase in the assessed valuation of property covered by the agreement over its assessed valuation in the year in which the agreement is executed, on the condition that the property owner make specified improvements or repairs to the property in conformity with the terms of the tax abatement. The terms of all tax abatement agreements must be substantially the same.

**Valuation of Property for Taxation**

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

The Tax Code permits land designated for agricultural use, open space, or timberland to be appraised at its value based on the land's capacity to produce agricultural or timber products rather than at its market value. The Tax Code permits, under certain circumstances, that residential real property inventory held by a person in the trade or business be valued at the price all such property would bring if sold as a unit to a purchaser who would continue the business. Landowners wishing to avail themselves of the agricultural use, open space, or timberland designation or residential real property inventory designation must apply for the designation, and the chief appraiser is required by the Tax Code to act on each claimant's right to the designation individually. A claimant may waive the special valuation as to taxation by some political subdivisions while claiming it for another. If a claimant receives the agricultural use designation and later loses it by changing the use of the property or selling it to an unqualified owner, the District can collect taxes based on the new use, including taxes for the previous three (3) years for agricultural use and taxes for the previous five years for open space land and timberland.

The Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraisal values. The plan must provide for appraisal of all real property in the Appraisal District at least once every three (3) years. It is not known what frequency of reappraisal will be utilized by the Appraisal District or whether reappraisals will be conducted on a zone- or county-wide basis. The District, however, at its expense, has the right to obtain from the Appraisal District a current estimate of appraised values within the District or an estimate of any new property or improvements within the District. While such current estimate of appraised values may serve to indicate the rate and extent of growth of taxable values within the District, it cannot be used for establishing a tax rate within the District until such time as the Appraisal District chooses to formally include such values on its appraisal roll.

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

**District and Taxpayer Remedies**

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

The Tax Code sets forth notice and hearing procedures for certain tax rate increases by the District and provides for taxpayer referenda that could result in the repeal of certain tax increases. The Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions, and appraisals of property not previously on an appraisal roll.

**Levy and Collection of Taxes**

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

**Rollback of Operation and Maintenance Tax Rate**

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

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

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

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

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

**District's Rights in the Event of Tax Delinquencies**

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

At any time after taxes on property become delinquent, the District may file suit to foreclose the lien securing payment of the tax, to enforce personal liability for the tax, or both. In filing a suit to foreclose a tax lien on real property, the District must join other taxing units that have claims for delinquent taxes against all or part of the same property and land designated for agricultural use and six months for all other property. Collection of delinquent taxes may be adversely affected by the amount of taxes owed to other taxing units, by the effects of market conditions on the foreclosure sale price, by taxpayer redemption rights (a taxpayer may redeem property within six months for commercial property, within two years for residence homesteads and land designated for agricultural use, and six months for all other property after the purchaser's deed issued at the foreclosure sale is filed in the county records), or by bankruptcy proceedings that restrict the collection of taxpayer debts.

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

**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.

**Delinquent Tax Payments for Disaster Areas**

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

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

## ANNEXATION AND CONSOLIDATION

**Annexation by the City of Houston**

Under existing Texas law, since the District lies wholly within the extraterritorial jurisdiction of the City, the District must conform to a City of Houston ordinance consenting to the creation of the District. Generally, the District may be annexed by the City of Houston without the District's consent, and the City cannot annex territory within the District unless it annexes the entire District; however, under legislation effective December 1, 2017, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners consenting to the annexation.

If the District is annexed, the City will assume the District's assets and obligations (including the Bonds) and dissolve the District. Annexation of territory by the City is a policy-making matter within the discretion of the Mayor and City Council of the City, and therefore the District makes no representation that the City will ever annex the District and assume its debt, nor does the District make any representation that annexation might occur. Notwithstanding the above provisions, the City and the District entered into a Strategic Partnership Agreement ("SPA"), effective December 20, 2007, which provides for the City to assess the City's Sales & Use Tax within the District's commercial areas. Additionally, the SPA provides that the City will not annex the areas within the District during the term of the SPA. The term of the SPA is through December 20, 2037.

**Consolidation**

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

## LEGAL MATTERS

**Legal Opinion**

The District will furnish the Underwriter a transcript of certain certified proceedings held incident to the authorization and issuance of the Bonds, including 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, to the effect that the Bonds are valid and legally binding obligations of the District. The District will also furnish the legal opinion of Radcliffe Bobbitt Adams Polley PLLC ("Bond Counsel") to the effect that, based upon an examination of such transcript, the Bonds are legal, valid and binding obligations of the District and to the effect that the interest on the Bonds is exempt from federal income taxation under existing statutes, regulations, published rulings and court decisions. Such opinions express no opinion with respect to the sufficiency of the security for or the marketability of the Bonds.

The opinion of Bond Counsel is expected to be reproduced on the back panel of the Bonds. The failure to print such legal opinion on any Bond shall not constitute cause for a failure or refusal by the Underwriter to accept delivery of and pay for the Bonds.

**Legal Review**

Bond Counsel has reviewed the information appearing in the Official Statement under the captions "CONTINUING DISCLOSURE OF INFORMATION – SEC RULE 15c2-12", "REGISTRATION," "THE BONDS," "THE DISTRICT – General," "TAXING PROCEDURES," "ANNEXATION AND CONSOLIDATION," "LEGAL MATTERS," "TAX MATTERS," and "REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS" solely to determine whether such information fairly summarizes the procedures, documents, and legal matters referred to therein. However, Bond Counsel has not independently verified any of the factual information contained in this Official Statement nor has it conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement in its capacity as Bond Counsel. No person is entitled to rely upon Bond Counsel's limited participation as an assumption of responsibility for or an expression of opinion of any kind with regard to the accuracy or completeness of any information contained herein, other than the matters discussed immediately above.

Radcliffe Bobbitt Adams Polley PLLC acts as general counsel to the District on matters other than the issuance of bonds. The legal fees paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are based on a percentage of the bonds actually issued, sold and delivered and, therefore, such fees are contingent upon the sale and delivery of the Bonds.

**No-Litigation Certificate**

On the date of delivery of the Bonds to the Underwriter, the District will execute and deliver to the Underwriter, a certificate to the effect that no litigation of any nature has been filed or is pending, as of that date, of which the District has notice, to restrain or enjoin the issuance or delivery of the Bonds, or which would affect the provisions made for their payment or security, or in any manner question the validity of the Bonds.

## TAX MATTERS

**Tax Exemption**

In the opinion of the Radcliffe Bobbitt Adams Polley PLLC, Bond Counsel ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds.

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

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

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

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

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

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

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

Payments on the Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## QUALIFIED TAX-EXEMPT OBLIGATIONS

The District has designated the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended. Pursuant to that section of the Code, a qualifying financial institution will be allowed a deduction from its own federal corporate income tax for the portion of interest expense the financial institution is able to allocate to designated "bank-qualified" investments.

## REGISTRATION AND QUALIFICATION UNDER SECURITIES LAWS

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

## OFFICIAL STATEMENT

### Sources of Information

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

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

### Financial Advisor

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

### Consultants

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

*Engineer* – The information contained in this Official Statement relating to engineering matters generally to the description of the System and, in particular, that engineering related information included in the sections entitled “USE OF BOND PROCEEDS,” “THE DISTRICT – General,” “– Summary of Land Use,” “– Status of Residential Development,” and “THE SYSTEM” has been provided by IDS Engineering Group and has been included in reliance upon the authority of such firm as an expert in the field of civil engineering.

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

*Auditor* – The financial statements of the District as of June 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" for a copy of the District's June 30, 2021, audited financial statements.

### Updating of Official Statement

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

### Continuing Availability of Financial Information

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

The District's financial records and 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 Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, Texas 77019.

**Certification as to Official Statement**

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

This Official Statement was approved by the Board of Directors of Hunter’s Glen Municipal Utility District as of the date shown on the cover page.

**APPENDIX A**

**INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS OF THE DISTRICT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

# Hunter's Glen Municipal Utility District

Harris County, Texas

Independent Auditor's Report and Financial Statements

June 30, 2021

BKD

CPAs & Advisors

# Hunter's Glen Municipal Utility District
## June 30, 2021

## Contents

BKD
CPAs & Advisors

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# Independent Auditor's Report

Board of Directors
Hunter's Glen Municipal Utility District
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and each major fund of Hunter's Glen Municipal Utility District (the District), as of and for the year ended June 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 June 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 schedule listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

BKD, LLP

Houston, Texas
November 9, 2021

# Hunter's Glen Municipal Utility District
## Management's Discussion and Analysis
## June 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 | $ 8,227,607 | $ 8,964,410 |
| Capital assets | 26,284,685 | 25,099,664 |
| Total assets | 34,512,292 | 34,064,074 |
| Deferred outflows of resources | 342,519 | 168,053 |
| Total assets and deferred outflows of resources | $ 34,854,811 | $ 34,232,127 |
| Long-term liabilities | $ 39,249,880 | $ 39,444,213 |
| Other liabilities | 1,035,498 | 944,035 |
| Total liabilities | 40,285,378 | 40,388,248 |
| Net position: | | |
| Net investment in capital assets | (1,517,582) | (1,729,495) |
| Restricted | 2,511,395 | 2,267,417 |
| Unrestricted | (6,424,380) | (6,694,043) |
| Total net position | $ (5,430,567) | $ (6,156,121) |

The total net position of the District increased by $725,554, or about 12 percent. The majority of the increase in net position is related to tax revenues intended to pay principal on the District's bonded indebtedness, which is shown as long-term liabilities in the government-wide financial statements. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At June 30, 2021, unrestricted net position was $(6,424,380). This amount is negative because not all expenditures from long-term debt were for the acquisition of capital assets. Within Harris County, the county government assumes the maintenance and other incidents of ownership of most storm sewer facilities constructed by the District. Accordingly, these assets are not recorded in the financial statements of the District.

### Summary of Changes in Net Position

| | 2021 | 2020 |
|---|---|---|
| Revenues: | | |
| Property taxes | $ 3,359,445 | $ 2,957,772 |
| City of Houston rebates | 11,167 | 10,108 |
| Charges for services | 3,234,464 | 3,046,958 |
| Other revenues | 578,816 | 678,499 |
| Total revenues | 7,183,892 | 6,693,337 |
| Expenses: | | |
| Services | 4,273,121 | 4,167,916 |
| Depreciation | 547,437 | 543,193 |
| Conveyance of capital assets | 284,169 | 366,592 |
| Debt service | 1,353,611 | 1,475,524 |
| Total expenses | 6,458,338 | 6,553,225 |
| Change in net position | 725,554 | 140,112 |
| Net position, beginning of year | (6,156,121) | (6,296,233) |
| Net position, end of year | $ (5,430,567) | $ (6,156,121) |

### Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended June 30, 2021, were $7,138,215, a decrease of $989,611 from the prior year.

The general fund's fund balance increased by $478,673. The increase was primarily related to property taxes and service revenues exceeding service operation expenditures. In addition, tap connection and inspection fee revenues exceeded the related expenditures.

The debt service fund's fund balance increased by $5,135, primarily due to property tax revenues exceeding bond principal and interest requirements and contracted services expenditures.

The capital projects fund's fund balance decreased by $1,473,419, primarily due to capital outlay expenditures exceeding investment income.

# Hunter's Glen Municipal Utility District
## Management's Discussion and Analysis (Continued)
## June 30, 2021

**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 regional water fee revenues and expenditures and tap connection revenues and expenditures being greater than expected and property tax revenues and repairs and maintenance expenditures being less than expected. The fund balance as of June 30, 2021, was expected to be $2,337,267 and the actual end-of-year fund balance was $2,389,640.

**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 | $ 11,525,849 | $ 11,509,322 |
| Construction in progress | 1,668,205 | 213,338 |
| Water facilities | 4,529,375 | 4,601,842 |
| Wastewater facilities | 8,484,953 | 8,690,380 |
| Drainage facilities | 76,303 | 84,782 |
| Total capital assets | $ 26,284,685 | $ 25,099,664 |

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

| | |
|---|---|
| Land improvements at Cypresswood Point, Phase V, detention facilities | $ 16,527 |
| Wastewater treatment plant lab building | 18,383 |
| Natural gas generator | 15,900 |
| Water and wastewater facilities to serve Cypresswood Point, Sections 10 and 11 | 226,781 |
| Construction in progress related to sanitary sewer rehabilitation | 1,454,867 |
| Total additions to capital assets | $ 1,732,458 |

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 reimburse the developers for these facilities, plus interest, from the proceeds of future bond issues subject to the approval of the Commission. As of June 30, 2021, a liability for developer-constructed capital assets of $4,181,844 was recorded in the government-wide financial statements.

Debt

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

| | | |
|---|---|---|
| Long-term debt payable, beginning of year | $ | 39,444,213 |
| Increases in long-term debt | | 10,487,712 |
| Decreases in long-term debt | | 10,682,045 |
| Long-term debt payable, end of year | $ | 39,249,880 |

During the fiscal year ended June 30, 2021, the District issued $9,470,000 in unlimited tax and revenue refunding bonds to refund $3,640,000 of outstanding Series 2015 bonds and $5,960,000 of outstanding Series 2016 refunding bonds. The District refunded the bonds to reduce total debt service payments over future years by approximately $1,468,908 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of approximately $1,196,973.

At June 30, 2021, the District had $30,710,000 of unlimited tax bonds authorized, but unissued, for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage systems within the District.

The District's bonds carry an underlying rating of "A3" from Moody's Investors Service. The Series 2015, Series 2018, Series 2019A refunding and Series 2020A refunding bonds carry an "AA" rating from Standard & Poor's by virtue of bond insurance issued by Assured Guaranty Municipal Corp. The Series 2016 refunding, Series 2019, Series 2020 and Series 2021 refunding 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 of Houston (the City), the District must conform to the City ordinance consenting to the creation of the District. In addition, the District may be annexed by the City for full purposes without the District's consent, except as set forth below.

Strategic Partnership Agreement

Effective November 19, 2007, the District 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 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.

# Hunter's Glen Municipal Utility District
## Statement of Net Position and Governmental Funds Balance Sheet
### June 30, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|---|---|---|
| **Assets** | | | | | | |
| Cash | $ 356,164 | $ 82,940 | $ 464,668 | $ 903,772 | $ - | $ 903,772 |
| Certificates of deposit | 1,715,000 | 1,925,000 | - | 3,640,000 | - | 3,640,000 |
| Short-term investments | 471,411 | 493,089 | 2,005,390 | 2,969,890 | - | 2,969,890 |
| Receivables: | | | | | | |
| Property taxes | 68,296 | 171,170 | - | 239,466 | - | 239,466 |
| Service accounts | 225,041 | - | - | 225,041 | - | 225,041 |
| Tax rebates | 3,053 | - | - | 3,053 | - | 3,053 |
| Accrued penalty and interest | - | - | - | - | 50,890 | 50,890 |
| Accrued interest | 2,607 | 3,302 | - | 5,909 | - | 5,909 |
| Interfund receivable | 70,374 | - | - | 70,374 | (70,374) | - |
| Due from others | 182,754 | 6,832 | - | 189,586 | - | 189,586 |
| Capital assets (net of accumulated depreciation): | | | | | | |
| Land and improvements | - | - | - | - | 11,525,849 | 11,525,849 |
| Construction in progress | - | - | - | - | 1,668,205 | 1,668,205 |
| Infrastructure | - | - | - | - | 13,090,631 | 13,090,631 |
| Total assets | 3,094,700 | 2,682,333 | 2,470,058 | 8,247,091 | 26,265,201 | 34,512,292 |
| **Deferred Outflows of Resources** | | | | | | |
| Deferred amount on debt refundings | 0 | 0 | 0 | 0 | 342,519 | 342,519 |
| Total assets and deferred outflows of resources | $ 3,094,700 | $ 2,682,333 | $ 2,470,058 | $ 8,247,091 | $ 26,607,720 | $ 34,854,811 |

# Hunter's Glen Municipal Utility District

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

## June 30, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Net Position |
|---|---|---|---|---|---|---|
| **Liabilities** | | | | | | |
| Accounts payable | $ 405,752 | $ 2,148 | $ 19,806 | $ 427,706 | $ - | $ 427,706 |
| Accrued interest payable | - | 14,967 | - | 14,967 | 236,462 | 251,429 |
| Due to others | 13,572 | - | - | 13,572 | - | 13,572 |
| Retainage payable | - | | 125,351 | 125,351 | | 125,351 |
| Customer deposits | 217,440 | - | - | 217,440 | - | 217,440 |
| Interfund payable | - | 34,346 | 36,028 | 70,374 | (70,374) | - |
| Long-term liabilities: | | | | | | |
| Due within one year | - | - | - | - | 1,325,000 | 1,325,000 |
| Due after one year | - | - | - | - | 37,924,880 | 37,924,880 |
| Total liabilities | 636,764 | 51,461 | 181,185 | 869,410 | 39,415,968 | 40,285,378 |
| **Deferred Inflows of Resources** | | | | | | |
| Deferred property tax revenues | 68,296 | 171,170 | 0 | 239,466 | (239,466) | 0 |
| **Fund Balances/Net Position** | | | | | | |
| Fund balances: | | | | | | |
| Restricted: | | | | | | |
| Debt service on unlimited tax bonds | - | 2,459,702 | - | 2,459,702 | (2,459,702) | - |
| Water, sewer and drainage | - | - | 2,288,873 | 2,288,873 | (2,288,873) | - |
| Unassigned | 2,389,640 | - | - | 2,389,640 | (2,389,640) | - |
| Total fund balances | 2,389,640 | 2,459,702 | 2,288,873 | 7,138,215 | (7,138,215) | 0 |
| Total liabilities, deferred inflows of resources and fund balances | $ 3,094,700 | $ 2,682,333 | $ 2,470,058 | $ 8,247,091 | | |
| Net position: | | | | | | |
| Net investment in capital assets | | | | | (1,517,582) | (1,517,582) |
| Restricted for debt service | | | | | 2,445,300 | 2,445,300 |
| Restricted for capital projects | | | | | 66,095 | 66,095 |
| Unrestricted | | | | | (6,424,380) | (6,424,380) |
| Total net position | | | | | $ (5,430,567) | $ (5,430,567) |

# Hunter's Glen Municipal Utility District

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

## Year Ended June 30, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Activities |
|---|---|---|---|---|---|---|
| **Revenues** | | | | | | |
| Property taxes | $ 935,186 | $ 2,294,376 | $ - | $ 3,229,562 | $ 129,883 | $ 3,359,445 |
| City of Houston rebates | 11,167 | - | - | 11,167 | - | 11,167 |
| Water service | 951,998 | - | - | 951,998 | - | 951,998 |
| Sewer service | 1,176,371 | - | - | 1,176,371 | - | 1,176,371 |
| Regional water fee | 1,106,095 | - | - | 1,106,095 | - | 1,106,095 |
| Penalty and interest | 139,935 | 38,797 | - | 178,732 | 12,914 | 191,646 |
| Tap connection and inspection fees | 355,760 | - | - | 355,760 | - | 355,760 |
| Investment income | 8,824 | 16,722 | 5,864 | 31,410 | - | 31,410 |
| Total revenues | 4,685,336 | 2,349,895 | 5,864 | 7,041,095 | 142,797 | 7,183,892 |
| **Expenditures/Expenses** | | | | | | |
| Service operations: | | | | | | |
| Regional water fee | 1,214,137 | - | - | 1,214,137 | - | 1,214,137 |
| Professional fees | 198,315 | 8,536 | - | 206,851 | 8,253 | 215,104 |
| Contracted services | 785,103 | 79,322 | - | 864,425 | - | 864,425 |
| Solid waste disposal | 464,067 | - | - | 464,067 | - | 464,067 |
| Utilities | 153,826 | - | - | 153,826 | - | 153,826 |
| Repairs and maintenance | 981,112 | - | - | 981,112 | 60,830 | 1,041,942 |
| Other expenditures | 142,132 | 16,244 | 35 | 158,411 | 216 | 158,627 |
| Tap connections | 160,993 | - | - | 160,993 | - | 160,993 |
| Capital outlay | 95,728 | - | 1,479,248 | 1,574,976 | (1,574,976) | - |
| Conveyance of capital assets | - | - | - | - | 284,169 | 284,169 |
| Depreciation | - | - | - | - | 547,437 | 547,437 |
| Debt service: | | | | | | |
| Principal retirement | - | 1,230,000 | - | 1,230,000 | (1,230,000) | - |
| Interest and fees | - | 892,876 | - | 892,876 | 105,435 | 998,311 |
| Debt defeasance | - | 119,000 | - | 119,000 | (119,000) | - |
| Debt issuance costs | 11,250 | 344,050 | - | 355,300 | - | 355,300 |
| Total expenditures/expenses | 4,206,663 | 2,690,028 | 1,479,283 | 8,375,974 | (1,917,636) | 6,458,338 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 478,673 | (340,133) | (1,473,419) | (1,334,879) | 2,060,433 | |

# Hunter's Glen Municipal Utility District

## Statement of Activities and Governmental Funds Revenues, Expenditures and Changes in Fund Balances (Continued)

### Year Ended June 30, 2021

| | General Fund | Debt Service Fund | Capital Projects Fund | Total | Adjustments | Statement of Activities |
|---|---|---|---|---|---|---|
| **Other Financing Sources (Uses)** | | | | | | |
| General obligation bonds issued | $ - | $ 9,470,000 | $ - | $ 9,470,000 | $ (9,470,000) | |
| Premium on debt issued | - | 506,762 | - | 506,762 | (506,762) | |
| Deposit with escrow agent | - | (9,631,494) | - | (9,631,494) | 9,631,494 | |
| Total other financing sources | 0 | 345,268 | 0 | 345,268 | (345,268) | |
| **Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 478,673 | 5,135 | (1,473,419) | (989,611) | 989,611 | |
| **Change in Net Position** | | | | | 725,554 | $ 725,554 |
| **Fund Balances/Net Position** | | | | | | |
| Beginning of year | 1,910,967 | 2,454,567 | 3,762,292 | 8,127,826 | - | (6,156,121) |
| End of year | $ 2,389,640 | $ 2,459,702 | $ 2,288,873 | $ 7,138,215 | $ 0 | $ (5,430,567) |

# Hunter's Glen Municipal Utility District

## Notes to the Financial Statements

## June 30, 2021

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

Hunter's Glen Municipal Utility District (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 13, 1972, 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 services.

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.

*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 June 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 June 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 |
| Drainage facilities | 20 |

### *Deferred Amount on Debt Refundings*

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

### *Debt Issuance Costs*

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

### *Long-term Obligations*

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

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

### *Net Position/Fund Balances*

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

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

The components of unrestricted net position at June 30, 2021, are as follows:

| | |
|---|---|
| General fund, unrestricted fund balance, including deferred taxes | $ 2,457,936 |
| Conveyed capital assets financed with long-term liabilities | (8,882,316) |
| Total | $ (6,424,380) |

The District has financed drainage facilities, which have been assumed by Harris County for maintenance and other incidents of ownership, which has caused long-term debt to be in excess of capital assets. 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.

### *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 of the following items.

# Hunter's Glen Municipal Utility District
## Notes to the Financial Statements
## June 30, 2021

| | |
|---|---|
| Capital assets used in governmental activities are not financial resources and are not reported in the funds. | $ 26,284,685 |
| Property tax revenue recognition and the related reduction of deferred inflows of resources are subject to availability of funds in the fund financial statements. | 239,466 |
| Penalty and interest on delinquent taxes is not receivable in the current period and is not reported in the funds. | 50,890 |
| Deferred amount on debt refundings for governmental activities are not financial resources and are not reported in the funds. | 342,519 |
| Accrued interest on long-term liabilities is not payable with current financial resources and is not reported in the funds. | (236,462) |
| Long-term debt obligations are not due and payable in the current period and are not reported in the funds. | (39,249,880) |
| Adjustment to fund balances to arrive at net position. | $ (12,568,782) |

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. | $ (989,611) |
| 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 capital outlay expenditures exceeded depreciation, conveyed capital assets and noncapitalized costs expenses in the current year. | 674,071 |
| Governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | (506,762) |
| Governmental funds report proceeds from the sales of bonds because they provide current financial resources to governmental funds. Principal payments on debt are recorded as expenditures. None of these transactions, however, have any affect on net position. | 1,510,494 |

| | | |
|---|---|---|
| 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. | $ | 142,797 |
| 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. | | (105,435) |
| Change in net position of governmental activities. | $ | 725,554 |

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

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

| | | Maturities in Years | | | |
|---|---|---|---|---|---|
| Type | Fair Value | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| Texas CLASS | $ 2,969,890 | $ 2,969,890 | $ 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 June 30, 2021, the District's investments in Texas CLASS was rated "AAAm" by Standard & Poor's.

### *Summary of Carrying Values*

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

| | |
|---|---|
| Carrying value: | |
| Deposits | $ 4,543,772 |
| Investments | 2,969,890 |
| Total | $ 7,513,662 |

Included in the following statement of net position captions:

| | |
|---|---|
| Cash | $ 903,772 |
| Certificates of deposit | 3,640,000 |
| Short-term investments | 2,969,890 |
| Total | $ 7,513,662 |

### *Investment Income*

Investment income of $31,410 for the year ended June 30, 2021, consisted of interest income.

### *Fair Value Measurements*

The District has the following recurring fair value measurements as of June 30, 2020:

- Pooled investments of $2,969,890 are valued at fair value per share of the pool's underlying portfolio.

## Note 3: Capital Assets

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

| Governmental Activities | Balances, Beginning of Year | Additions | Balances, End of Year |
|---|---|---|---|
| Capital assets, non-depreciable: | | | |
| Land and improvements | $ 11,509,322 | $ 16,527 | $ 11,525,849 |
| Construction in progress | 213,338 | 1,454,867 | 1,668,205 |
| Total capital assets, non-depreciable | 11,722,660 | 1,471,394 | 13,194,054 |
| Capital assets, depreciable: | | | |
| Water production and distribution facilities | 7,397,287 | 93,375 | 7,490,662 |
| Wastewater collection and treatment facilities | 14,104,819 | 167,689 | 14,272,508 |
| Drainage facilities | 169,562 | - | 169,562 |
| Total capital assets, depreciable | 21,671,668 | 261,064 | 21,932,732 |
| Less accumulated depreciation: | | | |
| Water production and distribution facilities | (2,795,445) | (165,842) | (2,961,287) |
| Wastewater collection and treatment facilities | (5,414,439) | (373,116) | (5,787,555) |
| Drainage facilities | (84,780) | (8,479) | (93,259) |
| Total accumulated depreciation | (8,294,664) | (547,437) | (8,842,101) |
| Total governmental activities, net | $ 25,099,664 | $ 1,185,021 | $ 26,284,685 |

## Note 4: Long-term Liabilities

Changes in long-term liabilities for the year ended June 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 | $ 36,290,000 | $ 9,470,000 | $ 10,830,000 | $ 34,930,000 | $ 1,325,000 |
| Add premiums on bonds | 74,819 | 506,762 | 27,919 | 553,662 | - |
| Less discounts on bonds | 591,500 | - | 175,874 | 415,626 | - |
| | 35,773,319 | 9,976,762 | 10,682,045 | 35,068,036 | 1,325,000 |
| Due to developers | 3,670,894 | 510,950 | - | 4,181,844 | - |
| Total governmental activities long-term liabilities | $ 39,444,213 | $ 10,487,712 | $ 10,682,045 | $ 39,249,880 | $ 1,325,000 |

### *General Obligation Bonds Issued*

| | Series 2015 | Refunding Series 2016 |
|---|---|---|
| Amounts outstanding, June 30, 2021 | $150,000 | $470,000 |
| Interest rates | 3.00% | 2.00% |
| Maturity dates, serially beginning/ending | April 1, 2022/2024 | April 1, 2022 |
| Interest payment dates | October 1/ April 1 | October 1/ April 1 |
| Callable dates* | April 1, 2021 | April 1, 2021 |

| | Series 2018 | Series 2019 |
|---|---|---|
| Amounts outstanding, June 30, 2021 | $5,225,000 | $5,585,000 |
| Interest rates | 3.00% to 4.00% | 3.00% to 3.75% |
| Maturity dates, serially beginning/ending | April 1, 2022/2044 | April 1, 2022/2046 |
| Interest payment dates | October 1/ April 1 | October 1/ April 1 |
| Callable dates* | April 1, 2023 | April 1, 2024 |

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

| | Refunding Series 2019A | Series 2020 |
|---|---|---|
| Amounts outstanding, June 30, 2021 | $5,895,000 | $5,000,000 |
| Interest rates | 2.000% to 3.125% | 2.00% to 2.50% |
| Maturity dates, serially beginning/ending | April 1, 2022/2037 | April 1, 2022/2047 |
| Interest payment dates | October 1/ April 1 | October 1/ April 1 |
| Callable dates* | April 1, 2024 | April 1, 2025 |

| | Refunding Series 2020A | Refunding Series 2021 |
|---|---|---|
| Amounts outstanding, June 30, 2021 | $3,135,000 | $9,470,000 |
| Interest rates | 2.00% to 3.00% | 2.00% to 3.00% |
| Maturity dates, serially beginning/ending | April 1, 2022/2039 | April 1, 2022/2042 |
| Interest payment dates | October 1/ April 1 | October 1/ April 1 |
| Callable dates* | April 1, 2025 | April 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 June 30, 2021:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2022 | $ 1,325,000 | $ 952,736 | $ 2,277,736 |
| 2023 | 1,350,000 | 905,529 | 2,255,529 |
| 2024 | 1,390,000 | 871,628 | 2,261,628 |
| 2025 | 1,430,000 | 836,569 | 2,266,569 |
| 2026 | 1,465,000 | 800,287 | 2,265,287 |
| 2027-2031 | 7,480,000 | 3,392,734 | 10,872,734 |
| 2032-2036 | 8,410,000 | 2,424,977 | 10,834,977 |
| 2037-2041 | 6,995,000 | 1,338,739 | 8,333,739 |
| 2042-2046 | 4,735,000 | 454,793 | 5,189,793 |
| 2047 | 350,000 | 8,750 | 358,750 |
| Total | $ 34,930,000 | $ 11,986,742 | $ 46,916,742 |

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, and are further payable from and secured by a lien on and a pledge of the net revenues to be received from the operation of the District's waterworks and sanitary sewer system.

| | |
|---|---|
| Bonds voted | $ 75,545,000 |
| Bonds sold | 44,835,000 |
| Refunding bonds voted | 1 ½ times the amount of bonds issued and outstanding at the time of refunding |
| Refunding bond authorization used | 42,530,000 |

### *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 and 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 $4,181,844. These amounts have been recorded in the financial statements as long-term liabilities.

## Note 5: Significant Bond Resolution and Commission Requirements

A. The Bond Resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended June 30, 2021, the District levied an ad valorem debt service tax at the rate of $0.4900 per $100 of assessed valuation, which resulted in a tax levy of $2,408,880 on the taxable valuation of $491,608,077 for the 2020 tax year. The interest and principal requirements to be paid from the tax revenues are $2,087,162 of which $1,601,439 has been paid and $485,723 is due October 1, 2021. The District will utilize available debt service fund resources to satisfy the requirements.

B. The Commission required the District to escrow $426,488 from the proceeds of its Series 2013 bonds. At the balance sheet date, the escrowed amount was invested in a money market account.

C. In accordance with the Series 2020 Bond Resolution, a portion of the bond proceeds was deposited into the debt service fund and reserved for the payment of bond interest during the construction period. The bond interest reserve is reduced as the interest is paid. The bond interest reserve of $110,800 was fully utilized in the current year.

# Hunter's Glen Municipal Utility District

## Notes to the Financial Statements

## June 30, 2021

### Note 6: Maintenance Taxes

At an election held September 14, 2002, voters authorized a maintenance tax not to exceed $0.20 per $100 valuation on all property within the District subject to taxation. During the year ended June 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 $983,217 on the taxable valuation of $491,608,077 for the 2020 tax year. The maintenance tax is being used by the general fund to pay expenditures of operating the District.

### Note 7: Regional Water Authority

The District is within the boundaries of the North Harris County Regional Water Authority (the Authority), which was created by the Texas Legislature 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 June 30, 2021, the Authority was billing the District $4.60 per 1,000 gallons of water pumped from its wells. This amount is subject to future increases.

### Note 8: Risk Management

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

### Note 9: Strategic Partnership Agreement

Effective November 19, 2007, 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 $11,167 in revenues related to the Agreement.

## Note 10: Refunding Bonds

During the fiscal year ended June 30, 2021, the District issued $9,470,000 in unlimited tax and revenue refunding bonds to refund $3,640,000 of outstanding Series 2015 bonds and $5,960,000 of outstanding Series 2016 refunding bonds. The District refunded the bonds to reduce total debt service payments over future years by $1,468,908 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of $1,196,973.

## Note 11: Uncertainties

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

## Required Supplementary Information

# Hunter's Glen Municipal Utility District

## Budgetary Comparison Schedule – General Fund

## Year Ended June 30, 2021

| | Original Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| **Revenues** | | | |
| Property taxes | $ 980,000 | $ 935,186 | $ (44,814) |
| City of Houston rebates | 8,000 | 11,167 | 3,167 |
| Water service | 942,100 | 951,998 | 9,898 |
| Sewer service | 1,162,800 | 1,176,371 | 13,571 |
| Regional water fee | 1,060,200 | 1,106,095 | 45,895 |
| Penalty and interest | 166,800 | 139,935 | (26,865) |
| Tap connection and inspection fees | 60,000 | 355,760 | 295,760 |
| Investment income | 10,500 | 8,824 | (1,676) |
| Total revenues | 4,390,400 | 4,685,336 | 294,936 |
| **Expenditures** | | | |
| Service operations: | | | |
| Regional water fee | 1,060,200 | 1,214,137 | (153,937) |
| Professional fees | 169,300 | 198,315 | (29,015) |
| Contracted services | 750,900 | 785,103 | (34,203) |
| Solid waste disposal | 463,500 | 464,067 | (567) |
| Utilities | 145,800 | 153,826 | (8,026) |
| Repairs and maintenance | 1,131,700 | 981,112 | 150,588 |
| Other expenditures | 153,100 | 142,132 | 10,968 |
| Tap connections | 39,600 | 160,993 | (121,393) |
| Capital outlay | 50,000 | 95,728 | (45,728) |
| Debt service, debt issuance costs | - | 11,250 | (11,250) |
| Total expenditures | 3,964,100 | 4,206,663 | (242,563) |
| **Excess of Revenues Over Expenditures** | 426,300 | 478,673 | 52,373 |
| **Fund Balance, Beginning of Year** | 1,910,967 | 1,910,967 | - |
| **Fund Balance, End of Year** | $ 2,337,267 | $ 2,389,640 | $ 52,373 |

# Hunter's Glen Municipal Utility District

## Notes to Required Supplementary Information

## June 30, 2021

### *Budgets and Budgetary Accounting*

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

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

# Other Information

# Hunter's Glen Municipal Utility District
## Other Schedules Included Within This Report
## June 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 13-27

[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

# Hunter's Glen Municipal Utility District

## Schedule of Services and Rates

## Year Ended June 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 |

___ 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: | $ 19.50 | 2,000 | N | $ 0.75 | 2,001 | to | 5,000 |
| | | | | $ 1.25 | 5,001 | to | 10,000 |
| | | | | $ 1.50 | 10,001 | to | 12,000 |
| | | | | $ 1.75 | 12,000 | to | 15,000 |
| | | | | $ 2.00 | 15,001 | to | 20,000 |
| | | | | $ 2.25 | 20,001 | to | No Limit |
| Wastewater: | $ 28.50 | 2,000 | N | $ 0.75 | 2,001 | to | 5,000 |
| | | | | $ 1.25 | 5,001 | to | 10,000 |
| | | | | $ 1.50 | 10,001 | to | 12,000 |
| | | | | $ 1.75 | 12,001 | to | 15,000 |
| | | | | $ 2.00 | 15,001 | to | 20,000 |
| | | | | $ 2.25 | 20,001 | to | No Limit |
| Regional water fee: | $ 5.29 | 1 | N | $ 5.29 | 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 $ 80.90 Wastewater $ 37.00

b. Water and wastewater retail connections:

| Meter Size | Total Connections | Active Connections | ESFC Factor | Active ESFC* |
|---|---|---|---|---|
| Unmetered | - | - | x1.0 | - |
| ≤ 3/4" | 2,956 | 2,913 | x1.0 | 2,913 |
| 1" | 9 | 9 | x2.5 | 23 |
| 1 1/2" | 3 | 2 | x5.0 | 10 |
| 2" | 18 | 17 | x8.0 | 136 |
| 3" | - | - | x15.0 | - |
| 4" | 2 | 2 | x25.0 | 50 |
| 6" | - | - | x50.0 | - |
| 8" | 3 | 3 | x80.0 | 240 |
| 10" | - | - | x115.0 | - |
| Total water | 2,991 | 2,946 | | 3,372 |
| Total wastewater | 2,934 | 2,894 | x1.0 | 2,894 |

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

| | |
|---|---|
| Gallons pumped into the system: | 281,418 |
| Gallons billed to customers: | 261,904 |
| Water accountability ratio (gallons billed/gallons pumped): | 93.07% |

*"ESFC" means equivalent single-family connections

# Hunter's Glen Municipal Utility District
## Schedule of General Fund Expenditures
## Year Ended June 30, 2021

| | | |
|---|---|---|
| **Personnel (including benefits)** | | $ - |
| **Professional Fees** | | |
| Auditing | $ 23,682 | |
| Legal | 92,085 | |
| Engineering | 81,648 | |
| Financial advisor | 900 | 198,315 |
| **Purchased Services for Resale** | | |
| Bulk water and wastewater service purchases | | - |
| **Regional Water Fee** | | 1,214,137 |
| **Contracted Services** | | |
| Bookkeeping | 28,180 | |
| General manager | - | |
| Appraisal district | - | |
| Tax collector | - | |
| Security | 522,015 | |
| Other contracted services | 234,908 | 785,103 |
| **Utilities** | | 153,826 |
| **Repairs and Maintenance** | | 981,112 |
| **Administrative Expenditures** | | |
| Directors' fees | 9,600 | |
| Office supplies | 33,480 | |
| Insurance | 29,060 | |
| Other administrative expenditures | 68,358 | 140,498 |
| **Capital Outlay** | | |
| Capitalized assets | 34,898 | |
| Expenditures not capitalized | 60,830 | 95,728 |
| **Tap Connection Expenditures** | | 160,993 |
| **Solid Waste Disposal** | | 464,067 |
| **Fire Fighting** | | - |
| **Parks and Recreation** | | - |
| **Other Expenditures** | | 12,884 |
| Total expenditures | | $ 4,206,663 |

# Hunter's Glen Municipal Utility District
## Schedule of Temporary Investments
## June 30, 2021

| | Interest Rate | Maturity Date | Face Amount | Accrued Interest Receivable |
|---|---|---|---|---|
| **General Fund** | | | | |
| Certificates of Deposit | | | | |
| No. 5000032457 | 0.15% | 01/13/22 | $ 150,000 | $ 27 |
| No. 91300011953850 | 0.48% | 05/27/22 | 240,000 | 107 |
| No. 12787 | 0.40% | 02/16/22 | 100,000 | 109 |
| No. 440012012 | 0.30% | 04/26/22 | 175,000 | 96 |
| No. 4191433 | 0.30% | 12/18/21 | 100,000 | 81 |
| No. 200000187 | 0.60% | 09/15/21 | 150,000 | 710 |
| No. 16638 | 0.25% | 05/22/22 | 150,000 | 40 |
| No. 3216000601 | 0.20% | 03/14/22 | 150,000 | 35 |
| No. 6000045960 | 0.75% | 08/25/21 | 150,000 | 953 |
| No. 6002400023 | 0.30% | 06/25/22 | 200,000 | 7 |
| No. 6550109965 | 0.45% | 11/03/21 | 150,000 | 442 |
| Texas CLASS | 0.06% | Demand | 471,411 | - |
| | | | 2,186,411 | 2,607 |
| **Debt Service Fund** | | | | |
| Certificates of Deposit | | | | |
| No. 91300011943973 | 0.58% | 02/26/22 | 240,000 | 473 |
| No. 12287 | 0.50% | 02/28/22 | 240,000 | 401 |
| No. 440005608 | 0.30% | 03/27/22 | 240,000 | 187 |
| No. 4191105 | 0.35% | 03/19/22 | 240,000 | 237 |
| No. 2000000150 | 0.25% | 03/19/22 | 240,000 | 169 |
| No. 36000742 | 0.35% | 09/19/21 | 240,000 | 654 |
| No. 3216000534 | 0.20% | 01/26/22 | 245,000 | 161 |
| No. 6002400241 | 0.55% | 09/21/21 | 240,000 | 1,020 |
| Texas CLASS | 0.06% | Demand | 493,089 | - |
| | | | 2,418,089 | 3,302 |
| **Capital Projects Fund** | | | | |
| Texas CLASS | 0.06% | Demand | 870,037 | - |
| Texas CLASS | 0.06% | Demand | 524,604 | - |
| Texas CLASS | 0.06% | Demand | 610,749 | - |
| | | | 2,005,390 | 0 |
| Totals | | | $ 6,609,890 | $ 5,909 |

# Hunter's Glen Municipal Utility District

## Analysis of Taxes Levied and Receivable

## Year Ended June 30, 2021

| | Maintenance Taxes | Debt Service Taxes |
|---|---|---|
| **Receivable, Beginning of Year** | $ 29,165 | $ 80,418 |
| Additions and corrections to prior years' taxes | (8,900) | (23,752) |
| Adjusted receivable, beginning of year | 20,265 | 56,666 |
| **2020 Original Tax Levy** | 956,760 | 2,344,061 |
| Additions and corrections | 26,457 | 64,819 |
| Adjusted tax levy | 983,217 | 2,408,880 |
| Total to be accounted for | 1,003,482 | 2,465,546 |
| Tax collections: Current year | (925,963) | (2,268,610) |
| Prior years | (9,223) | (25,766) |
| Receivable, end of year | $ 68,296 | $ 171,170 |
| **Receivable, by Years** | | |
| 2020 | $ 57,254 | $ 140,270 |
| 2019 | 3,864 | 9,659 |
| 2018 | 2,390 | 5,714 |
| 2017 | 1,840 | 5,854 |
| 2016 | 1,553 | 4,677 |
| 2015 | 740 | 2,468 |
| 2014 | 329 | 1,204 |
| 2013 | 44 | 164 |
| 2012 | 92 | 342 |
| 2011 | 92 | 323 |
| 2010 | 67 | 328 |
| 2009 | 31 | 167 |
| Receivable, end of year | $ 68,296 | $ 171,170 |

# Hunter's Glen Municipal Utility District
## Analysis of Taxes Levied and Receivable (Continued)
## Year Ended June 30, 2021

| | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| **Property Valuations** | | | | |
| Land | $ 120,286,606 | $ 112,486,706 | $ 95,284,143 | $ 92,486,792 |
| Improvements | 475,590,967 | 408,290,788 | 357,077,739 | 318,977,378 |
| Personal property | 12,755,812 | 10,028,586 | 5,446,557 | 5,112,710 |
| Exemptions | (117,025,308) | (106,619,657) | (85,101,542) | (77,159,037) |
| Total property valuations | $ 491,608,077 | $ 424,186,423 | $ 372,706,897 | $ 339,417,843 |
| **Tax Rates per $100 Valuation** | | | | |
| Debt service tax rates | $ 0.4900 | $ 0.5000 | $ 0.5100 | $ 0.5478 |
| Maintenance tax rates* | 0.2000 | 0.2000 | 0.2000 | 0.1722 |
| Total tax rates per $100 valuation | $ 0.6900 | $ 0.7000 | $ 0.7100 | $ 0.7200 |
| **Tax Levy** | $ 3,392,097 | $ 2,969,305 | $ 2,646,709 | $ 2,442,722 |
| **Percent of Taxes Collected to Taxes Levied**** | 94% | 99% | 99% | 99% |

*Maximum tax rate approved by voters: $0.20 on September 14, 2002

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

# Hunter's Glen Municipal Utility District
## Schedule of Long-term Debt Service Requirements by Years
## June 30, 2021

| | | Series 2015 | |
|---|---|---|---|
| Due During Fiscal Years Ending June 30 | Principal Due April 1 | Interest Due October 1, April 1 | Total |
| 2022 | $ 50,000 | $ 4,500 | $ 54,500 |
| 2023 | 50,000 | 3,000 | 53,000 |
| 2024 | 50,000 | 1,500 | 51,500 |
| Totals | $ 150,000 | $ 9,000 | $ 159,000 |

# Hunter's Glen Municipal Utility District

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

## June 30, 2021

| | Refunding Series 2016 | | |
|---|---|---|---|
| Due During Fiscal Years Ending June 30 | Principal Due April 1 | Interest Due October 1, April 1 | Total |
| 2022 | $ 470,000 | $ 9,400 | $ 479,400 |

# Hunter's Glen Municipal Utility District

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

## June 30, 2021

| Due During Fiscal Years Ending June 30 | Series 2018 Principal Due April 1 | Interest Due October 1, April 1 | Total |
|---|---|---|---|
| 2022 | $ 50,000 | $ 167,375 | $ 217,375 |
| 2023 | 50,000 | 165,375 | 215,375 |
| 2024 | 50,000 | 163,375 | 213,375 |
| 2025 | 50,000 | 161,875 | 211,875 |
| 2026 | 50,000 | 160,375 | 210,375 |
| 2027 | 50,000 | 158,875 | 208,875 |
| 2028 | 50,000 | 157,375 | 207,375 |
| 2029 | 225,000 | 155,875 | 380,875 |
| 2030 | 225,000 | 149,125 | 374,125 |
| 2031 | 250,000 | 142,375 | 392,375 |
| 2032 | 250,000 | 134,875 | 384,875 |
| 2033 | 250,000 | 127,375 | 377,375 |
| 2034 | 275,000 | 119,875 | 394,875 |
| 2035 | 300,000 | 111,625 | 411,625 |
| 2036 | 300,000 | 102,625 | 402,625 |
| 2037 | 300,000 | 92,875 | 392,875 |
| 2038 | 325,000 | 83,125 | 408,125 |
| 2039 | 325,000 | 72,563 | 397,563 |
| 2040 | 350,000 | 62,000 | 412,000 |
| 2041 | 350,000 | 50,625 | 400,625 |
| 2042 | 375,000 | 38,812 | 413,812 |
| 2043 | 375,000 | 26,156 | 401,156 |
| 2044 | 400,000 | 13,500 | 413,500 |
| Totals | $ 5,225,000 | $ 2,618,031 | $ 7,843,031 |

# Hunter's Glen Municipal Utility District

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

## June 30, 2021

| Due During Fiscal Years Ending June 30 | Series 2019 Principal Due April 1 | Interest Due October 1, April 1 | Total |
|---|---|---|---|
| 2022 | $ 50,000 | $ 190,218 | $ 240,218 |
| 2023 | 50,000 | 188,719 | 238,719 |
| 2024 | 50,000 | 187,218 | 237,218 |
| 2025 | 50,000 | 185,719 | 235,719 |
| 2026 | 50,000 | 184,218 | 234,218 |
| 2027 | 50,000 | 182,719 | 232,719 |
| 2028 | 50,000 | 181,218 | 231,218 |
| 2029 | 200,000 | 179,719 | 379,719 |
| 2030 | 200,000 | 173,719 | 373,719 |
| 2031 | 200,000 | 167,718 | 367,718 |
| 2032 | 225,000 | 161,719 | 386,719 |
| 2033 | 225,000 | 154,969 | 379,969 |
| 2034 | 250,000 | 147,938 | 397,938 |
| 2035 | 250,000 | 139,812 | 389,812 |
| 2036 | 275,000 | 131,689 | 406,689 |
| 2037 | 275,000 | 122,750 | 397,750 |
| 2038 | 300,000 | 113,125 | 413,125 |
| 2039 | 300,000 | 102,625 | 402,625 |
| 2040 | 325,000 | 92,125 | 417,125 |
| 2041 | 325,000 | 80,750 | 405,750 |
| 2042 | 350,000 | 69,375 | 419,375 |
| 2043 | 350,000 | 57,125 | 407,125 |
| 2044 | 375,000 | 44,438 | 419,438 |
| 2045 | 400,000 | 30,375 | 430,375 |
| 2046 | 410,000 | 15,375 | 425,375 |
| Totals | $ 5,585,000 | $ 3,285,375 | $ 8,870,375 |

# Hunter's Glen Municipal Utility District

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

## June 30, 2021

| Due During Fiscal Years Ending June 30 | Refunding Series 2019A Principal Due April 1 | Interest Due October 1, April 1 | Total |
|---|---|---|---|
| 2022 | $ 580,000 | $ 150,035 | $ 730,035 |
| 2023 | 595,000 | 138,435 | 733,435 |
| 2024 | 610,000 | 126,535 | 736,535 |
| 2025 | 625,000 | 113,725 | 738,725 |
| 2026 | 640,000 | 100,444 | 740,444 |
| 2027 | 655,000 | 86,044 | 741,044 |
| 2028 | 680,000 | 66,394 | 746,394 |
| 2029 | 150,000 | 45,994 | 195,994 |
| 2030 | 145,000 | 41,493 | 186,493 |
| 2031 | 170,000 | 37,143 | 207,143 |
| 2032 | 165,000 | 32,044 | 197,044 |
| 2033 | 165,000 | 27,094 | 192,094 |
| 2034 | 160,000 | 22,144 | 182,144 |
| 2035 | 180,000 | 17,343 | 197,343 |
| 2036 | 175,000 | 11,719 | 186,719 |
| 2037 | 200,000 | 6,250 | 206,250 |
| Totals | $ 5,895,000 | $ 1,022,836 | $ 6,917,836 |

# Hunter's Glen Municipal Utility District

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

## June 30, 2021

| Due During Fiscal Years Ending June 30 | Series 2020 Principal Due April 1 | Series 2020 Interest Due October 1, April 1 | Series 2020 Total |
|---|---|---|---|
| 2022 | $ 50,000 | $ 110,800 | $ 160,800 |
| 2023 | 50,000 | 109,800 | 159,800 |
| 2024 | 50,000 | 108,800 | 158,800 |
| 2025 | 50,000 | 107,800 | 157,800 |
| 2026 | 50,000 | 106,800 | 156,800 |
| 2027 | 50,000 | 105,800 | 155,800 |
| 2028 | 50,000 | 104,800 | 154,800 |
| 2029 | 175,000 | 103,800 | 278,800 |
| 2030 | 175,000 | 100,300 | 275,300 |
| 2031 | 175,000 | 96,800 | 271,800 |
| 2032 | 200,000 | 93,300 | 293,300 |
| 2033 | 200,000 | 89,300 | 289,300 |
| 2034 | 200,000 | 85,300 | 285,300 |
| 2035 | 225,000 | 81,300 | 306,300 |
| 2036 | 225,000 | 76,800 | 301,800 |
| 2037 | 225,000 | 72,075 | 297,075 |
| 2038 | 250,000 | 67,294 | 317,294 |
| 2039 | 250,000 | 61,794 | 311,794 |
| 2040 | 250,000 | 56,169 | 306,169 |
| 2041 | 275,000 | 50,544 | 325,544 |
| 2042 | 275,000 | 44,356 | 319,356 |
| 2043 | 275,000 | 38,031 | 313,031 |
| 2044 | 300,000 | 31,500 | 331,500 |
| 2045 | 300,000 | 24,375 | 324,375 |
| 2046 | 325,000 | 16,875 | 341,875 |
| 2047 | 350,000 | 8,750 | 358,750 |
| Totals | $ 5,000,000 | $ 1,953,263 | $ 6,953,263 |

# Hunter's Glen Municipal Utility District
## Schedule of Long-term Debt Service Requirements by Years (Continued)
## June 30, 2021

| | Refunding Series 2020A | | |
|---|---|---|---|
| Due During Fiscal Years Ending June 30 | Principal Due April 1 | Interest Due October 1, April 1 | Total |
| 2022 | $ 65,000 | $ 77,200 | $ 142,200 |
| 2023 | 65,000 | 75,900 | 140,900 |
| 2024 | 65,000 | 74,600 | 139,600 |
| 2025 | 65,000 | 73,300 | 138,300 |
| 2026 | 65,000 | 72,000 | 137,000 |
| 2027 | 65,000 | 70,700 | 135,700 |
| 2028 | 65,000 | 69,400 | 134,400 |
| 2029 | 210,000 | 68,035 | 278,035 |
| 2030 | 215,000 | 63,625 | 278,625 |
| 2031 | 220,000 | 58,788 | 278,788 |
| 2032 | 225,000 | 53,838 | 278,838 |
| 2033 | 235,000 | 48,494 | 283,494 |
| 2034 | 240,000 | 42,913 | 282,913 |
| 2035 | 250,000 | 37,211 | 287,211 |
| 2036 | 255,000 | 31,275 | 286,275 |
| 2037 | 270,000 | 24,900 | 294,900 |
| 2038 | 275,000 | 16,800 | 291,800 |
| 2039 | 285,000 | 8,550 | 293,550 |
| Totals | $ 3,135,000 | $ 967,529 | $ 4,102,529 |

# Hunter's Glen Municipal Utility District

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

## June 30, 2021

| | Refunding Series 2021 | | |
|---|---|---|---|
| Due During Fiscal Years Ending June 30 | Principal Due April 1 | Interest Due October 1, April 1 | Total |
| 2022 | $ 10,000 | $ 243,208 | $ 253,208 |
| 2023 | 490,000 | 224,300 | 714,300 |
| 2024 | 515,000 | 209,600 | 724,600 |
| 2025 | 590,000 | 194,150 | 784,150 |
| 2026 | 610,000 | 176,450 | 786,450 |
| 2027 | 640,000 | 158,150 | 798,150 |
| 2028 | 665,000 | 138,950 | 803,950 |
| 2029 | 485,000 | 119,000 | 604,000 |
| 2030 | 490,000 | 109,300 | 599,300 |
| 2031 | 500,000 | 99,500 | 599,500 |
| 2032 | 505,000 | 89,500 | 594,500 |
| 2033 | 530,000 | 79,400 | 609,400 |
| 2034 | 540,000 | 68,800 | 608,800 |
| 2035 | 565,000 | 58,000 | 623,000 |
| 2036 | 570,000 | 46,700 | 616,700 |
| 2037 | 580,000 | 35,300 | 615,300 |
| 2038 | 235,000 | 23,700 | 258,700 |
| 2039 | 230,000 | 19,000 | 249,000 |
| 2040 | 250,000 | 14,400 | 264,400 |
| 2041 | 245,000 | 9,400 | 254,400 |
| 2042 | 225,000 | 4,500 | 229,500 |
| Totals | $ 9,470,000 | $ 2,121,308 | $ 11,591,308 |

# Hunter's Glen Municipal Utility District
## Schedule of Long-term Debt Service Requirements by Years (Continued)
### June 30, 2021

| Due During Fiscal Years Ending June 30 | Annual Requirements For All Series: Total Principal Due | Total Interest Due | Total Principal and Interest Due |
|---|---|---|---|
| 2022 | $ 1,325,000 | $ 952,736 | $ 2,277,736 |
| 2023 | 1,350,000 | 905,529 | 2,255,529 |
| 2024 | 1,390,000 | 871,628 | 2,261,628 |
| 2025 | 1,430,000 | 836,569 | 2,266,569 |
| 2026 | 1,465,000 | 800,287 | 2,265,287 |
| 2027 | 1,510,000 | 762,288 | 2,272,288 |
| 2028 | 1,560,000 | 718,137 | 2,278,137 |
| 2029 | 1,445,000 | 672,423 | 2,117,423 |
| 2030 | 1,450,000 | 637,562 | 2,087,562 |
| 2031 | 1,515,000 | 602,324 | 2,117,324 |
| 2032 | 1,570,000 | 565,276 | 2,135,276 |
| 2033 | 1,605,000 | 526,632 | 2,131,632 |
| 2034 | 1,665,000 | 486,970 | 2,151,970 |
| 2035 | 1,770,000 | 445,291 | 2,215,291 |
| 2036 | 1,800,000 | 400,808 | 2,200,808 |
| 2037 | 1,850,000 | 354,150 | 2,204,150 |
| 2038 | 1,385,000 | 304,044 | 1,689,044 |
| 2039 | 1,390,000 | 264,532 | 1,654,532 |
| 2040 | 1,175,000 | 224,694 | 1,399,694 |
| 2041 | 1,195,000 | 191,319 | 1,386,319 |
| 2042 | 1,225,000 | 157,043 | 1,382,043 |
| 2043 | 1,000,000 | 121,312 | 1,121,312 |
| 2044 | 1,075,000 | 89,438 | 1,164,438 |
| 2045 | 700,000 | 54,750 | 754,750 |
| 2046 | 735,000 | 32,250 | 767,250 |
| 2047 | 350,000 | 8,750 | 358,750 |
| Totals | $ 34,930,000 | $ 11,986,742 | $ 46,916,742 |

# Hunter's Glen Municipal Utility District

## Changes in Long-term Bonded Debt

## Year Ended June 30, 2021

| | Bond | | | |
|---|---|---|---|---|
| | Refunding Series 2012 | Series 2015 | Refunding Series 2016 | Series 2018 |
| Interest rates | 3.50% | 3.00% | 2.00% | 3.00% to 4.00% |
| Dates interest payable | October 1/ April 1 | October 1/ April 1 | October 1/ April 1 | October 1/ April 1 |
| Maturity dates | | April 1, 2022/2024 | April 1, 2022 | April 1, 2022/2044 |
| Bonds outstanding, beginning of current year | $ 450,000 | $ 3,840,000 | $ 6,885,000 | $ 5,275,000 |
| Bonds sold during current year | - | - | - | - |
| Bonds refunded during current year | - | 3,640,000 | 5,960,000 | - |
| Retirements, principal | 450,000 | 50,000 | 455,000 | 50,000 |
| Bonds outstanding, end of current year | $ 0 | $ 150,000 | $ 470,000 | $ 5,225,000 |
| Interest paid during current year | $ 15,750 | $ 68,453 | $ 106,541 | $ 169,375 |

Paying agent's name and address:

**Series 2012** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
**Series 2015** - Amegy Bank, N.A., Houston, Texas
**Series 2016** - Amegy Bank, N.A., Houston, Texas
**Series 2018** - Amegy Bank, N.A., Houston, Texas
**Series 2019** - Zions Bancorporation, N.A., Houston, Texas
**Series 2019A** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
**Series 2020** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
**Series 2020A** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
**Series 2021** - The Bank of New York Mellon Trust Company, N.A., Dallas, Texas

Bond authority:

| | Tax Bonds | Other Bonds | Refunding Bonds |
|---|---|---|---|
| Amount authorized by voters | $ 75,545,000 | 0 | * |
| Amount issued | $ 44,835,000 | 0 | $ 42,530,000 |
| Remaining to be issued | $ 30,710,000 | 0 | * |

| | |
|---|---|
| Debt service fund cash and temporary investment balances as of June 30, 2021: | $ 2,501,029 |
| Average annual debt service payment (principal and interest) for remaining term of all debt: | $ 1,804,490 |

*1 ½ times the amount of bonds issued and outstanding at the time of refunding.

**Issues**

| Series 2019 | Refunding Series 2019A | Series 2020 | Refunding Series 2020A | Refunding Series 2021 | Totals |
|---|---|---|---|---|---|
| 3.00% to 3.75% | 2.000% to 3.125% | 2.00% to 2.50% | 2.00% to 3.00% | 2.00% to 3.00% | |
| October 1/ April 1 | October 1/ April 1 | October 1/ April 1 | October 1/ April 1 | October 1/ April 1 | |
| April 1, 2022/2046 | April 1, 2022/2037 | April 1, 2022/2047 | April 1, 2022/2039 | April 1, 2022/2042 | |
| $ 5,635,000 | $ 6,005,000 | $ 5,000,000 | $ 3,200,000 | $ - | $ 36,290,000 |
| - | - | - | - | 9,470,000 | 9,470,000 |
| - | - | - | - | - | 9,600,000 |
| 50,000 | 110,000 | - | 65,000 | - | 1,230,000 |
| $ 5,585,000 | $ 5,895,000 | $ 5,000,000 | $ 3,135,000 | $ 9,470,000 | $ 34,930,000 |
| $ 191,719 | $ 152,235 | $ 120,033 | $ 78,500 | $ 0 | $ 902,606 |

# Hunter's Glen Municipal Utility District

## Comparative Schedule of Revenues and Expenditures – General Fund

## Five Years Ended June 30,

| | Amounts | | | | |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| **General Fund** | | | | | |
| **Revenues** | | | | | |
| Property taxes | $ 935,186 | $ 842,210 | $ 737,366 | $ 574,807 | $ 523,745 |
| City of Houston rebates | 11,167 | 10,108 | 8,556 | 9,323 | 11,202 |
| Water service | 951,998 | 924,481 | 898,765 | 819,018 | 772,730 |
| Sewer service | 1,176,371 | 1,148,118 | 1,114,101 | 981,662 | 869,127 |
| Regional water fee | 1,106,095 | 974,359 | 823,065 | 704,506 | 590,370 |
| Penalty and interest | 139,935 | 152,322 | 153,311 | 140,321 | 136,143 |
| Tap connection and inspection fees | 355,760 | 141,680 | 85,090 | 185,125 | 118,800 |
| Investment income | 8,824 | 40,900 | 34,955 | 14,594 | 7,319 |
| Total revenues | 4,685,336 | 4,234,178 | 3,855,209 | 3,429,356 | 3,029,436 |
| **Expenditures** | | | | | |
| Service operations: | | | | | |
| Regional water fee | 1,214,137 | 1,033,837 | 841,204 | 690,030 | 586,632 |
| Professional fees | 198,315 | 188,778 | 172,898 | 159,528 | 157,559 |
| Contracted services | 785,103 | 728,792 | 723,689 | 678,229 | 604,394 |
| Solid waste disposal | 464,067 | 437,426 | 441,416 | 436,406 | 405,393 |
| Utilities | 153,826 | 144,060 | 134,807 | 128,585 | 127,300 |
| Repairs and maintenance | 981,112 | 1,134,514 | 1,012,704 | 1,020,087 | 872,142 |
| Other expenditures | 142,132 | 138,033 | 123,396 | 193,185 | 153,418 |
| Tap connections | 160,993 | 87,030 | 36,900 | 73,950 | 49,500 |
| Capital outlay | 95,728 | 1,108,529 | 378,206 | 38,381 | - |
| Debt service, debt issuance costs | 11,250 | - | - | - | 33,750 |
| Total expenditures | 4,206,663 | 5,000,999 | 3,865,220 | 3,418,381 | 2,990,088 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 478,673 | (766,821) | (10,011) | 10,975 | 39,348 |
| **Other Financing Sources** | | | | | |
| Interfund transfers in | - | - | - | 33,750 | - |
| Insurance proceeds | - | 221,109 | 959,740 | - | - |
| Total other financing sources | 0 | 221,109 | 959,740 | 33,750 | 0 |
| **Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 478,673 | (545,712) | 949,729 | 44,725 | 39,348 |
| **Fund Balance, Beginning of Year** | 1,910,967 | 2,456,679 | 1,506,950 | 1,462,225 | 1,422,877 |
| **Fund Balance, End of Year** | $ 2,389,640 | $ 1,910,967 | $ 2,456,679 | $ 1,506,950 | $ 1,462,225 |
| **Total Active Retail Water Connections** | 2,946 | 2,868 | 2,803 | 2,720 | 2,582 |
| **Total Active Retail Wastewater Connections** | 2,894 | 2,832 | 2,769 | 2,670 | 2,541 |

| Percent of Fund Total Revenues | | | | |
|---|---|---|---|---|
| 2021 | 2020 | 2019 | 2018 | 2017 |
| 20.0 % | 19.9 % | 19.1 % | 16.8 % | 17.3 % |
| 0.2 | 0.2 | 0.2 | 0.3 | 0.4 |
| 20.3 | 21.8 | 23.3 | 23.9 | 25.5 |
| 25.1 | 27.2 | 28.9 | 28.6 | 28.7 |
| 23.6 | 23.0 | 21.4 | 20.5 | 19.5 |
| 3.0 | 3.6 | 4.0 | 4.1 | 4.5 |
| 7.6 | 3.3 | 2.2 | 5.4 | 3.9 |
| 0.2 | 1.0 | 0.9 | 0.4 | 0.2 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | | | | |
| 25.9 | 24.4 | 21.8 | 20.1 | 19.4 |
| 4.2 | 4.5 | 4.5 | 4.7 | 5.2 |
| 16.8 | 17.2 | 18.8 | 19.8 | 20.0 |
| 9.9 | 10.3 | 11.4 | 12.7 | 13.4 |
| 3.3 | 3.4 | 3.5 | 3.7 | 4.2 |
| 20.9 | 26.8 | 26.3 | 29.8 | 28.8 |
| 3.0 | 3.3 | 3.2 | 5.6 | 5.1 |
| 3.4 | 2.1 | 1.0 | 2.2 | 1.6 |
| 2.1 | 26.1 | 9.8 | 1.1 | - |
| 0.3 | - | - | - | 1.0 |
| 89.8 | 118.1 | 100.3 | 99.7 | 98.7 |
| | | | | |
| 10.2 % | (18.1) % | (0.3) % | 0.3 % | 1.3 % |

# Hunter's Glen Municipal Utility District

## Comparative Schedule of Revenues and Expenditures – Debt Service Fund

## Five Years Ended June 30,

| | Amounts | | | | |
|---|---|---|---|---|---|
| | 2021 | 2020 | 2019 | 2018 | 2017 |
| **Debt Service Fund** | | | | | |
| **Revenues** | | | | | |
| Property taxes | $ 2,294,376 | $ 2,105,325 | $ 1,886,141 | $ 1,829,402 | $ 1,577,600 |
| Penalty and interest | 38,797 | 34,383 | 30,151 | 25,932 | 24,730 |
| Investment income | 16,722 | 50,752 | 44,174 | 21,325 | 11,676 |
| Total revenues | 2,349,895 | 2,190,460 | 1,960,466 | 1,876,659 | 1,614,006 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| Professional fees | 8,536 | 11,541 | 8,761 | 8,366 | 8,067 |
| Contracted services | 79,322 | 73,889 | 68,431 | 63,787 | 59,051 |
| Other expenditures | 16,244 | 16,561 | 16,405 | 13,942 | 10,279 |
| Debt service: | | | | | |
| Principal retirement | 1,230,000 | 1,125,000 | 805,000 | 825,000 | 770,000 |
| Interest and fees | 892,876 | 981,909 | 910,838 | 794,423 | 775,660 |
| Debt defeasance | 119,000 | 12,000 | 5,000 | - | - |
| Debt issuance costs | 344,050 | 148,876 | 240,263 | - | - |
| Total expenditures | 2,690,028 | 2,369,776 | 2,054,698 | 1,705,518 | 1,623,057 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (340,133) | (179,316) | (94,232) | 171,141 | (9,051) |
| **Other Financing Sources (Uses)** | | | | | |
| General obligation bonds issued | 9,470,000 | 3,310,800 | 6,316,719 | 85,188 | - |
| Premium on debt issued | 506,762 | 14,281 | 36,362 | - | - |
| Deposit with escrow agent | (9,631,494) | (3,065,310) | (5,919,189) | - | - |
| Total other financing sources | 345,268 | 259,771 | 433,892 | 85,188 | 0 |
| **Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses** | 5,135 | 80,455 | 339,660 | 256,329 | (9,051) |
| **Fund Balance, Beginning of Year** | 2,454,567 | 2,374,112 | 2,034,452 | 1,778,123 | 1,787,174 |
| **Fund Balance, End of Year** | $ 2,459,702 | $ 2,454,567 | $ 2,374,112 | $ 2,034,452 | $ 1,778,123 |

**Percent of Fund Total Revenues**

| 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|
| 97.6 % | 96.1 % | 96.2 % | 97.5 % | 97.7 % |
| 1.7 | 1.6 | 1.5 | 1.4 | 1.5 |
| 0.7 | 2.3 | 2.3 | 1.1 | 0.8 |
| 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| | | | | |
| 0.4 | 0.5 | 0.4 | 0.5 | 0.5 |
| 3.4 | 3.4 | 3.5 | 3.4 | 3.7 |
| 0.7 | 0.8 | 0.8 | 0.7 | 0.6 |
| | | | | |
| 52.3 | 51.4 | 41.1 | 44.0 | 47.7 |
| 38.0 | 44.8 | 46.5 | 42.3 | 48.1 |
| 5.1 | 0.5 | 0.2 | - | - |
| 14.6 | 6.8 | 12.3 | - | - |
| 114.5 | 108.2 | 104.8 | 90.9 | 100.6 |
| | | | | |
| (14.5) % | (8.2) % | (4.8) % | 9.1 % | (0.6) % |

# Hunter's Glen Municipal Utility District

## Board Members, Key Personnel and Consultants

## Year Ended June 30, 2021

| | | | |
|---|---|---|---|
| Complete District mailing address: | Hunter's Glen Municipal Utility District<br>c/o Radcliffe Bobbitt Adams Polley PLLC<br>2929 Allen Parkway, Suite 3450<br>Houston, Texas 77019 | | |
| District business telephone number: | 713.237.1221 | | |
| Submission date of the most recent District Registration Form (TWC Sections 36.054 and 49.054): | | | June 5, 2018 |
| 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 Reimbursement | Title at Year-end |
|---|---|---|---|---|
| Randall C. Chesnutt | Elected 05/18-05/22 | $ 0 | $ 0 | President |
| Doyle D. Gibbs | Elected 05/18-05/22 | 1,950 | 0 | Vice President |
| Ray Weikel | Elected 05/20-05/24 | 1,650 | 0 | Secretary |
| Mark S. Brooks | Elected 05/20-05/24 | 1,800 | 0 | Treasurer |
| Gary Alley | Elected 05/18-05/22 | 4,200 | 0 | Assistant Secretary |

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

# Hunter's Glen Municipal Utility District

## Board Members, Key Personnel and Consultants (Continued)

## Year Ended June 30, 2021

| Consultants | Date Hired | Fees and Expense Reimbursements | Title |
|---|---|---|---|
| BKD, LLP | 06/21/99 | $ 24,900 | Auditor |
| Kenneth R. Byrd | 10/22/75 | 69,848 | Tax Assessor/ Collector |
| The GMS Group, L.L.C. | 10/16/95 | 97,585 | Financial Advisor |
| Harris County Appraisal District | Legislative Action | 24,365 | Appraiser |
| IDS Engineering Group | 09/18/95 | 300,167 | Engineer |
| Municipal Accounts & Consulting, L.P. | 05/24/06 | 33,615 | Bookkeeper |
| Municipal Operations & Consulting, Inc. | 12/12/03 | 1,041,026 | Operator |
| Perdue, Brandon, Fielder, Collins & Mott, L.L.P. | 1999 | 8,536 | Delinquent Tax Attorney |
| Radcliffe Bobbitt Adams Polley PLLC | 10/25/90 | 207,970 | Attorney |

| Investment Officer | | | |
|---|---|---|---|
| Mark S. Brooks | 05/07/95 | N/A | Director |

# APPENDIX B

## SPECIMEN MUNICIPAL BOND INSURANCE POLICY

# MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

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

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

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

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

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

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

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

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



ASSURED GUARANTY MUNICIPAL CORP.

By ______________________________
Authorized Officer

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