

OFFICIAL STATEMENT DATED APRIL 11, 2022

IN THE OPINION OF BOND COUNSEL, THE BONDS ARE VALID OBLIGATIONS OF TATTOR ROAD MUNICIPAL DISTRICT, AND INTEREST ON THE BONDS IS EXCLUDABLE FROM GROSS INCOME FOR PURPOSES OF FEDERAL INCOME TAXATION UNDER STATUTES, REGULATIONS, PUBLISHED RULINGS AND COURT DECISIONS EXISTING ON THE DATE OF SUCH OPINION. SEE "LEGAL MATTERS" HEREIN FOR A DISCUSSION OF THE OPINION OF BOND COUNSEL.

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

NEW ISSUE – Book-Entry-Only **S&P Global Ratings (BAM Insured)..... "AA"**
S&P Global Ratings (Underlying) "A-"
See "MUNICIPAL BOND INSURANCE" and "MUNICIPAL BOND RATINGS"

\$2,550,000
TATTOR ROAD MUNICIPAL DISTRICT
(A Political Subdivision of the State of Texas, located within Harris County)
UNLIMITED TAX BONDS, SERIES 2022

Dated Date: May 1, 2022

Interest accrues from: Date of Delivery

Due: March 1, as shown below

The \$2,550,000 Tattor Road Municipal District Unlimited Tax Bonds, Series 2022 (the "Bonds") are obligations of Tattor Road Municipal District (the "District") and are not obligations of the State of Texas; Harris County, Texas; the City of Houston, Texas; or any entity other than the District. Neither the faith and credit nor the taxing power of the State of Texas; Harris County, Texas; the City of Houston, Texas; nor any entity other than the District is pledged to the payment of the principal of or interest on the Bonds.

Principal of the Bonds is payable at maturity or earlier redemption by the paying agent/registrar, initially Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas (the "Paying Agent/Registrar"). The Bonds are dated May 1, 2022 (the "Dated Date") and will accrue interest from the date of delivery, which is expected to be on May 10, 2022 (the "Date of Delivery"), with interest payable on September 1, 2022, and each March 1 and September 1 (each an "Interest Payment Date") thereafter until the earlier of maturity or redemption, and will be calculated on the basis a 360-day year consisting of twelve 30-day months. The Bonds will be issued as fully registered bonds in the denomination of \$5,000 or any integral multiple thereof.

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

See "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the inside cover.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**



The Bonds, when issued, will constitute valid and binding obligations of the District and will be payable from the proceeds of an annual ad valorem tax, without legal limitation as to rate or amount, levied upon all taxable property within the District, as further described herein. The Bonds are obligations solely of the District and are not obligations of the State of Texas, Harris County, the City of Houston, or any entity other than the District. Investment in the Bonds is subject to special investment considerations as described herein. See "INVESTMENT CONSIDERATIONS."

The Bonds are offered when, as and if issued by the District, subject, among other things, to the approval of the Bonds by the Attorney General of Texas and the approval of certain legal matters by Smith, Murdaugh, Little & Bonham, L.L.P., Bond Counsel. Delivery of the Bonds in book-entry form through DTC is expected on or about May 10, 2022.

MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS

\$2,550,000 Unlimited Tax Bonds, Series 2022

\$380,000 Serial Bonds

<u>Due (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Reoffering Yield (a)</u>	<u>CUSIP No. 876634 (b)</u>
2023	\$ 90,000	3.000%	2.000%	JD9
2024	95,000	3.000%	2.150%	JE7
2025	95,000	3.000%	2.300%	JF4
2026	100,000	3.000%	2.400%	JG2

\$2,170,000 Term Bonds

\$210,000 Term Bonds Due March 1, 2028 (c) (d), Interest Rate: 3.000% (Price: \$101.500) (a), CUSIP No. 876634 JJ6 (b)

\$225,000 Term Bonds Due March 1, 2030 (c) (d), Interest Rate: 3.000% (Price: \$100.746) (a), CUSIP No. 876634 JL1 (b)

\$245,000 Term Bonds Due March 1, 2032 (c) (d), Interest Rate: 3.000% (Price: \$100.000) (a), CUSIP No. 876634 JN7 (b)

\$260,000 Term Bonds Due March 1, 2034 (c) (d), Interest Rate: 3.000% (Price: \$98.043) (a), CUSIP No. 876634 JQ0 (b)

\$275,000 Term Bonds Due March 1, 2036 (c) (d), Interest Rate: 3.125% (Price: \$97.525) (a), CUSIP No. 876634 JS6 (b)

\$295,000 Term Bonds Due March 1, 2038 (c) (d), Interest Rate: 3.250% (Price: \$98.174) (a), CUSIP No. 876634 JU1 (b)

\$315,000 Term Bonds Due March 1, 2040 (c) (d), Interest Rate: 3.250% (Price: \$97.352) (a), CUSIP No. 876634 JW7 (b)

\$345,000 Term Bonds Due March 1, 2042 (c) (d), Interest Rate: 3.375% (Price: \$98.221) (a), CUSIP No. 876634 JY3 (b)

- (a) The initial reoffering yields on the Bonds are established by and are the sole responsibility of the Initial Purchaser (defined herein) and may subsequently be changed.
- (b) CUSIP numbers have been assigned to the Bonds by CUSIP Global Services, managed by FactSet Research Systems, Inc. on behalf of the American Bankers Association and are included solely for the convenience of the owners of the Bonds.
- (c) The Bonds maturing on and after March 1, 2027, are subject to redemption prior to maturity at the option of the District, in whole or from time to time in part, on May 1, 2026, or any date thereafter, at a price equal to the principal thereof plus accrued interest to the date fixed for redemption. See "THE BONDS - Redemption Provisions - *Optional Redemption*."
- (d) Subject to certain mandatory redemption provisions set forth herein under "THE BONDS - Redemption Provisions - *Mandatory Redemption*."

USE OF INFORMATION IN OFFICIAL STATEMENT

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

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

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

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

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

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

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SALE AND DISTRIBUTION OF THE BONDS

Award and Marketing of the Bonds

After requesting competitive bids for the Bonds, the District has accepted the bid resulting in the lowest net effective interest rate, which was tendered by SAMCO Capital Markets, Inc. (referred to herein as the "Initial Purchaser"). The Initial Purchaser has agreed to purchase the Bonds, bearing the interest rates on the cover page of this Official Statement, at a price of 97.579808% of the principal amount thereof which resulted in a net effective interest rate of 3.398321%, calculated pursuant to Chapter 1204, Texas Government Code, as amended.

Prices and Marketability

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

The prices and other terms with respect to the offering and sale of the Bonds may be changed from time-to-time by the Initial Purchaser after the Bonds are released for sale, and the Bonds may be offered and sold at prices other than the initial reoffering prices, including sales to dealers who may sell the Bonds into investment accounts. IN CONNECTION WITH THE OFFERING OF THE BONDS, THE INITIAL PURCHASER MAY OVER - ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

Securities Laws

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

MUNICIPAL BOND RATINGS

The District has made application to S&P Global Ratings, a division of S&P Global, Inc. ("S&P") for an underlying rating on the outstanding debt of the District and S&P's has assigned a rating of "A-." If the Initial Purchaser chooses to purchase municipal bond guaranty insurance on the Bonds, separate rating(s), including ratings by S&P, may at the election of the Initial Purchaser be assigned the Bonds based upon the understanding that upon delivery of the Bonds a guaranty insurance policy insuring the timely payment of the principal of and interest on the Bonds will be issued by the insurer. The District will pay the cost of the S&P rating associated with the guaranty insurance policy issued relating to the Bonds, if insurance is elected to be purchased by the Initial Purchaser.

The Bonds are expected to receive an insured rating of "AA" from S&P solely in reliance upon the issuance of the municipal bond insurance policy by BAM at the time of delivery of the Bonds. An explanation of the ratings of S&P may only be obtained from S&P. S&P is located at 55 Water Street, New York, New York 10041, telephone number (212) 208-8000 and has engaged in providing ratings for corporate bonds since 1923 and municipal bonds since 1940. Long-term debt ratings assigned by S&P reflect its analysis of the overall level of credit risk involved in financings. At present, S&P assigns long-term debt ratings with symbols "AAA" (the highest rating) through "D" (the lowest rating). The ratings express only the view of S&P at the time the ratings are given. Furthermore, a security rating is not a recommendation to buy, sell or hold securities. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by S&P, if in its judgment, circumstances so warrant.

The District is not aware of any rating assigned the Bonds other than the ratings of S&P.

MUNICIPAL BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, BAM will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as "APPENDIX B."

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

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

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

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

Capitalization of BAM

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

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

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

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

Additional Information Available from BAM

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

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

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

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

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OFFICIAL STATEMENT SUMMARY

The following material is a summary of certain information contained herein and is qualified in its entirety by the more detailed information and financial statements appearing elsewhere in this Official Statement.

HURRICANE HARVEY

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

Impact on the District..... According to the District's Utility System Operator, the District's water distribution system did not sustain any significant damage and there was no interruption of service as a result of Hurricane Harvey. However, certain lift stations in the District's wastewater collection system sustained damage and accordingly there was a temporary reduction of sanitary sewer service to the District. According to estimates by the District's Utility System Operator, approximately 80 homes within the District (representing approximately 5% of the total homes within the District) experienced flooding or other damage as a result of Hurricane Harvey. District residents reported flooding in houses ranging from a few inches to several feet. The flooding within the District was caused by record levels of rainfall in the Cypress Creek watershed. Cypress Creek is the principal drainage outflow for the District. The District is located within the jurisdiction of the Harris County Flood Control District ("HCFCD"). Because of historic rainfall levels, Cypress Creek overflowed its banks, which resulted in flooding in portions of the District.

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

THE BONDS

The Issuer..... Tattor Road Municipal District (the "District"), a political subdivision of the State of Texas, is located in Harris County, Texas. See "THE DISTRICT."

Description \$2,550,000 Unlimited Tax Bonds, Series 2022 (the "Bonds") mature on March 1 in the years and in the amounts set forth on the inside cover page hereof. The Bonds are dated May 1, 2022 (the "Dated Date") and will accrue interest from the date of delivery, which is expected to be on May 10, 2022 (the "Date of Delivery"), with interest payable on September 1, 2022, and on each March 1 and September 1 thereafter until maturity or prior redemption. See "THE BONDS – General," and "- Redemption Provisions."

Redemption Provisions Bonds maturing on and after March 1, 2027, are subject to redemption, in whole or from time to time in part, at the option of the District on May 1, 2026, and on any date thereafter at a price of par plus accrued interest from the most recent interest payment date to the date of redemption. See "THE BONDS – Redemption Provisions – *Optional Redemption*."

The Bonds maturing on March 1 in the years 2028, 2030, 2032, 2034, 2036, 2038, 2040 and 2042 are term bonds (the "Term Bonds"). The Term Bonds also have certain mandatory redemption provisions as set forth herein under "THE BONDS – Redemption Provisions – *Mandatory Redemption*."

Book-Entry-Only System	The Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC, pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the Beneficial Owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar (hereinafter defined) to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the Beneficial Owners of the Bonds. See "THE BONDS – Book-Entry-Only System."
Source of Payment.....	Principal of and interest on the Bonds are payable from the proceeds of a continuing direct annual ad valorem tax, without legal limitation as to rate or amount, levied on all taxable property located within the District. 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. See "THE BONDS – Source of Payment."
Use of Proceeds.....	Proceeds of the sale of the Bonds will be used by the District to (i) finance (a) the Lift Station No. 2 Replacement; (b) the Sanitary Sewer Rehabilitation; (c) the District's pro rata share of the Treschwig Central Wastewater Treatment Facility Improvements; and (d) the Detention Pond Rehabilitation and (ii) pay for administrative and issuance costs, legal fees, financial advisor fees, a fee to the Texas Commission on Environmental Quality (the "TCEQ"), a fee to the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds. See "THE BONDS--Use and Distribution of Bond Proceeds."
Qualified Tax-Exempt Obligations	The Bonds have been designated as "qualified tax-exempt obligations" for financial institutions. See "LEGAL MATTERS – Qualified Tax-Exempt Obligations."
Municipal Bond Insurance	Build America Mutual Assurance Company ("BAM"). See "MUNICIPAL BOND INSURANCE."
Municipal Bond Ratings	S&P Global Ratings (BAM Insured): "AA." S&P Global Ratings (Underlying): "A-." See "MUNICIPAL BOND RATINGS."
Payment Record	The District has previously issued nine series of (1) unlimited tax bonds, and/or (2) unlimited tax and revenue bonds of which \$6,100,000 principal amount remain outstanding (the "Outstanding Bonds"). The District has also previously issued two series of refunding bonds, none of which remain outstanding. The District has never defaulted in the payment of principal and interest on its bonded indebtedness.
Legal Opinion.....	Smith, Murdaugh, Little & Bonham, L.L.P., Houston, Texas, Bond Counsel. See "LEGAL MATTERS."
Disclosure Counsel	McCall, Parkhurst & Horton L.L.P., Houston, Texas.
Financial Advisor	Robert W. Baird & Co., Incorporated, Houston, Texas.

INFECTIOUS DISEASE OUTLOOK (COVID-19)

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.
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There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State of Texas. 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.

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.

THE DISTRICT

Description	Tattor Road Municipal District, a political subdivision of the State of Texas, was created on June 18, 1969. The District is located in northern Harris County approximately 19 miles north of the central business district of Houston, Texas, via Interstate Highway 45 or U. S. Highway 59 and is approximately 2 miles north of FM 1960. The District is located entirely within the extraterritorial jurisdiction of the City of Houston. The District encompasses approximately 492 acres, approximately 451 of which have been developed with water, sanitary sewer and drainage facilities. See "THE DISTRICT."
Authority.....	The Bonds are issued pursuant to the terms and provisions of an order authorizing the issuance of the Bonds adopted by the Board of Directors of the District on the date of the sale of the Bonds (the "Bond Order"), Article XVI, Section 59 of the Texas Constitution, Chapters 49 and 51 of the Texas Water Code, as amended, various elections held within the District and an order of the TCEQ. See "THE DISTRICT - Authority."
Status of Development.....	Approximately 451 acres within the District have been developed primarily for single-family residential usage. As of March 1, 2022, the District contained a total of 1,536 occupied single-family residential connections, 22 vacant single-family residential connections, 1 multi-family connection (containing 208 units), 1 school connection, 9 commercial connections and 23 miscellaneous connections. The District also includes approximately 22 acres of developable land and 19 acres of undevelopable land. See "DEVELOPMENT OF THE DISTRICT."

INVESTMENT CONSIDERATIONS

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

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**SUMMARY OF SELECTED FINANCIAL INFORMATION
(UNAUDITED)**

2021 Taxable Assessed Valuation	\$ 261,245,492	(a)
Direct Debt:		
The Outstanding Bonds (As of delivery of the Bonds)	\$ 6,100,000	
The Bonds	<u>2,550,000</u>	
Total.....	\$ 8,650,000	
Estimated Overlapping Debt	<u>\$ 12,073,511</u>	(b)
Total Direct and Estimated Overlapping Debt.....	\$ 20,723,511	(b)
Direct Debt Ratios:		
As a percentage of the 2021 Taxable Assessed Valuation	3.31	%
Direct and Estimated Overlapping Debt Ratios:		
As a percentage of the 2021 Taxable Assessed Valuation	7.93	%
General Operating Fund Balance (As of March 14, 2022).....	\$ 3,085,637	
Debt Service Fund Balance (As of March 14, 2022).....	\$ 355,127	(c)
Capital Projects Fund Balance (As of March 14, 2022)	\$ 470,825	
2021 Tax Rate		
Debt Service.....	\$0.280	
Maintenance & Operation.....	<u>\$0.270</u>	
Total.....	\$0.550	
Average Annual Debt Service Requirement (2022–2042)	\$ 524,416	(d)
Maximum Annual Debt Service Requirement (2033).....	\$ 750,919	(d)
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Average Annual Debt Service Requirement (2022–2042) at 95% Tax Collections Based on the 2021 Taxable Assessed Valuation	\$0.22	
Debt Service Tax Rate per \$100 of Assessed Valuation Required to Pay the Maximum Annual Service Requirement (2033) at 95% Tax Collections Based on the 2021 Taxable Assessed Valuation	\$0.31	

- (a) Represents the taxable assessed valuation as of January 1, 2021, of all taxable property located within the District, as provided by the Harris County Appraisal District (the "Appraisal District"). See "TAXING PROCEDURES" and "TAX DATA."
- (b) See "SELECTED FINANCIAL INFORMATION – Estimated Overlapping Debt."
- (c) Neither Texas law nor the Bond Order (herein defined) requires that the District maintain any particular sum in the Debt Service Fund (herein defined). The funds in the Debt Service Fund are pledged only to pay the debt service on the Outstanding Bonds and the Bonds.
- (d) Requirement of debt service on the Bonds and the Outstanding Bonds. See "DEBT SERVICE REQUIRMENTS."

\$2,550,000
TATTOR ROAD MUNICIPAL DISTRICT
UNLIMITED TAX BONDS
SERIES 2022

This Official Statement provides certain information in connection with the issuance by Tattor Road Municipal District (the "District") of its \$2,550,000 Unlimited Tax Bonds, Series 2022 (the "Bonds").

The Bonds are issued pursuant to an order authorizing the issuance of the Bonds adopted by the Board of Directors of the District on the date of sale of the Bonds (the "Bond Order"), an order of the Texas Commission on Environmental Quality (the "TCEQ" or "Commission") and pursuant to Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 51 of the Texas Water Code, as amended, and various elections held within the District and passed by a majority of the participating voters.

Certain capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Order, except as otherwise indicated herein.

This Official Statement also includes information about the District and certain reports and other statistical data. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive and each summary and reference is qualified in its entirety by reference to each such document, statute, report or instrument.

THE BONDS

General

The following is a description of some of the terms and conditions of the Bonds, which description is qualified in its entirety by reference to the Bond Order, a copy of which is available from Bond Counsel upon payment of the costs of duplication therefor. The Bond Order authorizes the issuance and sale of the Bonds and prescribes the terms, conditions and provisions for the payment of the principal of and interest on the Bonds by the District.

Description

The Bonds are dated May 1, 2022 (the "Dated Date") and will accrue interest from the date of delivery, which is expected to be on May 10, 2022 (the "Date of Delivery"), with interest payable on September 1, 2022, and on each March 1 and September 1 thereafter (each an "Interest Payment Date") until the earlier of maturity or redemption. The Bonds mature on March 1 of the years and in the amounts shown under "MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES, INITIAL REOFFERING YIELDS AND CUSIPS" on the inside cover page hereof. The Bonds are issued in fully registered form only in denominations of \$5,000 or any integral multiple of \$5,000 for any one maturity. The Bonds will be registered and delivered only to The Depository Trust Company, New York, New York ("DTC"), in its nominee name of Cede & Co., pursuant to the book-entry system described herein ("Registered Owners"). No physical delivery of the Bonds will be made to the purchasers thereof. See "THE BONDS--Book-Entry-Only System." Interest calculations are based upon a three hundred sixty (360) day year comprised of twelve (12) thirty (30) day months.

Source and Security for Payment

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

Authority for Issuance

The District has held bond elections within its boundaries on November 10, 1972, January 11, 1975, January 16, 1999, May 10, 2014, and November 10, 2021. The Bonds constitute the third installment of the \$10,000,000 principal amount of unlimited tax bonds for water, sewer and drainage purposes authorized at an election held on May 10, 2014, within the District. Additionally, at an election held on November 2, 2021, voters of the District approved the issuance of \$25,000,000 in Bonds for water, sewer and drainage purposes. Following the issuance of the Bonds, an aggregate of \$26,350,000 principal amount of unlimited tax bonds for water, sewer and drainage purposes will remain authorized but unissued.

The Bonds are issued pursuant to the Bond Order, an order of the TCEQ, Article XVI, Section 59 of the Texas Constitution and the general laws of the State of Texas, particularly Chapters 49 and 51 of the Texas Water Code, as amended, and various elections held within the District and passed by a majority of the participating voters.

Funds

The Bond Order confirms the District's Construction Fund and the District's Debt Service Fund (the "Bond Fund"). All remaining proceeds of the Bonds will be deposited in the Construction Fund. The Bond Fund, which constitutes a trust fund for the benefit of the owners of the Bonds, the Outstanding Bonds, and any additional tax bonds issued by the District, is to be kept separate from all other funds of the District, and is to be used for payment of debt service on the Bonds and any of the District's duly authorized additional bonds payable in whole or part from taxes. Amounts on deposit in the Bond Fund may also be used to pay the fees and expenses of the Paying Agent/Registrar (hereinafter defined), to defray the expenses of assessing and collecting taxes levied for payment of interest on and principal of the Bonds, the Outstanding Bonds, and any additional bonds payable in whole or in part from taxes, and to pay any tax anticipation notes issued, together with interest thereon, as such tax anticipation notes become due.

Record Date

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

Redemption Provisions

Optional Redemption

The District reserves the right, at its option, to redeem the Bonds maturing on and after March 1, 2027, prior to their scheduled maturities, in whole or from time to time in part, in integral multiples of \$5,000, on May 1, 2026, or any date thereafter, at a price equal to the principal amount thereof plus accrued interest thereon to the date fixed for redemption. If fewer than all of the Bonds are to be redeemed, the particular maturity or maturities and the amounts thereof to be redeemed shall be determined by the District. If fewer than all of the Bonds of the same maturity are to be redeemed, the particular Bonds shall be selected by DTC in accordance with its procedures. See "THE BONDS--Book-Entry-Only System." Notice of each exercise of the reserved right of optional redemption shall be given by the Paying Agent/Registrar at least thirty (30) calendar days prior to the redemption date, in the manner specified in the Bond Order.

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

Mandatory Redemption

The Bonds maturing on March 1 in the years 2028, 2030, 2032, 2034, 2036, 2038, 2040 and 2042 are term bonds (the "Term Bonds") and the Term Bonds shall be redeemed by lot or other customary method of random selection (or by DTC in accordance with its procedures while the Bonds are in book-entry-only form) prior to maturity, at a price equal to the principal amount thereof, plus accrued interest to the date fixed for redemption (each a "Mandatory Redemption Date"), and in the principal amount set forth in the following schedules:

\$210,000 Term Bonds Maturing on March 1, 2028

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
March 1, 2027	\$ 105,000
March 1, 2028 (Maturity)	105,000

\$225,000 Term Bonds Maturing on March 1, 2030

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
March 1, 2029	\$ 110,000
March 1, 2030 (Maturity)	115,000

\$245,000 Term Bonds Maturing on March 1, 2032

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
March 1, 2031	\$ 120,000
March 1, 2032 (Maturity)	125,000

\$260,000 Term Bonds Maturing on March 1, 2034

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
March 1, 2033	\$ 130,000
March 1, 2034 (Maturity)	130,000

\$275,000 Term Bonds Maturing on March 1, 2036

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
March 1, 2035	\$ 135,000
March 1, 2036 (Maturity)	140,000

\$295,000 Term Bonds Maturing on March 1, 2038

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
March 1, 2037	\$ 145,000
March 1, 2038 (Maturity)	150,000

\$315,000 Term Bonds Maturing on March 1, 2040

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
March 1, 2039	\$ 155,000
March 1, 2040 (Maturity)	160,000

\$345,000 Term Bonds Maturing on March 1, 2042

<u>Mandatory Redemption Date</u>	<u>Principal Amount</u>
March 1, 2041	\$ 170,000
March 1, 2042 (Maturity)	175,000

On or before thirty (30) days prior to each Mandatory Redemption Date set forth above, the Paying Agent/Registrar shall (i) determine the principal amount of such Term Bonds 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 Bonds or portions of the Term Bonds 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 the Term Bonds to be mandatorily redeemed on 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 Paying Agent/Registrar or optionally redeemed and which, in either case, has not previously been made the basis for a reduction under this section.

Method of Payment of Principal and Interest

The Board has appointed Zions Bancorporation, National Association, Amegy Bank Division, Houston, Texas, as the initial Paying Agent/Registrar for the Bonds (the "Paying Agent/Registrar"). The principal of and interest on the Bonds shall be paid to DTC, which will make distribution of the amounts so paid. See "THE BONDS--Book-Entry-Only System."

Registration

Section 149(a) of the Internal Revenue Code of 1986, as amended, requires that all tax-exempt obligations (with certain exceptions that do not include the Bonds) be in registered form in order for the interest payable on such obligations to be excludable from a Beneficial Owner's income for federal income tax purposes. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. pursuant to the Book-Entry-Only System described herein. One fully-registered Bond will be issued for each maturity of the Bonds and will be deposited with DTC. See "THE BONDS--Book-Entry-Only System." So long as any Bonds remain outstanding, the District will maintain at least one paying agent/registrar in the State of Texas for the purpose of maintaining the Register on behalf of the District.

Replacement of 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 be required to accept the previous Paying Agent/Registrar's records and act in the same capacity as the previous Paying Agent/Registrar. Any paying agent/registrar selected by the District shall be a duly qualified and competent trust or banking corporation or organization organized and doing business under the laws of the United States of America or of any State thereof, with a combined capital and surplus of at least

\$25,000,000, which is subject to supervision of or examination by federal or state banking authorities, and which is a transfer agent duly registered with the United States Securities and Exchange Commission.

Legal Investment and Eligibility to Secure Public Funds in Texas

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

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

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

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

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

Issuance of Additional Debt

The District may issue additional bonds with the approval of the TCEQ, necessary to provide improvements and facilities consistent with the purposes for which the District was created. The District’s voters have authorized the issuance of \$46,500,000 in bonds for water, sewer and drainage purposes and \$30,000,000 in bonds for refunding purposes and could authorize additional amounts. The Bonds are the tenth series of bonds issued by the District for the purpose of acquiring or constructing a water, sewer and drainage system to serve the District. Following the issuance of the Bonds, \$26,350,000 of unlimited tax bonds for water, sewer and drainage purposes and \$29,802,700 of unlimited tax bonds for refunding purposes will remain authorized but unissued. The Bond Order imposes no limitation on the amount of additional parity bonds which may be issued by the District (if authorized by the District’s voters and approved by the TCEQ).

The District is also authorized by statute to engage in fire-fighting activities, including the issuing of bonds payable from taxes for such purposes. Before the District could issue such bonds, the following actions would be required: (a) authorization of a detailed fire protection plan; (b) approval of the fire plan by the TCEQ; (c) approval of the fire plan by the voters of the District; and (d) approval of bonds, if any, by the Attorney General of Texas. The Board has not considered adoption of a fire plan or calling an election at this time for such purposes. If additional debt obligations are issued in the future by the District, such issuance may increase gross debt/property ratios and might adversely affect the investment security of the Bonds.

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) approval of the park bond application for the issuance of bonds by the Commission; and (b) approval of the bonds by the Attorney General of Texas. The District has not considered the preparation of a parks bond application at this time. 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. The principal amount of park bonds sold by the District is limited to one percent (1%) of the District’s certified taxable assessed valuation, unless effective June 14, 2021, the District meets certain financial feasibility requirements under the TCEQ rules, in which case the outstanding principal amount of such bonds issued by the District may exceed an amount equal to one percent (1%) but not three percent (3%) of the value of the taxable property in the District.

Annexation

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 a City consent ordinance. Generally, the District may be annexed by the City without the District’s consent, and the City cannot annex territory within the District unless it annexes the entire District; however, the City may not annex the District unless (i) such annexation has been approved by a majority of those voting in an election held for that purpose within the area to be annexed, and (ii) if the registered voters in the area to be annexed do not own more than 50 percent of the land in the area, a petition has been signed by more than 50 percent of the landowners

consenting to the annexation. Notwithstanding the preceding sentence, the described election and petition process does not apply during the term of a strategic partnership agreement between the City and the District specifying the procedures for full purpose annexation of all or a portion of the District.

The District has entered into a Strategic Partnership Agreement with the City of Houston dated December 14, 2009, pursuant to which the City annexed certain land within the District for limited purposes. The annexed area only includes commercial development and land proposed or restricted for future development for commercial purposes. Pursuant to the agreement the City will not annex the residential areas of the District for up to 30 years, and the City will pay to the District one-half of sales and use taxes collected by the City within the annexed area. The District retains full responsibility to provide water, sanitary sewer and supplemental law enforcement service within the annexed area, and the City will not provide any municipal services within such area.

Consolidation

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

Remedies in Event of Default

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond Order, or defaults in the observance or performance of any other covenants, conditions, or obligations set forth in the Bond Order, the Registered Owners have the right to seek a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond 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. Certain traditional legal remedies also may not be available. See "INVESTMENT CONSIDERATIONS – Registered Owners' Remedies."

Defeasance

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

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

Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

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

Book-Entry-Only System

This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds are registered in its nominee's 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 believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

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

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be required by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

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

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 Issue as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District or 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, District or Paying Agent/Registrar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Use of Certain Terms in Other Sections of this Official Statement

In reading this Official Statement it should be understood that while the Bonds are in the book-entry form, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the book-entry system, and (ii) except as described above, notices that are to be given to registered owners under the Bond Order will be given only to DTC.

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Use and Distribution of Bond Proceeds

Proceeds of the sale of the Bonds will be used by the District to (i) finance (a) the Lift Station No. 2 Replacement; (b) the Sanitary Sewer Rehabilitation; (c) the District’s pro rata share of the Treschwig Central Wastewater Treatment Facility Improvements; and (d) the Detention Pond Rehabilitation and (ii) pay for administrative and issuance costs, legal fees, financial advisor fees, a fee to the TCEQ, a fee to the Attorney General of Texas, and certain financing costs related to the issuance of the Bonds.

	Total
<u>CONSTRUCTION COSTS</u>	
A. Developer Contribution Items	
None	\$ -
B. District Items	
1) Lift Station No. 2 Replacement	\$ 1,000,000
2) Sanitary Sewer Rehabilitation	250,000
3) Treschwig Central Wastewater Treatment Facility Improvements (District’s pro rata share)	300,000
4) Detention Pond Rehabilitation	250,000
5) Contingencies (Items No. 1-4)	180,000
6) Engineering (Items No. 1-5)	<u>297,000</u>
Total District Items	\$ 2,277,000
TOTAL CONSTRUCTION COSTS	<u>\$ 2,277,000</u>
<u>NONCONSTRUCTION COSTS</u>	
A. Legal Fees	\$ 68,750
B. Fiscal Agent Fees	51,000
C. Bond Discount	61,715
D. Bond Issuance Expenses	32,825
E. Bond Application Report Costs	35,000
F. Attorney General Fee	2,550
G. TCEQ Bond Issuance Fee	6,375
H. Contingency (a)	<u>14,785</u>
TOTAL NONCONSTRUCTION COSTS	<u>\$ 273,000</u>
TOTAL BOND ISSUE REQUIREMENT	\$ 2,550,000

(a) Represents the difference between the estimated and actual amounts of the bond discount.

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

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THE DISTRICT

Authority

Tattor Road Municipal District (the “District”) was created by the Texas Legislature (Art. 8280-473) on June 18, 1969, and operates as a water control and improvement district pursuant to the provisions of Chapters 49 and 51 of the Texas Water Code and other general statutes of Texas applicable to water control and improvement districts. The District is subject to the continuing supervision of the TCEQ.

Description

The District is located in northern Harris County approximately 19 miles north of the central business district of Houston, Texas, via Interstate Highway 45 or U. S. Highway 59 and is approximately 2 miles north of FM 1960. The District is located entirely within the extraterritorial jurisdiction of the City of Houston. The District encompasses approximately 492 acres, approximately 451 acres of which have been developed with water, sanitary sewer and drainage facilities. Development within the District consists of single family, multi-family, and commercial development, and approximately 22 acres of remaining land is developable. There are 19 acres within the District owned by the Cypresswood Golf Course that is undevelopable.

Management of the District

The District is governed by a board of directors (the “Board”), consisting of five directors, which has control over and management and supervision of all affairs of the District. All directors serve four-year staggered terms and all elections are held the first Saturday in May in even-numbered years. All of the directors are qualified to serve.

Name	Position	Term Expires May
Frances I. Bland	President	2022
Dennis L. Wright	Vice President	2022
John Finger	Secretary	2024
Angela Freeland	Director	2024
Bruce Cameron	Director	2024

The District employs the following companies and individuals to operate its utilities and recreational facilities:

Tax Assessor/Collector – Land and improvements in the District are appraised for taxation by the Harris County Appraisal District. The Tax Assessor/Collector is appointed by the Board of Directors of the District. Equi-Tax, Inc. currently serves the District in this capacity under contract.

Utility System Operator – The District’s operator is H2O Innovation Operation & Maintenance LLC (“H2O Innovation”).

Bookkeeper – Myrtle Cruz, Inc. serves as bookkeeper for the District.

Auditor – The District engaged Mark C. Eyring, CPA, PLLC to audit its financial statements for the fiscal year ended September 30, 2021.

Engineer – The consulting engineer retained by the District in connection with the design and construction of the District’s facilities is Vogler and Spencer Engineering, Inc. (the “Engineer”).

Bond Counsel and General Counsel – Smith, Murdaugh, Little & Bonham, L.L.P. (“Bond Counsel”) serves as bond counsel to the District. In addition, Smith, Murdaugh, Little & Bonham, L.L.P. serves as general counsel to the District on matters other than the issuance of bonds.

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

Financial Advisor – Robert W. Baird & Co., Incorporated serves as the District’s financial advisor (the “Financial Advisor”). The fee for services rendered in connection with the issuance of the Bonds is based on a percentage of the Bonds actually issued, sold and delivered and, therefore, such fee is contingent upon the sale and delivery of the Bonds. See “PREPARATION OF OFFICIAL STATEMENT - Consultants.”

DEVELOPMENT OF THE DISTRICT

Status of Development

Approximately 451 acres within the District have been developed as single family residential, commercial office and retail shopping and multi-family development.

The following table sets forth the current status of single-family development within the District.

<u>Subdivision</u>	<u>Acres</u>	<u>Lots</u>	<u>Completed Homes</u>	<u>Under Construction</u>	<u>Vacant Lots</u>
Greengate Place:					
Section 1	61.91	221	221	0	0
Section 2	66.83	192	192	0	0
Section 3	36.65	139	139	0	0
Section 4	59.72	246	246	0	0
Section 5	74.46	328	328	0	0
Section 6	21.17	79	79	0	0
Section 7	<u>26.23</u>	<u>99</u>	<u>99</u>	<u>0</u>	<u>0</u>
Subtotal	346.97	1,304	1,304	0	0
Cypresswood Green:					
Section 1	59.79	142	142	0	0
Section 2	<u>38.80</u>	<u>107</u>	<u>107</u>	<u>0</u>	<u>0</u>
Subtotal	<u>98.59</u>	<u>249</u>	<u>249</u>	<u>0</u>	<u>0</u>
Total	<u>445.56</u>	<u>1,553</u>	<u>1,553</u>	<u>0</u>	<u>0</u>

Commercial Office and Retail Shopping Development: The District contains a commercial strip shopping/office center consisting of approximately 45,000 square feet. This strip center contains a variety of commercial development ranging from professional office space to fast food outlets. In addition, a children's day care center, a Valero Gas Station, a McDonald's restaurant, a Family Dollar store and an O'Reilly's Auto Parts store are also located within the District.

Multi-family Development: The District contains one apartment complex, The Cypresswood Court Apartments. The Cypresswood Court Apartments contains 212 units.

Community Facilities

Community facilities available in the District and its general geographic area are set forth below:

Fire Protection: Fire protection is provided by the Spring Volunteer Fire Department, which operates from several fire stations. The closest to the District is located less than 1 mile from the District. The Fire Department has approximately 100 volunteers. Its equipment includes 9 pumper trucks, 2 rescue trucks and 2 booster trucks.

Medical Facilities: There are two health care facilities located in the general vicinity of the District. Houston Northwest Medical Center is located adjacent to FM 1960, approximately eight miles west of the District and Memorial Hermann Northeast located on State Highway 59 is approximately 8 miles east of the District.

Other Utilities: Electric service is provided by CenterPoint Energy.

Recreational Facilities: The District contains two recreation areas for use by District residents. Greengate Place residents have access to a recreation facility that consists of a swimming pool and two tennis courts; and residents of Cypresswood Green have access to a recreation facility that includes a junior Olympic swimming pool and bathhouse.

Schools: The District is located in the Spring Independent School District which provides bus service to students in the District to the following state accredited schools:

<u>School</u>	<u>Grades</u>	<u>Distance from District</u>
Anderson Elementary	K-5	in the District
Dueitt Middle School	6-8	1.0 miles
Spring High School	9-12	8.0 miles

Future Development

The District contains approximately 22 developable acres that remain to be developed. The District makes no representation as to when, if ever, such acreage will be developed. See "INVESTMENT CONSIDERATIONS – Future Debt."

THE SYSTEM

Regulation

According to the Engineer, the water distribution and wastewater collection lines constructed by the District (the "System") have been designed in accordance with accepted engineering practices and the requirements of all governmental agencies having regulatory or supervisory jurisdiction over the construction and operation of such facilities including, among others, the TCEQ, the City of Houston, and Harris County. According to the District's Engineer, the design of all such completed facilities has been approved by all required governmental agencies and inspected by the TCEQ.

Operation of the District's waterworks and sewer treatment facilities is subject to regulation by, among others, the Environmental Protection Agency and the TCEQ. In many cases, regulations promulgated by these agencies have become effective only recently and are subject to further development and revisions.

Water Supply

The District is presently served by a water plant and related facilities. The water supply is from one well with a capacity of 1,400 gallons per minute ("gpm"). The booster pump capacity is 3,650 gpm. The water supply plant has one ground storage tank with capacity of 420,000 gallons and pressure storage tanks with a combined capacity of 40,000 gallons. According to the District's Engineer, the District's existing water supply facilities are adequate for all current and anticipated future needs within the District. In addition, the District also has an interconnect with Post Wood Municipal Utility District which could supply the District with emergency water on an interim basis.

Wastewater Treatment

The District is a participant in a permanent wastewater treatment plant, the Treaschwig Regional Wastewater Treatment Plant (the "Treaschwig Plant"). The Treaschwig Plant has a present permitted capacity totaling 2,000,000 gallons per day ("gpd") of which the District owns 588,600 gpd of capacity. According to the District's Engineer, the District's total allocation of 588,600 gpd of wastewater capacity should be sufficient to serve all current and future anticipated needs within the District.

100-Year Flood Plain

"Flood Insurance Rate Map" or "FIRM" means an official map of a community on which the Federal Emergency Management Agency (FEMA) has delineated the appropriate areas of flood hazards. The 1% chance of probable inundation, also known as the 100-year flood plain, is depicted on these maps. The "100-year flood plain" (or 1% chance of probable inundation) as shown on the FIRM is the estimated geographical area that would be flooded by a rainstorm of such intensity to statistically have a one percent chance of occurring in any given year. Generally speaking, homes must be built above the 100-year flood plain in order to meet local regulatory requirements and to be eligible for federal flood insurance. An engineering or regulatory determination that an area is above the 100-year flood plain is no assurance that homes built in such area will not be flooded and a number of neighborhoods in the Greater Houston Area that are above the 100-year flood plain have flooded multiple times in the past several years. The District's drainage system has been designed and constructed to all current standards. According to the Engineer, approximately 75.4 acres of the District are located within the 100 year flood plain as defined by the Federal Emergency Management Agency Flood Insurance Rate Map Number 48201C0290L, as revised June 18, 2007. Of this amount, 52.1 acres consist of detention ponds and drainage easements. The remaining 23.3 acres consist of all of or portions of 120 residential lots. Sixty of those lots are completely located within the 100 year flood plain and 60 lots are located partially within the 100 year flood plain. Prior to the 2007 FEMA revision, none of these lots were located within the 100 year flood plain.

Harris-Galveston Subsidence District

The District is within the boundaries of the Harris-Galveston Subsidence District (the "Subsidence District") which regulates groundwater withdrawal. The Subsidence District has adopted regulations requiring reduction of groundwater withdrawals through conversion to alternate source water (e.g., surface water) in certain areas within the Subsidence District's jurisdiction, including the area within the District. In 1999, the Texas legislature created the North Harris County Regional Water Authority ("Authority") to, among other things, reduce groundwater usage in, and to provide surface water to, the northern portion of Harris County. The District is located within the boundaries of the Authority. The Authority has entered into a Water Supply Contract with the City of Houston, Texas ("Houston") to obtain treated surface water from Houston. The Authority has developed a groundwater reduction plan ("GRP") and obtained Subsidence District approval of its GRP. The Authority's GRP sets forth the Authority's plan to comply with Subsidence District regulations, construct surface water facilities, and convert users from groundwater to alternate source water (e.g., surface water). The District's groundwater well(s) are included within the Authority's GRP. The District's authority to pump groundwater is subject to

an annual permit issued by the Subsidence District to the Authority, which permit includes all groundwater wells that are included in the Authority's GRP.

The Authority, among other powers, has the power to (i) issue debt supported by the revenues pledged for the payment of its obligations; (ii) establish fees (including fees to be paid by the District for groundwater pumped by the District or for surface water received by the District from the Authority), user fees, rates, and charges as necessary to accomplish its purposes; and (iii) mandate water users, including the District, to convert from groundwater to surface water.

The Authority currently charges the District, and other major groundwater users, a fee per 1,000 gallons based on the amount of groundwater pumped by the District and the amount of surface water, if any, received by the District from the Authority. The Authority has issued revenue bonds to fund, among other things, Authority surface water project costs. It is expected that the Authority will continue to issue a substantial amount of bonds by the year 2035 to finance the Authority's project costs, and it is expected that the fees charged by the Authority will increase substantially over such period.

Under the Subsidence District regulations and the GRP, the Authority is required: (i) through the year 2024, to limit groundwater withdrawals to no more than 70% of the total annual water demand of the water users within the Authority's GRP; (ii) beginning in the year 2025, to limit groundwater withdrawals to no more than 40% of the total annual water demand of the water users within the Authority's GRP; and (iii) beginning in the year 2035, and continuing thereafter, to limit groundwater withdrawals to no more than 20% of the total annual water demand of the water users within the Authority's GRP. If the Authority fails to comply with the above Subsidence District regulations or its GRP, the Authority is subject to a disincentive fee penalty of \$9.80 per 1,000 gallons ("Disincentive Fees") imposed by the Subsidence District for any groundwater withdrawn in excess of 20% of the total water demand in the Authority's GRP. In the event of such Authority failure to comply, the Subsidence District may also seek to collect Disincentive Fees from the District. If the District failed to comply with surface water conversion requirements mandated by the Authority, the Authority would likely impose monetary or other penalties against the District.

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

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General Fund Operating Statement

The following statement sets forth in condensed form the historical results of operation of the District's System. Such summary has been prepared by the Financial Advisor for inclusion herein, based upon information obtained from the District's audited financial statements from 2017 to 2021. Reference is made to such statements for further and more complete information. See "APPENDIX A."

	Fiscal Year Ended				
	<u>09/30/21</u>	<u>09/30/20</u>	<u>09/30/19</u>	<u>09/30/18</u>	<u>09/30/17</u>
REVENUES					
Property taxes	\$ 562,648	\$ 534,496	\$ 457,194	\$ 465,027	\$ 409,241
Water service	394,376	384,073	357,992	371,622	368,542
Sewer and garbage service	657,787	654,883	632,076	640,239	626,939
Surface Water Fees	555,354	505,873	459,645	420,365	359,826
Penalties and other revenues	91,699	71,908	97,727	72,508	65,709
Tap connection and inspection fees	-	6,560	-	-	-
Sales and Use taxes	46,179	43,434	40,089	41,048	41,740
Interest on deposits and investments	<u>1,295</u>	<u>16,903</u>	<u>37,479</u>	<u>25,564</u>	<u>13,077</u>
TOTAL REVENUES	\$ 2,309,338	\$ 2,218,130	\$ 2,082,202	\$ 2,036,373	\$ 1,885,074
EXPENDITURES					
Purchased sewer services	\$ 195,583	\$ 223,394	\$ 203,377	\$ 171,856	\$ 208,457
Professional Fees	153,627	157,820	148,234	156,764	133,907
Contracted Services	155,448	139,364	141,292	143,059	129,554
Utilities	80,002	64,821	58,665	61,371	65,725
Ground water pumpage fees	555,955	517,670	473,864	459,783	376,404
Repairs & Maintenance	468,172	363,168	262,663	434,301	406,694
Security service	73,610	71,139	69,165	68,326	67,150
Garbage disposal	335,963	325,331	314,156	301,578	298,771
Administrative expenditures	98,042	94,615	97,656	118,091	84,745
Capital Outlay	<u>29,388</u>	<u>39,508</u>	<u>137,750</u>	<u>178,307</u>	<u>36,821</u>
TOTAL EXPENDITURES	\$ 2,145,790	\$ 1,996,830	\$ 1,907,122	\$ 2,093,436	\$ 1,808,228
Excess Revenues (Expenditures)	\$ 163,548	\$ 221,300	\$ 175,080	\$ (57,063)	\$ 76,846
Other Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -
Balance, Beg of Year	\$ 1,419,947	\$ 1,198,647	\$ 1,023,567	\$ 1,080,630	\$ 1,003,784
Balance, End of Year	\$ 1,583,495	\$ 1,419,947	\$ 1,198,647	\$ 1,023,567	\$ 1,080,630

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DISTRICT BONDS AUTHORIZED BUT UNISSUED

<u>Date of Authorization</u>	<u>Purpose</u>	<u>Amount Authorized</u>	<u>Issued to Date</u>	<u>Unissued</u>
<i>Unlimited Tax Bonds</i>				
May 10, 2014	Water, Sewer & Drainage and Refunding	\$10,000,000	\$8,650,000 (a)	\$ 1,350,000
November 2, 2021	Water, Sewer & Drainage	\$25,000,000	-	\$25,000,000
<i>Refunding Bonds</i>				
January 16, 1999	Refunding	\$ 5,000,000	\$ 197,300	\$ 4,802,700
November 2, 2021	Refunding	\$25,000,000	-	\$25,000,000

(a) Includes the Bonds.

SELECTED FINANCIAL INFORMATION

General

The following tables and calculations relate to the Bonds and the Outstanding Bonds. The District and various other political subdivisions of government which overlap all or a portion of the District are empowered to incur debt to be paid from revenues raised or to be raised by taxation against all or a portion of the property within the District.

2021 Certified Assessed Valuation.....	\$ 261,245,492 (a)
(100% of market value as of January 1, 2021)	
See "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES."	
Direct Debt:	
Outstanding Bonds	\$ 6,100,000
The Bonds	<u>2,550,000</u>
Total	\$ 8,650,000
Estimated Overlapping Debt	<u>\$ 12,073,511 (b)</u>
Total Direct and Estimated Overlapping Debt	<u>\$ 20,723,511</u>

Area of District: 492 acres

Estimated 2022 Population: 5,906 (c)

(a) As certified by the Appraisal District. See "TAXING PROCEDURES."

(b) See "SELECTED FINANCIAL INFORMATION - Estimated Overlapping Debt."

(c) Based on 3.5 residents per single family occupied connection and 2.5 residents per multi-family unit.

Outstanding Bonds

<u>Date of Issue</u>	<u>Series</u>	<u>Original Amount</u>	<u>Amount Outstanding After Issuance of the Bonds</u>
09/01/15	2015	\$ 3,100,000	\$ 3,100,000
10/01/18	2018	3,000,000	3,000,000
05/10/22	2022 (a)	<u>2,550,000</u>	<u>2,550,000</u>
		<u>\$8,650,000</u>	<u>\$ 8,650,000</u>

(a) The Bonds.

Cash and Investment Balances

General Operating Fund Balance (As of March 14, 2022)	\$ 3,085,637
Debt Service Fund Balance (As of March 14, 2022)	\$ 355,127
Capital Projects Fund Balance (As of March 14, 2022)	\$ 470,825

Estimated Overlapping Debt

The following table indicates the indebtedness, defined as outstanding bonds payable from ad valorem taxes, of governmental entities overlapping the District and the estimated percentages and amounts of such indebtedness attributable to property within the District. This information is based upon data secured from the individual jurisdictions and/or the Texas Municipal Reports prepared by the Municipal Advisory Council of Texas. Such figures do not indicate the tax burden levied by the applicable taxing jurisdictions for operation and maintenance or for other purposes.

<u>Taxing Jurisdiction</u>	<u>Debt as of February 28, 2022</u>	<u>Percent</u>	<u>Overlapping Debt Amount</u>
Harris County	\$ 1,682,992,125	0.05%	\$ 844,156
Harris County Department of Education	20,185,000	0.05%	10,122
Harris County Flood Control	584,900,000	0.05%	298,433
Harris County Hospital District	76,385,000	0.05%	38,966
Port of Houston Authority	469,434,397	0.05%	239,532
Lone Star College System	643,940,000	0.11%	705,695
Spring Independent School District	636,135,000	1.56%	<u>9,936,608</u>
Total Estimated Overlapping Debt			\$ 12,073,511
The District			<u>\$ 8,650,000</u> (a)
Total Direct & Estimated Overlapping			<u>\$ 20,723,511</u>
Ratio of Estimated Direct and Overlapping Debt to 2021 Certified Assessed Valuation			7.93 %

(a) Includes the Bonds.

Estimated Overlapping Taxes

	<u>2021 Tax Rate Per \$100 of Assessed Value</u>
The District	\$0.550000
Harris County and Related Entities (a)	0.586340
Spring Independent School District	1.312800
Lone Star College System District	0.107800
Harris County Emergency Services District No. 7	0.097500
Harris County Emergency Services District No. 11	<u>0.032305</u>
Total	\$2.686745

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

Classification of Assessed Valuation

The following table illustrates the District’s total taxable assessed value in the 2017-2021 tax years by type of property.

	2021 Tax Roll Amount	2020 Tax Roll Amount	2019 Tax Roll Amount	2018 Tax Roll Amount	2017 Tax Roll Amount
Land	\$ 35,444,409	\$ 35,213,055	\$ 34,900,185	\$ 35,139,527	\$ 35,129,997
Improvements	247,738,727	220,313,451	211,492,276	180,360,513	183,732,871
Personal Property	4,296,448	4,510,949	5,078,169	4,224,881	4,692,778
Less Exemptions	<u>(26,234,092)</u>	<u>(20,424,096)</u>	<u>(26,651,160)</u>	<u>(21,596,391)</u>	<u>(29,106,102)</u>
Net Assessed Value	\$261,245,492	\$239,613,359	\$224,819,470	\$198,128,530	\$194,449,544

Tax Collections

The following table illustrates the collection history of the District from the 2016-2021 tax years:

Tax Year	Assessed Valuation	Tax Rate	Adjusted Tax Levy	Current Collections		Total Collections		Fiscal Year End
				Amount	Percent	Amount	Percent	
2016	179,111,462	0.600000	1,074,669	1,060,405	98.67%	1,071,673	99.72%	9/30/2017
2017	194,449,544	0.590000	1,147,252	1,127,793	98.19%	1,137,862	99.06%	9/30/2018
2018	198,128,530	0.590000	1,168,958	1,155,805	98.42%	1,172,650	99.85%	9/30/2019
2019	224,819,470	0.590000	1,326,435	1,299,691	97.94%	1,315,403	99.12%	9/30/2020
2020	239,613,359	0.565000	1,353,815	1,353,888	98.20%	1,330,688	99.20%	9/30/2021
2021	261,245,492	0.550000	1,436,850	1,349,202	93.90%	1,349,202	93.90%	9/30/2022

District Tax Rates

	2021	2020	2019	2018	2017
Debt Service	\$0.28	\$0.330	\$0.35	\$0.36	\$0.35
Maintenance	<u>0.27</u>	<u>0.235</u>	<u>0.24</u>	<u>0.23</u>	<u>0.24</u>
	<u>\$0.55</u>	<u>\$0.565</u>	<u>\$0.59</u>	<u>\$0.59</u>	<u>\$0.59</u>

Tax Rate Limitation

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

Maintenance Tax

The District has the statutory authority to levy and collect an annual ad valorem tax for maintaining, repairing and operating the District’s facilities, if such maintenance tax is authorized by the District’s voters. Such tax is in addition to taxes which the District is authorized to levy for paying principal of and interest on the Outstanding Bonds, the Bonds, and any tax bonds which may be issued in the future. At an election held August 8, 1992, the voters within the District authorized a maintenance tax not to exceed \$0.50 per \$100 valuation on all property subject to taxation within the District.

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Principal Taxpayers

The following represents the principal taxpayers, type of property, and their taxable assessed values as of January 1, 2021:

<u>Taxpayer</u>	<u>Property Type</u>	<u>2021</u>	<u>Percent of AV</u>
MAA TANC LLC	Land & Improvements	\$16,366,045	6.26 %
FKH SFR PRPCO B HLD LP	Land & Improvements	1,922,172	0.74
Centerpoint Energy Houston Electric	Land & Improvements	1,559,610	0.60
Mikekim LLC	Land & Improvements	1,418,318	0.54
Treaschwig Retail Partners	Land & Improvements	1,313,326	0.50
Tricon SFR 2020 2 Borrower LLC	Land & Improvements	1,208,496	0.46
Triepic LLC	Land & Improvements	976,000	0.37
Ace & Ace Investments LLC	Land & Improvements	926,063	0.35
McDonalds Real Estate Co	Land & Improvements	910,238	0.35
Home SFR Borrower LLC	Land & Improvements	<u>738,023</u>	<u>0.28</u>
Total		\$27,338,291	10.46 %
Percent of Assessed Valuation		10.46%	

Tax Adequacy for Debt Service

The tax rate calculations set forth below are presented to indicate the tax rates per \$100 of Taxable Assessed Valuation that would be required to meet certain debt service requirements if no growth in the District occurs beyond the 2021 Assessed Valuation (\$261,245,492). The foregoing further assumes collection of 95% of taxes levied and the sale of no additional bonds:

Average Annual Debt Service Requirements (2022-2042).....	\$ 524,416
Tax Rate of \$0.22 on the 2021 Assessed Valuation at 95% collection produces	\$ 546,003
Maximum Annual Debt Service Requirement (2033).....	\$ 750,919
Tax Rate of \$0.31 on the 2021 Assessed Valuation at 95% collection produces	\$ 769,368

Debt Service Fund Management Index

Debt Service Requirements for the calendar year ending December 31, 2022.....	\$ 121,685 (a)
Debt Service Fund Balance at March 14, 2022	\$ 355,127
Estimated 2021 Debt Service Tax Levy @ 95% collections produces.....	\$ 689,047 (b) \$ 1,044,174

(a) Reflects the debt service requirements after the issuance of the Bonds.

(b) Utilizing the 2021 Certified Assessed Valuation and the 2021 debt service tax rate of \$0.28 per \$100/A.V.

DEBT SERVICE REQUIREMENTS

The following schedules set forth the current total debt service requirements of the District, plus the principal and interest requirements on the Bonds. Totals may not sum due to rounding.

Year Ending December 31	Outstanding Debt Service	The Bonds		Total Debt Service
		Principal	Interest	
2022	\$ 94,663	\$ -	\$ 24,563	\$ 119,225
2023	568,550	90,000	78,313	736,863
2024	571,775	95,000	75,538	742,313
2025	569,625	95,000	72,688	737,313
2026	572,100	100,000	69,763	741,863
2027	574,125	105,000	66,688	745,813
2028	570,775	105,000	63,538	739,313
2029	572,050	110,000	60,313	742,363
2030	572,722	115,000	56,938	744,659
2031	572,781	120,000	53,413	746,194
2032	571,906	125,000	49,738	746,644
2033	575,006	130,000	45,913	750,919
2034	572,538	130,000	42,013	744,550
2035	574,341	135,000	37,953	747,294
2036	-	140,000	33,656	173,656
2037	-	145,000	29,113	174,113
2038	-	150,000	24,319	174,319
2039	-	155,000	19,363	174,363
2040	-	160,000	14,244	174,244
2041	-	170,000	8,775	178,775
2042	-	175,000	2,953	177,953
Total	\$ 7,532,956	\$ 2,550,000	\$ 929,788	\$11,012,744

Average Annual Requirements on the Outstanding Bonds and the Bonds: (2022-2042)	\$ 524,416
Maximum Requirement on the Outstanding Bonds and the Bonds: (2033)	\$ 750,919

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INVESTMENT CONSIDERATIONS

General

The Bonds are obligations of the District and are not obligations of the State of Texas, Harris County, Texas, the City of Houston, Texas, or any political subdivision other than the District. The Bonds are secured by an annual ad valorem tax, without legal limitation as to rate or amount, on all taxable property located within the District. See “THE BONDS – Source and Security for Payment.” The ultimate security for payment of the principal of and interest on the Bonds depends upon the ability of the District to collect from the property owners within the District taxes levied against all taxable property located within the District or, in the event taxes are not collected and foreclosure proceedings are instituted by the District, upon the value of the taxable property with respect to taxes levied by the District and by other taxing authorities. The District makes no representations that over the life of the Bonds the property within the District will maintain a value sufficient to justify continued payment of taxes by the property owners. The potential increase in taxable valuation of District property is directly related to the economics of the residential housing and commercial retail industries, not only due to general economic conditions, but also due to the particular factors discussed below.

Factors Affecting Taxable Values and Tax Payments

Economic Factors: Development in the District is substantially complete, but maintenance of taxable values in the District is related to the vitality of the residential housing industry in the Greater Houston Metropolitan Area. New residential housing construction can be significantly affected by factors such as interest rates, construction costs, energy availability, gasoline prices, credit availability and consumer demand. See “DEVELOPMENT OF THE DISTRICT.”

Maximum Impact on District Tax Rate: Assuming no further development or construction of taxable improvements, the value of the land and improvements currently within the District will be the major determinant of the ability or willingness of property owners within the District to pay their taxes. The 2021 Assessed Valuation of the District is \$261,245,492. See “SELECTED FINANCIAL INFORMATION.” After issuance of the Bonds, the Maximum Annual Debt Service Requirement for the Bonds is to be \$750,919 (2033) and the Average Annual Debt Service Requirement for the Bonds is to be \$524,416 (2022 through 2042, inclusive). Assuming no decrease to the District’s assessed taxable valuation as of January 1, 2021, tax rates of \$0.31 and \$0.22 per \$100 of assessed taxable valuation at a 95% tax collection rate would be necessary to pay the maximum annual debt service requirement and the average annual debt service requirement, respectively. See “DEBT SERVICE REQUIREMENTS” and “SELECTED FINANCIAL INFORMATION - Tax Adequacy for Debt Service.”

The District can make no representation that the taxable property values in the District will increase in the future or will maintain a value sufficient to support the proposed District tax rate or to justify continued payment of taxes by property owners.

Tax Collections and Foreclosure Remedies

The District’s ability to make debt service payments may be adversely affected by its inability to collect ad valorem taxes. Under Texas law, the levy of ad valorem taxes by the District constitutes a lien in favor of the District on a parity with the liens of all other taxing authorities on the property against which taxes are levied, and such lien may be enforced by foreclosure. The District’s ability to collect ad valorem taxes through such foreclosure may be impaired by (a) cumbersome, time consuming and expensive collection procedures, (b) a bankruptcy court’s stay of tax collection procedure against a taxpayer, or (c) market conditions limiting the proceeds from a foreclosure sale of taxable 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. Attorney’s fees and other costs of collecting any such taxpayer’s delinquencies could substantially reduce the net proceeds to the District from a tax foreclosure sale. Finally, a bankruptcy court with jurisdiction over bankruptcy proceedings initiated by or against a taxpayer within the District pursuant to the Federal Bankruptcy Code could stay any attempt by the District to collect delinquent ad valorem taxes against such taxpayer. In addition to the automatic stay against collection of delinquent taxes afforded a taxpayer during the pendency of a bankruptcy, a bankruptcy could affect payment of taxes in two other ways: first, a debtor’s confirmation plan may allow a debtor to make installment payments on delinquent taxes for up to six years; and, second, a debtor may challenge, and a bankruptcy court may reduce, the amount of any taxes assessed against the debtor, including taxes that have already been paid.

Registered Owners’ Remedies

If the District defaults in the payment of principal, interest, or redemption price on the Bonds when due, or if it fails to make payments into any fund or funds created in the Bond 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 to seek of a writ of mandamus issued by a court of competent jurisdiction requiring the District and its officials to observe and perform the covenants, obligations, or conditions prescribed in the Bond 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, so that in the absence of other waivers of such immunity by the Texas Legislature, a default by the District in its covenants in the Bond Order may not be reduced to a judgment for money damages. If such a judgment against the District were obtained, it could not be enforced by direct levy and execution against the District's property. Further, the Registered Owners cannot themselves foreclose on property within the District or sell property within the District to enforce the tax lien on taxable property to pay the principal of and interest on the Bonds. The enforceability of the rights and remedies of the Registered Owners may further be limited by a State of Texas statute reasonably required to attain an important public purpose or by laws relating to bankruptcy, reorganization or other similar laws of general application affecting the rights of creditors of political subdivisions, such as the District.

Bankruptcy Limitation to Registered Owners' Rights

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

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

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

The District may not be placed into bankruptcy involuntarily.

Future Debt

Following the issuance of the Bonds, an aggregate of \$26,350,000 principal amount of unlimited tax bonds for water, sewer and drainage purposes and \$29,802,700 principal amount of unlimited tax bonds for refunding purposes will remain authorized but unissued. Additional bonds may hereafter be approved by the voters of the District. If additional bonds are issued in the future and property values have not increased proportionately, such issuance may increase gross debt to property valuation ratios and thereby adversely affect the investment quality or security of the Bonds.

Future and Proposed Legislation

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Marketability of the Bonds

The District has no understanding with the Initial Purchaser 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 may be greater than the difference between the bid and asked price of bonds of comparable maturity and quality issued by more traditional issuers, since such bonds are more generally bought, sold and traded in the secondary market.

Potential Impact of Natural Disaster

The District is located approximately 60 miles from the Texas Gulf Coast and, as it has in the past, could be impacted by high winds, heavy rains, and flooding caused by hurricane, tornado, tropical storm, or other adverse weather event. In the event that a natural disaster should damage or destroy improvements and personal property in the District, the assessed value of such taxable properties could be substantially reduced, resulting in a decrease in the taxable assessed value in the District or an increase in the District's tax rates. See "TAXING PROCEDURES – Valuation of Property for Taxation."

There can be no assurance that a casualty loss to taxable property within the District will be covered by insurance (certain casualties, including flood, are usually excepted unless specific insurance is purchased), that any insurance company will fulfill its obligation to provide insurance proceeds, or that insurance proceeds will be used to rebuild, repair, or replace any taxable properties in the District that were damaged. Even if insurance proceeds are available and damaged properties are rebuilt, there could be a lengthy period in which assessed values in the District are adversely affected.

Hurricane Harvey

The Houston area, including Harris County, sustained widespread rain and flood damage as a result of Hurricane Harvey's landfall along the Texas Gulf Coast on August 25, 2017, causing historic levels of rainfall during the succeeding four days. According to the District's Utility System Operator, the District's water distribution system did not sustain any significant damage and there was no interruption of service. However, certain lift stations in the District's wastewater collection system sustained damage and accordingly there was a temporary reduction of sanitary sewer service to the District. According to estimates by the District's Utility System Operator, approximately 80 homes within the District representing approximately 5% of the total homes within the District experienced flooding or other damage as a result of Hurricane Harvey. District residents have reported flooding in houses ranging from a few inches to several feet. The flooding within the District was caused by record levels of rainfall in the Cypress Creek watershed. Cypress Creek is the principal drainage outflow for the District. The District is located within the jurisdiction of the Harris County Flood Control District ("HCFCD"). Because of historic rainfall levels, Cypress Creek overflowed its banks, which resulted in flooding in portions of the District. The District and HCFCD are evaluating the causes and effects of the flooding and any improvements to the system that may be appropriate to further protect from future flood events.

Specific Flood Type Risks

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

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

National Weather Service Atlas 14 Rainfall Study

In 2018, the National Weather Service completed a rainfall study known as NOAA Atlas 14, Volume 11 Precipitation-Frequency Atlas of the United States ("Atlas 14"). Floodplain boundaries within the District may be redrawn based on the Atlas 14 study based on a higher statistical rainfall amount, resulting in interim floodplain regulations applying to a larger number of properties and consequently leaving less developable property within the District. 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.

Potential Effects of Oil Price Fluctuations on the Houston Area

The economy of the Houston area has, in the past, been particularly affected by adverse conditions in the oil and gas industry, and such conditions and their spillover effects into other industries could result in declines in the demand for residential and commercial property in the Houston area and could reduce or negatively affect property values within the District. The District cannot predict the impact that negative conditions in the oil industry will have on property values in the District.

Environmental Regulations

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

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

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

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

The HGB Area is currently designated as a severe ozone nonattainment area under the 1997 Ozone Standards. 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 has developed a formal request that the HGB Area be redesignated to attainment under the 1997 Ozone Standards. The TCEQ Commissioners approved publication of a proposed HGB Area redesignation request under the 1997 Ozone Standards on September 5, 2018.

The HGB Area is currently designated as a “moderate” nonattainment area under the 2008 Ozone Standard, with an attainment deadline of July 20, 2018. 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 nonstormwater discharges into surface water in the State. It has a 5-year permit term, and is then subject to renewal. Moreover, the Clean Water Act (“CWA”) and Texas Water Code require municipal wastewater treatment plants to meet secondary treatment effluent limitations and more stringent water quality-based limitations and requirements to comply with the State 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 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.

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.

There are currently no COVID-19 related operating limits imposed by executive order of the Governor for any business or other establishment in the State of Texas. 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.

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.

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 “LEGAL MATTERS - Tax Exemption.”

Approval of the Bonds

The Attorney General of Texas must approve the legality of the Bonds prior to their delivery. The Attorney General of Texas, however, 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.

Bond Insurance

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the “Policy”) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory 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 mandatory or optional prepayment of the Bonds by the District which is recovered by the District from the bond owner as a voidable preference under applicable bankruptcy law is covered by the

insurance policy, however, such payments will be made by the bond insurer at such time and in such amounts as would have been due absent such prepayment by the District unless the bond insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the bond insurer without appropriate consent. The bond insurer may direct and must consent to any remedies and the bond insurer's consent may be required in connection with amendments to any applicable bond documents.

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

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

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 related to insolvency of insurance companies.

Neither the Issuer or Initial Purchasers have made independent investigation into the claims paying ability of the bond insurer and no assurance or representation regarding the financial strength or projected financial strength of the bond insurer is given. Thus, when making an investment decision, potential investors should carefully consider the ability of the District to pay principal and interest on the Bonds and the claims paying ability of the bond insurer, particularly over the life of the investment. See "MUNICIPAL 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.

TAXING PROCEDURES

Property Tax Code and County-Wide Appraisal District

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

Property Subject to Taxation by the District

Except for certain exemptions provided by Texas law, all real property and tangible personal property are subject to taxation by the District; however, it is expected that no effort will be made by the District to collect taxes on personal property other than on personal property rendered for taxation, business inventories and the property of privately owned utilities. Principal categories of exempt property include property owned by the State of Texas or its political subdivisions if the property is used for public purposes; property exempt from ad valorem taxation by federal law; certain household goods, family supplies and personal effects; farm products owned by the producer; all oil, gas and mineral interests owned by an institution of higher education; certain property owned by exclusively charitable organizations, youth development associations, religious organizations, and qualified schools; designated historical sites; solar and wind-powered energy devices; and most individually owned automobiles. In addition, the District may by its own action exempt residential

homesteads of persons sixty-five (65) years or older or under a disability for purposes of payment of disability insurance under the Federal Old-Age Survivors and Disability Insurance Act to the extent deemed advisable by the Board. The District would be required to call an election on such residential homestead exemption upon petition by at least twenty percent (20%) of the number of qualified voters who voted in the District's preceding election and would be required to offer such an exemption if a majority of voters approve it at such election. For the 2022 tax year, the District granted a \$40,000 exemption for residential homesteads of persons sixty-five (65) years or older or under a disability. Additionally, the District must grant exemptions to disabled veterans or certain surviving dependents of disabled veterans, if requested, of between \$5,000 and \$12,000 depending on the disability rating of the veteran. Subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied.

Partially disabled veterans or certain surviving spouses of partially disabled veterans are entitled to an exemption from taxation of a percentage of the appraised value of their residence homestead in an amount equal to the partially disabled veteran's disability rating if the residence homestead was donated by a charitable organization. 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.

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

General Residential Homestead Exemptions

Texas law authorizes the governing body of each political subdivision in the State of Texas to exempt up to twenty percent (20%) of the appraised value of residential homesteads, but not less than \$5,000 if any exemption is granted, from ad valorem taxation. The law provides, however, that where ad valorem taxes have previously been pledged for the payment of debt, the governing body of a political subdivision may continue to levy and collect taxes against the exempt value of the homesteads until the debt is discharged, if the cessation of the levy would impair the obligations of the contract by which the debt was created. For the 2022 tax year, the District has not granted a general residential homestead exemption.

Valuation of Property for Taxation

Generally, property in the District must be appraised by the Appraisal District at market value as of January 1 of each year. Assessments under the Property Tax Code are to be based upon one hundred percent (100%) of market value. The appraised value of residential homestead property may be limited to the lesser of the market value of the property, or the sum of the appraised value of the property for the last year in which it was appraised, plus ten percent (10%) of such appraised value multiplied by the number of years since the last appraisal, plus the market value of all new improvements to the property. Once an appraisal roll is prepared and approved by the Appraisal Review Board, it is used by the District in establishing its tax rate. The Property Tax Code requires the Appraisal District to implement a plan for periodic reappraisal of property to update appraised values. The plan must provide for appraisal of all real property by the Appraisal District at least once every 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.

Reappraisal of Property

On November 5, 2019, a Texas Constitutional amendment, effective January 1, 2020, passed and the prior process that gave local taxing jurisdictions the option to request a reappraisal following a disaster was repealed and replaced with an exemption for qualified property that is in a governor-declared disaster area and at least 15% 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 applicable 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.

District and Taxpayer Remedies

Under certain circumstances, taxpayers and taxing units, including the District, may appeal orders of the Appraisal Review Board by filing a petition for review in district court within forty-five (45) days after notice is received that a final order has been entered. In such event, the property value in question may be determined by the court, or by a jury, if requested by any party. Additionally, taxing units may bring suit against the Appraisal District to comply with the Property Tax Code. The District may challenge the level of appraisal of a certain category of property, the exclusion of property from the appraisal rolls or the grant, in whole or in part, of an exemption. The District may not, however, protest a valuation of any individual property.

Texas law provides for notice and hearing procedures prior to the adoption of an ad valorem tax rate by the District. Additionally, Texas law provides for an additional notice and, upon petition by qualified voters, an election which could result in the repeal of certain tax rate increases on residential homesteads. The Property Tax Code also establishes a procedure for notice to property owners of reappraisals reflecting increased property values, appraisals that are higher than renditions and appraisals of property not previously on an appraisal roll.

Agricultural, Open Space, Timberland and Inventory Deferment

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

Tax Abatement

The City of Houston, Harris County, or the District may designate all or part of the District as a reinvestment zone, and the District, Harris County, and (if it were to annex the area) the City of Houston may thereafter enter into tax abatement agreements with the owners of property within the zone. The tax abatement agreements may exempt from ad valorem tax, by the applicable taxing jurisdictions, and/or by 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 a comprehensive plan. According to the District's Tax Assessor/Collector, to date, none of the area within the District has been designated as a reinvestment zone.

Levy and Collection of Taxes

The District is responsible for the collection of its taxes, unless it elects to transfer such functions to another governmental entity. The District adopts its tax rate each year after it receives a tax roll certified by the Appraisal District. Taxes are due upon receipt of a bill therefor, and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later, or, if billed after January 10, they are delinquent on the first day of the month next following the 21st day after such taxes are billed. A delinquent tax accrues interest at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid beginning the first calendar month it is delinquent. A delinquent tax also incurs a penalty of six percent (6%) of the amount of the tax for the first calendar month it is delinquent plus a one percent (1%) penalty for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent (12%) of the amount of the delinquent tax without regard to the number of months the tax has been delinquent, which penalty remains at such rate without further increase. If the tax is not paid by July 1, an additional penalty of up to the amount of the compensation

specified in the District's contract with its delinquent tax collection attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District. With respect to personal property taxes that become delinquent on or after February 1 of a year and that remain delinquent sixty (60) days after the date on which they become delinquent, as an alternative to the penalty described in the foregoing sentence, an additional penalty on personal property of up to the amount specified in the District's contract with its delinquent tax attorney, but not to exceed twenty percent (20%) of the total tax, penalty and interest, may, under certain circumstances, be imposed by the District prior to July 1. The District's contract with its delinquent tax collection attorney currently specifies a twenty percent (20%) additional penalty. The District may waive penalties and interest on delinquent taxes only if (i) an error or omission of a representative of the District, including the Appraisal District, caused the failure of the taxpayer to pay taxes, (ii) the delinquent taxes are paid on or before the one-hundred and eightieth (180th) day after the taxpayer received proper notice of such delinquency and the delinquent taxes relate to a property for which the appraisal roll lists one or more certain specified inaccuracies, or (iii) the taxpayer submits evidence sufficient to show that the tax payment was delivered before the delinquency, date to the United States Postal Service or other delivery service, but an act or omission of the postal or delivery service resulted in the tax payment being considered delinquent. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency of taxes under certain circumstances. The owner of a residential homestead property who is (i) a person sixty-five (65) years of age or older, (ii) under a disability for purpose of payment of disability insurance benefits under the Federal Old Age Survivors and Disability Insurance Act or (iii) qualifies as a disabled veteran under Texas law, is also entitled by law to pay current taxes on a residential homestead in installments or to defer the payment of taxes without penalty during the time of ownership. Additionally, a person who is delinquent on taxes for a residential homestead is entitled to an agreement with the District to pay such taxes in equal installments over a period of between 12 and 36 months (as determined by the District) when such person has not entered into another installment agreement with respect to delinquent taxes with the District in the preceding 24 months.

District's Rights in the Event of Tax Delinquencies

Taxes levied by the District are a personal obligation of the owner of the property against which the tax is levied. In addition, on January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed for the year on the property. The lien exists in favor of each taxing unit, including the District, having power to tax the property. The District's tax lien is on a parity with tax liens of other such taxing units. See "SELECTED FINANCIAL INFORMATION—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. Further, personal property under certain circumstances is subject to seizure and sale for the payment of delinquent taxes, penalties, and interest.

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

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

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

LEGAL MATTERS

Legal Opinions

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

In addition to serving as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., also serves as General Counsel to the District on matters not related to the issuance of bonds. Certain legal matters will be passed upon for the District by McCall, Parkhurst & Horton L.L.P., Houston, Texas, as Disclosure Counsel.

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

Legal Review

In its capacity as Bond Counsel, Smith, Murdaugh, Little & Bonham, L.L.P., has reviewed the information appearing in this Official Statement under the captioned sections “THE BONDS,” “THE DISTRICT—General,” and — “Management of the District—Bond Counsel and General Counsel,” “TAXING PROCEDURES,” and “LEGAL MATTERS” solely to determine whether such information fairly summarizes the law and documents referred to therein. Such firm has not independently verified factual information contained in this Official Statement, nor has such firm conducted an investigation of the affairs of the District for the purpose of passing upon the accuracy or completeness of this Official Statement. No person is entitled to rely upon such firm’s limited participation as an assumption of responsibility for, or an expression of opinion of any kind with regard to, the accuracy or completeness of any of the other information contained herein.

Tax Exemption

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

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

Bond Counsel’s opinion represents its legal judgment based upon its review of Existing Law and the reliance on the aforementioned information, representations and covenants. Bond Counsel’s opinion is not a guarantee of a result.

Existing Law, upon which Bond Counsel has based its opinion, is subject to change by Congress, administrative interpretation by the Department of the Treasury and to subsequent judicial interpretation. There can be no assurance that Existing Law or the interpretation thereof will not be changed in a manner which would adversely affect the tax treatment of ownership of the Bonds.

Qualified Tax-Exempt Obligations

Section 265(a) of the Code provides, in pertinent part, that interest paid or incurred by a taxpayer, including a “financial institution,” on indebtedness incurred or continued to purchase or carry tax-exempt obligations is not deductible by such taxpayer in determining taxable income. Section 265(b) of the Code provides an exception to the disallowance of such deduction for any interest expense paid or incurred on indebtedness of a taxpayer which is a “financial institution” allocable to tax-exempt obligations, other than “private activity bonds,” which are designated by an issuer as “qualified tax-exempt obligations.” Section 265(b)(5) of the Code defines the term “financial institution” as referring to any corporation described in section 585(a)(2) of the Code, or any person accepting deposits from the public in the ordinary course of such person’s trade or business which is subject to federal or state supervision as a financial institution.

The District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of section 265(b) of the Code. In furtherance of that designation, the District will covenant to take such action which would assure or to refrain from such action which would adversely affect the treatment of the Bonds as “qualified tax-exempt obligations.”

Collateral Federal Income Tax Consequences

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

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences. The following discussion is applicable to investors, other than those who are subject to special provisions of the Code, including financial institutions, life insurance and property and casualty insurance companies, owners of interests in a FASIT, individual recipients of Social Security or Railroad Retirement benefits,

taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, certain S corporations with accumulated earnings and profits and excess passive investment income, foreign corporations subject to the branch profits tax, taxpayers qualifying for the health insurance premium assistance credit, and individuals allowed an earned income credit. THE DISCUSSION CONTAINED HEREIN MAY NOT BE EXHAUSTIVE. INVESTORS, INCLUDING THOSE WHO ARE SUBJECT TO SPECIFIC PROVISIONS OF THE CODE, SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX TREATMENT WHICH MAY BE ANTICIPATED TO RESULT FROM THE PURCHASE, OWNERSHIP, AND DISPOSITION OF TAX-EXEMPT OBLIGATIONS BEFORE DETERMINING WHETHER TO PURCHASE THE BONDS.

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

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

State, Local and Foreign Taxes

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

Tax Accounting Treatment of Original Issue Discount and Premium Bonds

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

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

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

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

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

DISCOUNT BONDS AND WITH RESPECT TO THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, REDEMPTION, SALE OR OTHER DISPOSITION OF SUCH ORIGINAL ISSUE DISCOUNT BONDS.

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

NO MATERIAL ADVERSE CHANGE

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

NO-LITIGATION CERTIFICATE

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

PREPARATION OF OFFICIAL STATEMENT

Sources and Compilation of Information

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

Financial Advisor

Robert W. Baird & Co., Incorporated 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, including the Official Notice of Sale and the Official Bid Form for the sale of the Bonds. In its capacity as Financial Advisor, Robert W. Baird & Co., Inc. 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:

Tax Assessor/Collector: The information contained in this Official Statement relating to the breakdown of the District's historical assessed value and principal taxpayers, including particularly such information contained in the section entitled "SELECTED FINANCIAL INFORMATION" and "TAXING PROCEDURES" has been provided by Equi-Tax Inc., and is included herein in reliance upon the authority of such firm as an expert in assessing property values and collecting taxes.

Engineer: The information contained in this Official Statement relating to engineering and to the description of the System and, in particular that information included in the sections entitled “THE DISTRICT” and “THE SYSTEM” has been provided by Volger & Spencer Engineering, Inc., and has been included herein in reliance upon the authority of said firm as experts in the field of civil engineering.

Auditor: The District's audited financial statements for the year ended September 30, 2021, were prepared by Mark C. Eyring, CPA, PLLC, and have been included herein as “APPENDIX A.” Mark C. Eyring, CPA, PLLC, has consented to the publication of such financial statements in this Official Statement.

Updating of Official Statement

For the period beginning on the date of the award of the sale of the Bonds to the Initial Purchaser and ending on the ninety-first (91st) day after the “end of the underwriting period,” (as defined in Rule 15c(2)-12(f)(2) of the United States Securities and Exchange Commission (the “SEC”)), if any event shall occur of which the District has knowledge and as a result of which it is necessary to amend or supplement this Official Statement in order to make the statements herein, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, not materially misleading, the District will promptly notify the Initial Purchaser of the occurrence of such event and will cooperate in the preparation of a revised Official Statement, or amendments or supplements hereto, so that the statements in this Official Statement, as revised, amended or supplemented, will not, in light of the circumstances when this Official Statement is delivered to a prospective purchaser, be materially misleading. The District assumes no responsibility for supplementing this Official Statement thereafter.

Certification as to Official Statement

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

CONTINUING DISCLOSURE OF INFORMATION

In the Bond Order, the District has made the following agreements 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 certain information vendors. This information will be available to securities brokers and others who subscribe to receive the information from the vendors

Annual Reports

The District will provide certain financial information and operating data annually which is customarily prepared by the District and publicly available. The financial information and operating data which will be provided is found in the section titled “SELECTED FINANCIAL INFORMATION” and in APPENDIX A. The District will update and provide this information within six months after the end of each fiscal year.

The District will update and provide this information to the MSRB within six months after the end of each of its fiscal years beginning in 2022. Any information so provided shall be prepared in accordance with generally accepted auditing standards or other such principles as the District may be required to employ from time to time pursuant to state law or regulation, and audited if the audit report is completed within the period during which it must be provided. If the audit report is not complete within such period, then the District shall provide unaudited financial statements for the applicable fiscal year to the MSRB within such six month period, and audited financial statements when the audit report becomes available.

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

Event Notices

The District will provide timely notices of certain events to the MSRB, but in no event will such notices be provided to the MSRB in excess of ten business days after the occurrence of an event. The District will provide notice of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of beneficial owners of the Bonds, if material; (8) bond calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the District or other obligated person; (13) consummation of a merger, consolidation, or acquisition involving the District or other obligated person or the sale of all or substantially all of the assets of the District or other obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the District or other obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District or other obligated person, any of which affect beneficial owners of the Bonds, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District or other obligated person, any of which reflect financial difficulties. The terms "obligated person" and "financial obligation" when used in this paragraph shall have the meanings ascribed to them under SEC Rule 15c2-12 (the "Rule"). The term "material" when used in this paragraph shall have the meaning ascribed to it under federal securities laws. Neither the Bonds nor the Bond Order makes any provision for debt service reserves or liquidity enhancement. In addition, the District will provide timely notice of any failure by the District to provide information, data, or financial statements in accordance with its agreement described above under "Annual Reports."

Availability of Information from MSRB

The District has agreed to provide the information only to the MSRB. The MSRB has prescribed that such information must be filed via EMMA. The MSRB makes the information available to the public without charge and investors will be able to access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

Limitations and Amendments

The District has agreed to update information and to provide notices of 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 or the Developers, 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 such 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 Initial Purchaser from lawfully purchasing the Bonds in the offering described herein. If the District so amends the agreement, it has agreed to include with any financial information or operating data next provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

Compliance with Prior Undertakings

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

MISCELLANEOUS

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

/s/ Frances I. Bland
President, Board of Directors
Tattor Road Municipal District

ATTEST:

/s/ John Finger
Secretary, Board of Directors
Tattor Road Municipal District

AERIAL PHOTOGRAPH OF THE DISTRICT
(taken March 2022)



APPENDIX A
FINANCIAL STATEMENTS
OF THE DISTRICT

TATTOR ROAD MUNICIPAL DISTRICT
HARRIS COUNTY, TEXAS
ANNUAL AUDIT REPORT
SEPTEMBER 30, 2021

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Mark C. Eyring, CPA, PLLC

12702 Century Drive • Suite C2 • Stafford, Texas 77477 • 281-277-9595 • Mark@EyringCPA.com

January 10, 2022

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tattor Road Municipal District
Harris County, Texas

I have audited the accompanying financial statements of the governmental activities and each fund of Tattor Road Municipal District, as of and for the year ended September 30, 2021, which collectively comprise the District's basic financial statements, as listed in the table of contents, and the related notes to the financial statements.

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 of material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 assessment of the risk 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 I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

INDEPENDENT AUDITOR'S REPORT (Continued)**Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on Pages 3 to 8 and Schedule of Revenues, Expenditures and Changes in Fund Balance, Budget and Actual, General Fund, on Page 22 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on Pages 23 to 41 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Except for the portion marked "unaudited," the information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it. The accompanying supplementary information includes financial data excerpted from prior year financial statements which were audited by my firm.

A handwritten signature in black ink, appearing to read "M. G. J.", is located in the lower right quadrant of the page.

Management’s Discussion and Analysis

Using this Annual Report

Within this section of the Tattor Road Municipal District (the "District") annual report, the District’s Board of Directors provides narrative discussion and analysis of the financial activities of the District for the fiscal year ended September 30, 2021.

The annual report consists of a series of financial statements plus additional supplemental information to the financial statements as required by its state oversight agency, the Texas Commission on Environmental Quality. 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. In the District’s case, the single governmental program is provision of water and sewer services. Other activities, such as garbage collection and security services, 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 and liabilities owned by 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 total assets and total liabilities is labeled as *net position* and this difference is similar to the total owners’ 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. 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 period.

Although the statement of activities looks different from a commercial enterprise’s income statement, 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 fund financial statements consist of a balance sheet and statement of revenues, expenditures and change 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 and sewer 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 total assets and total liabilities 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 are different, there are significant differences between the totals presented in these financial statements. For this reason, there is an analysis in Note 3 of the notes to the financial statements that reconciles the total fund balances to the amount of net position presented in the governmental activities column on the statement of net position. Also, there is an analysis in Note 3 of the notes to the 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.

Financial Analysis of the District as a Whole

Financial Analysis of the District as a Whole begins with an understanding of how financial resources flow through the District's funds. Resources in the Capital Projects Fund are derived principally from proceeds of the sale of bonds, and expenditures from this fund are subject to the Rules of the Texas Commission on Environmental Quality. Resources in the Debt Service Fund are derived principally from the collection of property taxes and are used for the payment of tax collection costs and bond principal and interest. Resources in the General Fund are derived principally from property taxes and billings for water and sewer services and are used to operate and maintain the system and to pay costs of administration of the District.

Management has financial objectives for each of the District's funds. The financial objective for the Capital Projects Fund is to spend the funds as necessary in accordance with the Rules of the Texas Commission on Environmental Quality. The financial objective for the Debt Service Fund is to levy the taxes necessary to pay the fiscal year debt service requirements plus the cost of levying and collecting taxes, leaving the appropriate fund balance as recommended by the District's financial advisor. The financial objective for the General Fund is to keep the fund's expenditures as low as possible while ensuring that revenues are adequate to cover expenditures and maintaining the fund balance that Management believes is prudent. Management believes that these financial objectives were met during the fiscal year.

Management believes that the required method of accounting for certain elements of the government-wide financial statements makes the government-wide financial statements as a whole not useful for financial analysis. In the government-wide financial statements, capital assets and depreciation expense have been required to be recorded at historical cost. Management's policy is to maintain the District's capital assets in a condition greater than or equal to the condition required by regulatory authorities, and management does not believe that depreciation expense is relevant to the management of the District. In the government-wide financial statements, certain non-cash costs of long-term debt are capitalized and amortized over the life of the related debt. Management believes that this required method of accounting is not useful for financial analysis of the District and prefers to consider the required cash flows of the debt as reported in the fund statements and the notes to the financial statements. In the government-wide financial statements, property tax revenues are required to be recorded in the fiscal year for which the taxes are levied, regardless of the year of collection. Management believes that the cash basis method of accounting for property taxes in the funds provides more useful financial information.

The following required summaries of the District's overall financial position and operations for the past two years are based on the information included in the government-wide financial statements. For the reasons described in the preceding paragraph, a separate analysis of the summaries is not presented.

Summary of Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Current and other assets	\$ 5,365,487	\$ 6,234,480	\$ (868,993)
Capital assets	6,908,969	6,121,136	787,833
Total assets	<u>12,274,456</u>	<u>12,355,616</u>	<u>(81,160)</u>
Long-term liabilities	6,034,169	6,634,341	(600,172)
Other liabilities	<u>1,000,732</u>	<u>1,039,223</u>	<u>(38,491)</u>
Total liabilities	<u>7,034,901</u>	<u>7,673,564</u>	<u>(638,663)</u>
Net position:			
Invested in capital assets, net of related debt	274,628	(421,899)	696,527
Restricted	2,305,475	2,682,694	(377,219)
Unrestricted	<u>2,659,452</u>	<u>2,421,257</u>	<u>238,195</u>
Total net position	<u>\$ 5,239,555</u>	<u>\$ 4,682,052</u>	<u>\$ 557,503</u>

Summary of Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues:			
Property taxes, including related penalty and interest	\$ 1,374,527	\$ 1,345,329	\$ 29,198
Charges for services	1,773,781	1,623,297	150,484
Other revenues	<u>49,091</u>	<u>90,057</u>	<u>(40,966)</u>
Total revenues	<u>3,197,399</u>	<u>3,058,683</u>	<u>138,716</u>
Expenses:			
Service operations	2,440,712	2,247,718	192,994
Debt service	<u>199,184</u>	<u>263,325</u>	<u>(64,141)</u>
Total expenses	<u>2,639,896</u>	<u>2,511,043</u>	<u>128,853</u>
Change in net position	557,503	547,640	9,863
Net position, beginning of year	<u>4,682,052</u>	<u>4,134,412</u>	<u>547,640</u>
Net position, end of year	<u>\$ 5,239,555</u>	<u>\$ 4,682,052</u>	<u>\$ 557,503</u>

Financial Analysis of the District's Funds

The District's combined fund balances as of the end of the fiscal year ended September 30, 2021, were \$4,929,448, a decrease of \$801,024 from the prior year.

The General Fund balance increased by \$238,113, in accordance with the District's financial plan.

The Debt Service Fund balance decreased by \$8,607, in accordance with the District's financial plan.

The Capital Projects Fund balance decreased by \$1,030,530, as authorized expenditures exceeded interest earnings.

General Fund Budgetary Highlights

The Board of Directors did not amend the budget during the fiscal year. The District's budget is primarily a planning tool. Accordingly, actual results varied from the budgeted amounts. A comparison of actual to budgeted amounts is presented on Page 22 of this report. The budgetary fund balance as of September 30, 2021, was expected to be \$2,470,043 and the actual end of year fund balance was \$2,642,739.

Capital Asset and Debt Administration

Capital Assets

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

	Capital Assets (Net of Accumulated Depreciation)		
	2021	2020	Change
Land	\$ 581,387	\$ 581,387	\$ 0
Detention ponds	832,576	832,576	0
Construction in progress	118,857	203,804	(84,947)
Buildings and improvements	1,037,082	1,066,383	(29,301)
Water facilities	646,901	715,526	(68,625)
Sewer facilities	3,692,166	2,721,460	970,706
Totals	<u>\$ 6,908,969</u>	<u>\$ 6,121,136</u>	<u>\$ 787,833</u>

Changes to capital assets during the fiscal year ended September 30, 2021, are summarized as follows:

Additions:		
Construction at joint facilities		\$ 29,388
Water system improvements		118,857
Sanitary sewer system improvements		<u>912,834</u>
Total additions to capital assets		1,061,079
Decreases:		
Depreciation		<u>(273,246)</u>
Net change to capital assets		<u>\$ 787,833</u>

Debt

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

Bonded debt payable, beginning of year	\$ 7,220,000
Bonds paid	<u>(545,000)</u>
Bonded debt payable, end of year	<u>\$ 6,675,000</u>

At September 30, 2021, the District had \$3,900,000 of bonds authorized but unissued for the purposes of acquiring, constructing and improving the water, sanitary sewer and drainage system within the District.

The District's bonds have an underlying rating of A- by Standard & Poor's. The Series 2015 and 2018 bonds are insured by Build America Mutual Assurance Company. The Series 2010 and 2012 bonds are not insured and are rated A- by Standard & Poor's. The Series 2015 and 2018 bonds are rated AA by Standard & Poor's. There was no change in the bond ratings during the fiscal year ended September 30, 2021.

RELEVANT FACTORS AND WATER SUPPLY ISSUES

Property Tax Base

The District's tax base increased approximately \$14,795,000 for the 2020 tax year (about 7%) primarily due to the increase in the average valuation of existing property.

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 District must conform to a City of Houston ordinance consenting to the creation of the District. In addition, the District may be annexed by the City of Houston, but subject to the Strategic Partnership Agreement mentioned below. If the District is annexed, the City will assume the District's assets and obligations (including the bonded indebtedness) and dissolve the District within ninety (90) days.

Utilizing a provision of Texas law, the City of Houston ("City") and the District entered into a Strategic Partnership Agreement ("SPA") effective as of December 14, 2009. The SPA provides for the limited purpose annexation of certain developed commercial tracts within the District by the City. The properties made subject to the SPA may not be taxed for ad valorem purposes by the City, and the City provides only limited services (primarily police). Additional properties may become subject to the SPA by amending the SPA upon the consent of the City and the District. The City pays the District an amount equal to 50 percent of all Sales and Use Tax revenues generated from the properties subject to the SPA and received by the City from the Comptroller of Public Accounts of the State of Texas. The term of the SPA is 30 years. During the term of the SPA, the City has agreed not to annex all or part of the District or commence any action to annex all or part of the District for full purposes.

Water Supply Issues

The District is located within the boundaries of the Harris-Galveston Subsidence District ("Subsidence District") and the North Harris County Regional Water Authority ("NHCRWA"). The NHCRWA was created to provide for conversion of the area within its boundaries from groundwater usage to alternative sources of water supply (e.g., surface water) as required by regulations of the Subsidence District. The NHCRWA covers an area located in northern Harris County and adjacent to the City of Houston. Pursuant to an order of the Subsidence District and the NHCRWA's Groundwater Reduction Plan (as approved by the Subsidence District), the area within the boundaries of the NHCRWA must be converted to at least 30% alternate source (e.g., surface) water use by 2010, 60% alternate source water use by 2025, and 80% alternate source water use by 2035. To implement the required conversion to alternate source water use in accordance with such schedule, the NHCRWA is in the process of designing and constructing and will operate a network of transmission and distribution lines, storage tanks, and pumping stations to transport and distribute water within the NHCRWA (the "NHCRWA System"). In addition, the NHCRWA has entered into a water supply contract to secure a long-term supply of treated surface water from the City of Houston.

The District is subject to the NHCRWA's Groundwater Reduction Plan. The NHCRWA, as part of the plan of financing the NHCRWA System, has elected to allow districts, such as the District, to participate in a pro-rata share of the costs associated with the acquisition and construction of the NHCRWA System (including the costs associated with the acquisition of alternate sources of water supply) by issuing its own debt or using cash on hand, entitling the District to a future credit against pumpage fees due to the NHCRWA. The District has not elected this financing option. As a result, the District has elected to pay its share in the NHCRWA System costs over time through payment of levied pumpage fees to the NHCRWA. The District may be required by the NHCRWA to participate in the groundwater conversion project by converting to surface water some time after January 1, 2010. Noncompliance with the NHCRWA's Groundwater Reduction Plan or nonparticipation in the NHCRWA's surface water conversion project could result in the District's exclusion from the NHCRWA's Groundwater Reduction Plan and assessment of the Subsidence District's disincentive fee against groundwater pumped from wells located within the District.

Groundwater pumped from wells located within the District is not currently subject to the Subsidence District's groundwater disincentive fee. However, groundwater pumped from wells located within the District is subject to a per 1,000 gallon pumpage fee that is assessed and collected by the NHCRWA pursuant to the NHCRWA's Pumpage Fee Order. At September 30, 2021, the pumpage fee was equal to \$4.60 per 1,000 gallons pumped, and is expected to increase in the future. At September 30, 2021, the Authority's surface water usage fee was equal to \$5.05 per 1,000 gallons, and is expected to increase in the future. The issuance of additional bonds by the District in an undetermined amount may be necessary at some time in the future to finance the acquisition and construction of surface water infrastructure (whether such costs are incurred directly by the District or through projects undertaken by the NHCRWA). The NHCRWA has sold bonds to finance a portion of the costs related to the design, acquisition and construction of the NHCRWA System. The NHCRWA bonds are secured by revenues of the NHCRWA, including the pumpage fee.

TATTOR ROAD MUNICIPAL DISTRICT

STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

SEPTEMBER 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>	<u>Adjustments (Note 3)</u>	<u>Statement of Net Position</u>
ASSETS						
Cash, including interest-bearing accounts, Note 7	\$ 445,852	\$ 213,528	\$ 47,063	\$ 706,443	\$	\$ 706,443
Temporary investments, at cost, Note 7	2,256,397	218,405	1,900,914	4,375,716		4,375,716
Receivables:						
Property taxes	16,713	24,403		41,116		41,116
Accrued penalty and interest on property taxes				0	12,057	12,057
Service accounts	173,601			173,601		173,601
Sales and Use Taxes, Note 13	11,880			11,880		11,880
Other	1,088			1,088		1,088
Maintenance taxes collected not yet transferred from other fund	13,162			13,162	(13,162)	0
Due from other funds	51,431		430	51,861	(51,861)	0
Prepaid expenditures	12,394			12,394		12,394
Deposit at joint facilities, Note 9	18,960			18,960		18,960
Groundwater bank certificates, at cost, Note 12	12,232			12,232		12,232
Capital assets, net of accumulated depreciation, Note 4:						
Capital assets not being depreciated				0	1,532,820	1,532,820
Depreciable capital assets				0	5,376,149	5,376,149
Total assets	<u>\$3,013,710</u>	<u>\$ 456,336</u>	<u>\$1,948,407</u>	<u>\$ 5,418,453</u>	<u>6,856,003</u>	<u>12,274,456</u>
LIABILITIES						
Accounts payable	\$ 157,960	\$ 15,481	\$ 13,127	\$ 186,568		186,568
Accrued interest payable				0	17,694	17,694
Customer deposits	196,298			196,298		196,298
Maintenance taxes collected not yet transferred to other fund		13,162		13,162	(13,162)	0
Due to other funds		430	51,431	51,861	(51,861)	0
Long-term liabilities, Note 5:						
Due within one year				0	600,172	600,172
Due in more than one year				0	6,034,169	6,034,169
Total liabilities	<u>354,258</u>	<u>29,073</u>	<u>64,558</u>	<u>447,889</u>	<u>6,587,012</u>	<u>7,034,901</u>
DEFERRED INFLOWS OF RESOURCES						
Property tax revenues	<u>16,713</u>	<u>24,403</u>	<u>0</u>	<u>41,116</u>	<u>(41,116)</u>	<u>0</u>
FUND BALANCES / NET POSITION						
Fund balances:						
Nonspendable:						
Reserve at joint facilities, Note 9	18,960			18,960	(18,960)	0
Groundwater bank certificates, Note 12	12,232			12,232	(12,232)	0
Assigned to:						
Debt service		402,860		402,860	(402,860)	0
Capital projects			1,883,849	1,883,849	(1,883,849)	0
Unassigned	<u>2,611,547</u>			<u>2,611,547</u>	<u>(2,611,547)</u>	<u>0</u>
Total fund balances	<u>2,642,739</u>	<u>402,860</u>	<u>1,883,849</u>	<u>4,929,448</u>	<u>(4,929,448)</u>	<u>0</u>
Total liabilities, deferred inflows, and fund balances	<u>\$3,013,710</u>	<u>\$ 456,336</u>	<u>\$1,948,407</u>	<u>\$ 5,418,453</u>		
Net position:						
Invested in capital assets, net of related debt					274,628	274,628
Restricted for debt service					421,626	421,626
Restricted for capital projects					1,883,849	1,883,849
Unrestricted					<u>2,659,452</u>	<u>2,659,452</u>
Total net position					<u>\$ 5,239,555</u>	<u>\$ 5,239,555</u>

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

TATTOR ROAD MUNICIPAL DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	Debt Service Fund	Capital Projects Fund	Total	Adjustments (Note 3)	Statement of Activities
REVENUES						
Property taxes	\$ 562,648	\$ 790,902	\$	\$ 1,353,550	\$ (658)	\$ 1,352,892
Water service	394,376			394,376		394,376
Sewer and garbage service	657,787			657,787		657,787
Surface water fees, Note 11	555,354			555,354		555,354
Penalty, interest and other revenues	91,699	21,124		112,823	511	113,334
Sales and Use taxes, Note 13	46,179			46,179		46,179
Capital contribution by other district				0	74,565	74,565
Interest on deposits and investments	1,295	456	1,161	2,912		2,912
Total revenues	2,309,338	812,482	1,161	3,122,981	74,418	3,197,399
EXPENDITURES / EXPENSES						
Service operations:						
Purchased sewer services, Note 9	195,583			195,583		195,583
Professional fees	153,627	7,196		160,823		160,823
Contracted services	155,448	37,150		192,598		192,598
Utilities	80,002			80,002		80,002
Ground water pumpage fees, Note 11	555,955			555,955		555,955
Repairs, maintenance and other operating expenditures	468,172			468,172		468,172
Security service	73,610			73,610		73,610
Garbage disposal	335,963			335,963		335,963
Administrative expenditures	98,042	6,718		104,760		104,760
Depreciation				0	273,246	273,246
Capital outlay / non-capital outlay	29,388		1,031,691	1,061,079	(1,061,079)	0
Debt service:						
Principal retirement		545,000		545,000	(545,000)	0
Interest and fees		225,025		225,025	(25,841)	199,184
Total expenditures / expenses	2,145,790	821,089	1,031,691	3,998,570	(1,358,674)	2,639,896
Excess (deficiency) of revenues over expenditures	163,548	(8,607)	(1,030,530)	(875,589)	1,433,092	557,503
OTHER FINANCING SOURCES (USES)						
Capital contribution by other district	74,565	0	0	74,565	(74,565)	0
Total other financing sources (uses)	74,565	0	0	74,565	(74,565)	0
Net change in fund balances / net position	238,113	(8,607)	(1,030,530)	(801,024)	1,358,527	557,503
Beginning of year	2,404,626	411,467	2,914,379	5,730,472	(1,048,420)	4,682,052
End of year	\$ 2,642,739	\$ 402,860	\$ 1,883,849	\$ 4,929,448	\$ 310,107	\$ 5,239,555

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

TATTOR ROAD MUNICIPAL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1: REPORTING ENTITY

Tattor Road Municipal District (the "District") was created by Acts of the 61th Legislature of the State of Texas, Regular Session, 1969, and operates in accordance with Texas Water Code Chapters 49 and 51. The District is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Board of Directors held its first meeting on June 20, 1972 and the first bonds were sold on November 12, 1973. The District is subject to the continuing supervision of the Texas Commission on Environmental Quality.

The District is empowered, among other things, to purchase, construct, operate and maintain all works, improvements, facilities and plants necessary for the supply of water; the collection, transportation and treatment of wastewater; and the control and diversion of storm water. The District may provide garbage disposal and collection services. In addition, the District is empowered, if approved by the electorate, the Texas Commission on Environmental Quality and other governmental entities having jurisdiction, to establish, operate and maintain a fire department, either independently or jointly with certain other districts.

In evaluating how to define the District for financial reporting purposes, the Board of Directors of the District has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there were no other entities which were included as a component unit in the District's financial statements.

As more fully described in Note 9, the District is a participant in the Treschwig Regional Wastewater Treatment Facilities (the "Facilities"). Oversight of the Facilities is exercised by the members of the Treschwig Regional Wastewater Treatment Facilities Joint Powers Board which is comprised of representatives from the participants. Based on the criteria described above, the Facilities' financial activity has not been included as a component unit in the District's financial statements.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The District's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board (the "GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board issued through November 30, 1989 (when applicable), that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

Basic Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and governmental fund financial statements (reporting the District's funds). Because the District is a single-program government as defined by the GASB, the District has combined the government-wide statements and the fund financial statements using a columnar format that reconciles individual line items of fund financial data to government-wide data in a separate column on the face of the financial statements. An additional reconciliation between the fund and the government-wide financial data is presented in Note 3.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. The effect of interfund activity has been removed from these statements. The District's net position is reported in three parts – invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The government-wide statement of activities reports the components of the changes in net position during the reporting period.

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, fund balances, revenues and expenditures and changes in fund balances. The District's fund balances are either nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are reported as nonspendable, restricted, committed, assigned or unassigned. Nonspendable fund balances are either not in spendable form or are contractually required to remain intact. Restricted fund balances include amounts that can only be used for the specific purposes stipulated by constitutional provisions, external resource providers or enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by formal action of the District's Board of Directors. Assigned fund balances are intended for a specific purpose but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. The transactions of the District are accounted for in the following funds:

General Fund -- To account for all revenues and expenditures not required to be accounted for in other funds.

Debt Service Fund -- To account for the accumulation of financial resources for, and the payment of, bond principal and interest, paid principally from property taxes levied by the District.

Capital Projects Fund -- To account for financial resources designated to construct or acquire capital assets. Such resources are derived principally from proceeds of the sale of bonds.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Basis of Accounting

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting which recognizes all long-term assets and receivables as well as long-term debt and obligations. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Ad valorem property taxes are recognized as revenues in the fiscal year for which they have been levied and related penalties and interest are recognized in the fiscal year in which they are imposed. An allowance for uncollectibles is estimated for delinquent property taxes and reported separately in the financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred except for principal and interest on bonds payable which are recorded only when payment is due.

Interfund Activity

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is reported as interfund receivables or payables, as appropriate, as are all other outstanding balances between funds. Operating transfers between funds represent legally authorized transfers from the fund receiving resources to the fund through which the resources are to be expended.

Receivables

Service accounts receivable as reported are considered collectible. The District uses the direct write off method for uncollectible service accounts. Unbilled water and sewer revenues are not material and are not recorded at year end. The District considers service accounts revenues to be available if they are to be collected within 60 days after the end of the fiscal year.

In the fund financial statements, ad valorem taxes and penalties and interest are reported as revenues in the fiscal year in which they become available to finance expenditures of the fiscal year for which they have been levied. Property taxes which have been levied and are not yet collected (or have been collected in advance of the fiscal year for which they have been levied) are recorded as deferred inflow of resources. Property taxes collected after the end of the fiscal year are not included in revenues.

Capital Assets

Capital assets, which include property, plant, equipment, and immovable public domain or "infrastructure" assets are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$5,000 (including installation costs, if any, and associated professional fees) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed by the District. Donated capital assets are recorded at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset or increase the value of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Depreciation on capital assets is computed using the straight-line method over the following estimated useful lives:

Plant and equipment	10-45 years
Underground lines	45 years

Long-term Liabilities

Long-term debt and other long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable premium or discount. If bonds are refunded and the carrying amount of the new debt is different than the net carrying amount of the old debt, the difference is netted against the new debt and amortized using the effective interest method over the shorter of the remaining life of the refunded debt or the life of the new debt issued.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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 expenditures of the fund from which they are paid.

NOTE 3: RECONCILIATION OF FUND TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Reconciliation of year end fund balances to net position:

Total fund balances, end of year		\$ 4,929,448
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Total capital assets, net		6,908,969
Some long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:		
Bonds payable	\$ (6,675,000)	
Deferred charges on refunding (to be amortized as interest expense)	1,460	
Issuance discounts, net of premiums (to be amortized as interest expense)	<u>39,199</u>	(6,634,341)
Some receivables that do not provide current financial resources are not reported as receivables in the funds:		
Accrued penalty and interest on property taxes receivable	12,057	
Uncollected property taxes	<u>41,116</u>	53,173
Some liabilities that do not require the use of current financial resources are not reported as liabilities in the funds:		
Accrued interest		<u>(17,694)</u>
Net position, end of year		<u>\$ 5,239,555</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Reconciliation of net change in fund balances to change in net position:

Total net change in fund balances		\$ (801,024)
<p>The funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>		
Capital outlay	\$ 1,061,079	
Depreciation	<u>(273,246)</u>	787,833
<p>The issuance of long-term debt (bonds payable) provides current financial resources to the funds, while the repayment of the principal of long-term debt consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position. The effect of these differences in the treatment of long-term debt:</p>		
Principal reduction		545,000
<p>The funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of these items:</p>		
Deferred charge on refunding	(4,322)	
Issuance premium, net of discount	<u>28,346</u>	24,024
<p>Some revenues reported in the statement of activities do not provide current financial resources and therefore are not reported as revenues in the funds:</p>		
Accrued penalty and interest on property taxes receivable	511	
Uncollected property taxes	<u>(658)</u>	(147)
<p>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 the funds:</p>		
Accrued interest		<u>1,817</u>
Change in net position		<u>\$ 557,503</u>

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 4: CAPITAL ASSETS

Capital asset activity for the fiscal year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 581,387	\$	\$	\$ 581,387
Detention ponds	832,576			832,576
Construction in progress	<u>203,804</u>	<u>1,031,691</u>	<u>1,116,638</u>	<u>118,857</u>
Total capital assets not being depreciated	<u>1,617,767</u>	<u>1,031,691</u>	<u>1,116,638</u>	<u>1,532,820</u>
Depreciable capital assets:				
Buildings and improvements	1,162,978			1,162,978
Water system	2,561,100	1,146,026		3,707,126
Sewer system	<u>5,168,289</u>			<u>5,168,289</u>
Total depreciable capital assets	<u>8,892,367</u>	<u>1,146,026</u>	<u>0</u>	<u>10,038,393</u>
Less accumulated depreciation for:				
Buildings and improvements	(87,903)	(29,301)		(117,204)
Water system	(1,538,430)	(68,625)		(1,607,055)
Sewer system	<u>(2,762,665)</u>	<u>(175,320)</u>		<u>(2,937,985)</u>
Total accumulated depreciation	<u>(4,388,998)</u>	<u>(273,246)</u>	<u>0</u>	<u>(4,662,244)</u>
Total depreciable capital assets, net	<u>4,503,369</u>	<u>872,780</u>	<u>0</u>	<u>5,376,149</u>
Total capital assets, net	<u>\$ 6,121,136</u>	<u>\$ 1,904,471</u>	<u>\$ 1,116,638</u>	<u>\$ 6,908,969</u>
Changes to capital assets:				
Capital outlay		\$ 1,061,079	\$	
Assets transferred to depreciable assets		1,116,638	1,116,638	
Less depreciation expense for the fiscal year		<u>(273,246)</u>		
Net increases / decreases to capital assets		<u>\$ 1,904,471</u>	<u>\$ 1,116,638</u>	

NOTE 5: LONG-TERM LIABILITIES AND CONTINGENT LIABILITIES

Long-term liability activity for the fiscal year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Bonds payable	\$ 7,220,000	\$	\$ 545,000	\$ 6,675,000	\$ 575,000
Issuance (discount) net of premium	(10,853)		28,346	(39,199)	26,632
Deferred refunding charges	<u>(5,782)</u>		<u>(4,322)</u>	<u>(1,460)</u>	<u>(1,460)</u>
Total bonds payable	<u>7,203,365</u>	<u>0</u>	<u>569,024</u>	<u>6,634,341</u>	<u>600,172</u>
Total long-term liabilities	<u>\$ 7,203,365</u>	<u>\$ 0</u>	<u>\$ 569,024</u>	<u>\$ 6,634,341</u>	<u>\$ 600,172</u>

Developer Construction Commitments and Liabilities

At September 30, 2021, there were no developer construction commitments or liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As of September 30, 2021, the debt service requirements on the bonds outstanding were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 575,000	\$ 200,824	\$ 775,824
2023	385,000	183,550	568,550
2024	400,000	171,775	571,775
2025	410,000	159,625	569,625
2026	425,000	147,100	572,100
2027 - 2031	2,330,000	532,552	2,862,552
2032 - 2035	<u>2,150,000</u>	<u>143,792</u>	<u>2,293,792</u>
	<u>\$ 6,675,000</u>	<u>\$ 1,539,218</u>	<u>\$ 8,214,218</u>

Bonds voted	\$ 21,500,000
Bonds approved for sale and sold	17,600,000
Bonds voted and not issued	3,900,000
Refunding bonds voted	5,000,000.00
Refunding bonds approved for sale and sold	197,300.30
Refunding bonds voted and not issued	4,802,699.70

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

The bond issues payable at September 30, 2021, were as follows:

	<u>Refunding Series 2010</u>	<u>Series 2012</u>	<u>Series 2015</u>
Amounts outstanding, September 30, 2021	\$215,000	\$360,000	\$3,100,000
Interest rates	4.00%	4.00%	3.00% to 3.25%
Maturity dates, serially beginning/ending	March 1, 2022	March 1, 2022	March 1, 2023/2035
Interest payment dates	March 1/September 1	March 1/September 1	March 1/September 1
Callable dates	March 1, 2019*	March 1, 2020*	March 1, 2023*

*Or date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

	<u>Series 2018</u>
Amounts outstanding, September 30, 2021	\$3,000,000
Interest rates	3.00% to 3.375%
Maturity dates, serially beginning/ending	March 1, 2023/2035
Interest payment dates	March 1/September 1
Callable dates	March 1, 2024*

*Or date thereafter at par plus accrued interest to the date of redemption, in whole or in part at the option of the District.

NOTE 6: PROPERTY TAXES

The Harris County Appraisal District has the responsibility for appraising property for all taxing units within the county as of January 1 of each year, subject to review and change by the county Appraisal Review Board. The appraisal roll, as approved by the Appraisal Review Board, must be used by the District in establishing its tax roll and tax rate. The District's taxes are usually levied in the fall, are due when billed and become delinquent after January 31 of the following year or 30 days after the date billed, whichever is later. On January 1 of each year, a statutory tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed for the year on the property.

The Bond Orders require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due and the cost of assessing and collecting taxes.

At an election held August 8, 1992, the voters within the District authorized a maintenance tax not to exceed \$0.50 per \$100 valuation on all property subject to taxation within the District. This maintenance tax is being used by the General Fund to pay expenditures of operating the District.

On October 12, 2020, the District levied the following ad valorem taxes for the 2020 tax year on the adjusted taxable valuation of \$239,626,196:

	<u>Rate</u>	<u>Amount</u>
Debt service	\$ 0.3300	\$ 790,766
Maintenance	<u>0.2350</u>	<u>563,122</u>
	<u>\$ 0.5650</u>	<u>\$ 1,353,888</u>

A reconciliation of the tax levy to property tax revenues on the Statement of Activities is as follows:

2020 tax year total property tax levy	\$ 1,353,888
Appraisal district adjustments to prior year taxes	<u>(996)</u>
Statement of Activities property tax revenues	<u>\$ 1,352,892</u>

NOTE 7: DEPOSITS AND TEMPORARY INVESTMENTS

The District complied with the requirements of the Public Funds Investment Act during the current fiscal year including the preparation of quarterly investment reports required by the Act.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

State statutes authorize the District to invest and reinvest in direct or indirect obligations of the United States, the State of Texas, any county, city, school district, or other political subdivision of the state, or in local government investment pools authorized under the Public Funds Investment Act. Funds of the District may be placed in certificates of deposit of state or national banks or savings and loan associations within the state provided that they are secured in the manner provided for the security of the funds under the laws of the State of Texas. In accordance with the District's investment policies, during the current year the District's funds were invested in interest bearing accounts at authorized financial institutions, an authorized private sector investment pool, and in TexPool, a local government investment pool sponsored by the State Comptroller. The private sector investment pool is rated AAAm by Standard & Poor's. TexPool is rated AAAm by Standard & Poor's.

In accordance with state statutes and the District's investment policies, the District requires that insurance or security be provided by depositories for all funds held by them. At the balance sheet date, the carrying amount of the District's deposits was \$706,443 and the bank balance was \$758,317. Of the bank balance, \$607,287 was covered by federal insurance and \$151,030 was covered by the market value of collateral held by the District's custodial bank in the District's name. The market value of collateral was reported to the District by the depository.

At the balance sheet date the carrying value and market value of the investments in the authorized private sector investment pool was \$57,888.

At the balance sheet date the carrying value and market value of the investments in TexPool was \$4,317,828.

Deposits and temporary investments restricted by state statutes and the Bond Orders:

Debt Service Fund

For payment of debt principal and interest,
paying agent fees and costs of assessing and
collecting taxes:

Cash	\$ 213,528
Temporary investments	<u>218,405</u>
	<u>\$ 431,933</u>

Capital Projects Fund

For construction of capital assets:

Cash	\$ 47,063
Temporary investments	<u>1,900,914</u>
	<u>\$ 1,947,977</u>

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; personal injuries and natural disasters. Significant losses are covered by insurance as described below. There were no significant reductions in insurance coverage from the prior fiscal year. There have been no settlements which have exceeded the insurance coverage for each of the past three fiscal years.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At September 30, 2021, the District had physical damage and boiler and machinery coverage of \$5,500,000, comprehensive general liability and pollution coverage with a per occurrence limit of \$1,000,000 and \$3,000,000 general aggregate, pollution coverage of \$1,000,000, umbrella liability coverage of \$1,000,000 each, consultant's crime coverage and peace officer bond of \$10,000, bookkeeper crime coverage of \$500,000 and a tax assessor-collector bond of \$25,000.

NOTE 9: REGIONAL WASTEWATER TREATMENT FACILITIES

On April 30, 1991, the District entered into a forty year agreement providing for the ownership, operation, maintenance and expansion of the Treschwig Regional Wastewater Treatment Facilities (the "Facilities") and the creation of the Treschwig Regional Wastewater Treatment Facilities Joint Powers Board (the "Joint Powers Board"). At September 30, 2021, ownership of the Facilities was shared by the following participants: Tattor Road Municipal District -- 29.43%; Harris County Municipal Utility District No. 43 -- 25.75%; Harris County Water Control and Improvement District No. 136 -- 21.39%; Post Wood Municipal Utility District -- 21.15%; and Aldine Independent School District -- 2.28%. The Facilities is governed by a Joint Powers Board whose five members are appointed by each of the entities participating in the Facilities. The Facilities issues no debt. Each participant records its share of the capital assets of the Facilities in its financial statements.

Each participant is responsible only for its share of the operating costs of the Facilities which are allocated and billed monthly based upon each participant's pro rata share of capacity in the Facilities and the number of equivalent number of connections of each participant. Capital costs are billed based upon each participant's ownership percentage. The District has contributed \$18,960 as its share of the Facilities' operating reserve. During the fiscal year ended September 30, 2021, the District incurred operating costs of \$195,583 and capital costs of \$29,388 under this agreement.

The following summary financial data of the Facilities' General Fund is presented for the Facilities' fiscal year ended March 31, 2021:

	Facilities Total	District's Share
Total assets	\$ 127,048	\$ 37,390
Total liabilities	(65,048)	(18,430)
Reserved fund balance	\$ 62,000	\$ 18,960
Total revenues	\$ 846,828	\$ 244,753
Total expenditures	(846,828)	(244,753)
Excess revenues (expenditures)	0	0
Reserved fund balance, beginning of year	62,000	18,960
Reserved fund balance, end of year	\$ 62,000	\$ 18,960

NOTE 10: SEWAGE FLOW-THROUGH AGREEMENT WITH OTHER DISTRICT

On December 20, 1976 (amended December 15, 2011), the District and Post Wood Municipal Utility District ("Post Wood") entered into a agreement which continues in effect until December 31, 2051, whereby Post Wood would share in the construction and operation costs of a joint force main line and lift station. Post Wood's share of the costs was established at 13%. During the fiscal year ended September 30, 2021, Post Wood reimbursed the District operating costs of \$5,809.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

NOTE 11: REGIONAL WATER AUTHORITY FEES

The North Harris County Regional Water Authority (the "Authority") was created by House Bill 2965, Acts of the 76th Legislature, Regular Session 1999, and was confirmed by an election held on January 15, 2001. The Authority is a political subdivision of the State of Texas, governed by an elected five member Board of Directors. The Authority is empowered to, among other powers, "acquire or develop surface water and groundwater supplies from sources inside of or outside of the boundaries of the authority and may conserve, store, transport, treat, purify, distribute, sell and deliver water to persons, corporations, municipal corporations, political subdivisions of the state, and others, inside of and outside of the boundaries of the authority." The Authority is also empowered to "establish fees and charges as necessary to enable the authority to fulfill the authority's regulatory obligations." In accordance with this provision, as of September 30, 2021, the Authority had established a ground water pumpage fee of \$4.60 per 1,000 gallons of water pumped from each regulated well. The District's well pumpage fees payable to the Authority for the fiscal year ended September 30, 2021, were \$555,955. The District billed its customers \$555,354 during the fiscal year to pay for the fees charged by the Authority.

NOTE 12: GROUNDWATER BANK CERTIFICATES

The District has received Groundwater Bank certificates directly from the issuer, the Harris-Galveston Subsidence District (the "HGSD"). These certificates expire in 20 years and allow the bearer to pump the quantity of water specified on the certificate from wells instead of using surface water as mandated by the HGSD. Certificates can also be used in lieu of a disincentive fee assessed by the HGSD for ground water pumpage in excess of the District's permit as amended. At September 30, 2021, the District had in its possession certificates totaling 31,374 thousand gallons of water. The District values the certificates at cost which resulted in a total cost basis for the certificates on hand of \$12,232 at September 30, 2021.

NOTE 13: STRATEGIC PARTNERSHIP AGREEMENT

Effective December 14, 2009, the District and the City of Houston (the "City") entered into a 30 year Strategic Partnership Agreement (the "Agreement"). Under the terms of the Agreement, the City annexed a portion of the District (the "Partial District") for the limited purposes of applying the City's Planning, Zoning, Health, and Safety Ordinances within the Partial District. The Agreement states that the District and all taxable property within the District shall not be liable for any present or future debts of the City and current and future taxes levied by the City shall not be levied on taxable property with the District. The City agreed that it will not annex the District for full purposes or commence any action to annex the District for full purposes during the term of this Agreement.

The City imposed a Sales and Use Tax within the boundaries of the Partial District at the time of the limited-purpose annexation of the Partial District. The Agreement provides that the City shall pay to the District one half of all Sales and Use Tax revenues generated within the boundaries of the Partial District and received by the City from the Comptroller of Public Accounts of the State of Texas. The District accrued Sales and Use Tax revenues of \$46,179 from the City for the fiscal year ended September 30, 2021, of which \$11,880 was receivable at that date.

TATTOR ROAD MUNICIPAL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE, BUDGET AND ACTUAL, GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 525,000	\$ 525,000	\$ 562,648	\$ 37,648
Water service	400,000	400,000	394,376	(5,624)
Sewer and garbage service	650,000	650,000	657,787	7,787
Surface water fees	500,000	500,000	555,354	55,354
Penalty and other revenues	79,000	79,000	91,699	12,699
Sales and Use taxes	45,000	45,000	46,179	1,179
Interest on deposits and investments	20,000	20,000	1,295	(18,705)
TOTAL REVENUES	2,219,000	2,219,000	2,309,338	90,338
EXPENDITURES				
Service operations:				
Purchased services	281,233	281,233	195,583	(85,650)
Professional fees	157,500	157,500	153,627	(3,873)
Contracted services	145,000	145,000	155,448	10,448
Utilities	70,000	70,000	80,002	10,002
Ground water pumpage fees	525,000	525,000	555,955	30,955
Repairs, maintenance and other operating expenditures	403,600	403,600	468,172	64,572
Security service	74,400	74,400	73,610	(790)
Garbage disposal	325,000	325,000	335,963	10,963
Administrative expenditures	116,850	116,850	98,042	(18,808)
Capital outlay	55,000	55,000	29,388	(25,612)
TOTAL EXPENDITURES	2,153,583	2,153,583	2,145,790	(7,793)
EXCESS REVENUES (EXPENDITURES)	65,417	65,417	163,548	98,131
OTHER FINANCING SOURCES				
Capital contribution by other district	0	0	74,565	74,565
TOTAL OTHER FINANCIAL SOURCES (USES)	0	0	74,565	74,565
EXCESS SOURCES (USES)	65,417	65,417	238,113	172,696
FUND BALANCE, BEGINNING OF YEAR	2,404,626	2,404,626	2,404,626	0
FUND BALANCE, END OF YEAR	\$ 2,470,043	\$ 2,470,043	\$ 2,642,739	\$ 172,696

The District's Board of Directors adopts an annual nonappropriated budget. This budget may be amended throughout the fiscal year and is prepared on a basis consistent with generally accepted accounting principles.

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

TATTOR ROAD MUNICIPAL DISTRICT
SCHEDULE OF TEXAS SUPPLEMENTARY INFORMATION
REQUIRED BY THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY
SEPTEMBER 30, 2021

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

- [X] TSI-1. Services and Rates
- [X] TSI-2. General Fund Expenditures
- [X] TSI-3. Temporary Investments
- [X] TSI-4. Taxes Levied and Receivable
- [X] TSI-5. Long-Term Debt Service Requirements by Years
- [X] TSI-6. Changes in Long-Term Bonded Debt
- [X] TSI-7. Comparative Schedule of Revenues and Expenditures -
General Fund and Debt Service Fund - Five Year
- [X] TSI-8. Board Members, Key Personnel and Consultants

TATTOR ROAD MUNICIPAL DISTRICT
SCHEDULE OF SERVICES AND RATES
SEPTEMBER 30, 2021

1. Services Provided by the District during the Fiscal Year:

- | | | |
|--|---|--|
| <input checked="" type="checkbox"/> Retail Water | <input type="checkbox"/> Wholesale Water | <input type="checkbox"/> Drainage |
| <input checked="" type="checkbox"/> Retail Wastewater | <input type="checkbox"/> Wholesale Wastewater | <input type="checkbox"/> Irrigation |
| <input type="checkbox"/> Parks/Recreation | <input type="checkbox"/> Fire Protection | <input checked="" type="checkbox"/> Security |
| <input checked="" type="checkbox"/> Solid Waste/Garbage | <input type="checkbox"/> Flood Control | <input type="checkbox"/> Roads |
| <input checked="" type="checkbox"/> Participates in joint venture, regional system and/or wastewater service (other than emergency interconnect) | | |
| <input type="checkbox"/> 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 1000 Gallons Over Minimum	Usage Levels
WATER:	\$15.50	5,000	N	\$1.50 2.00 2.75	5,001 to 10,000 10,001 to 15,000 Over 15,000
WASTEWATER:	\$33.30	5,000	N	\$0.50 0.75	5,001 to 20,000 Over 20,000

SURCHARGE: \$5.06 per 1,000 gallons of water used. – NHCRWA surface water fees.

District employs winter averaging for wastewater usage: Yes No

Total charges per 10,000 gallons usage: Water: \$20.50 Wastewater: \$35.80 Surcharge: \$50.60

TATTOR ROAD MUNICIPAL DISTRICT
SCHEDULE OF SERVICES AND RATES (Continued)
SEPTEMBER 30, 2021

b. Water and Wastewater Retail Connections (unaudited):

<u>Meter Size</u>	<u>Total Connections</u>	<u>Active Connections</u>	<u>ESFC* Factor</u>	<u>Active ESFCs</u>
Unmetered	0	0	1.0	0
< or = 3/4"	1,573	1,548	1.0	1,548
1"	8	8	2.5	20
1-1/2"	2	2	5.0	10
2"	4	4	8.0	32
3"	1	1	15.0	15
4"	4	4	25.0	100
6"	0	0	50.0	0
8"	0	0	80.0	0
10"	0	0	115.0	0
Total Water	<u>1,592</u>	<u>1,567</u>		<u>1,725</u>
Total Wastewater	<u>1,571</u>	<u>1,546</u>	1.0	<u>1,546</u>

*Single family equivalents

3. Total Water Consumption during the Fiscal Year (rounded to thousands):

Gallons pumped into system (unaudited): 123,829
 Gallons billed to customers (unaudited): 114,697

Water Accountability Ratio
 (Gallons billed/ gallons pumped): 93%

4. Standby Fees (authorized only under TWC Section 49.231):

Does the District have Debt Service standby fees? Yes No

If yes, date of the most recent Commission Order: _____

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

If yes, date of the most recent Commission Order: _____

TATTOR ROAD MUNICIPAL DISTRICT
EXPENDITURES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CURRENT				
Purchased sewer services	\$ 195,583	\$ 0	\$ 0	\$ 195,583
Professional fees:				
Auditing	10,950			10,950
Legal	105,194	7,196		112,390
Engineering	37,483			37,483
	<u>153,627</u>	<u>7,196</u>	<u>0</u>	<u>160,823</u>
Contracted services:				
Bookkeeping	22,375			22,375
Operation and billing	115,557			115,557
Sales and Use Tax consultant	2,000			2,000
Building administration	15,516			15,516
Tax assessor-collector Central appraisal district		27,307		27,307
		9,843		9,843
	<u>155,448</u>	<u>37,150</u>	<u>0</u>	<u>192,598</u>
Utilities	<u>80,002</u>	<u>0</u>	<u>0</u>	<u>80,002</u>
Ground water pumpage fees	<u>555,955</u>	<u>0</u>	<u>0</u>	<u>555,955</u>
Repairs, maintenance and other operating expenditures:				
Repairs and maintenance	430,268			430,268
Chemicals	12,963			12,963
Laboratory costs	5,029			5,029
Inspection costs	1,478			1,478
Reconnection costs	13,221			13,221
TCEQ assessment	5,213			5,213
	<u>468,172</u>	<u>0</u>	<u>0</u>	<u>468,172</u>
Security service	<u>73,610</u>	<u>0</u>	<u>0</u>	<u>73,610</u>
Garbage disposal	<u>335,963</u>	<u>0</u>	<u>0</u>	<u>335,963</u>
Administrative expenditures:				
Directors' fees	21,450			21,450
Office supplies and postage	29,534			29,534
Insurance	21,783	125		21,908
Permit fees	4,398			4,398
Other	20,877	6,593		27,470
	<u>98,042</u>	<u>6,718</u>	<u>0</u>	<u>104,760</u>

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
EXPENDITURES (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
CAPITAL OUTLAY				
Authorized expenditures	\$ 29,388	\$ 0	\$ 1,031,691	\$ 1,061,079
DEBT SERVICE				
Principal retirement	<u>0</u>	<u>545,000</u>	<u>0</u>	<u>545,000</u>
Interest and fees:				
Interest		223,225		223,225
Paying agent fees		1,800		1,800
	<u>0</u>	<u>225,025</u>	<u>0</u>	<u>225,025</u>
TOTAL EXPENDITURES	<u>\$ 2,145,790</u>	<u>\$ 821,089</u>	<u>\$ 1,031,691</u>	<u>\$ 3,998,570</u>

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT

ANALYSIS OF CHANGES IN DEPOSITS AND TEMPORARY INVESTMENTS
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals (Memorandum Only)</u>
SOURCES OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash receipts from revenues excluding maintenance taxes		\$ 812,482	\$ 1,161	\$ 813,643
Maintenance tax receipts	1,744,195	562,648		2,306,843
Transfer of maintenance taxes	559,459			559,459
Reimbursement from other fund	53,866			53,866
Overpayments from taxpayers		<u>15,408</u>		<u>15,408</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS PROVIDED	<u>2,357,520</u>	<u>1,390,538</u>	<u>1,161</u>	<u>3,749,219</u>
APPLICATIONS OF DEPOSITS AND TEMPORARY INVESTMENTS				
Cash disbursements for:				
Current expenditures	2,118,142	52,183		2,170,325
Capital outlay	29,388		1,030,075	1,059,463
Debt service		770,025		770,025
Transfer of maintenance taxes		559,459		559,459
Decrease in customer deposits	450			450
Reimbursement to other fund			53,866	53,866
Refund of taxpayer overpayments		<u>7,274</u>		<u>7,274</u>
TOTAL DEPOSITS AND TEMPORARY INVESTMENTS APPLIED	<u>2,147,980</u>	<u>1,388,941</u>	<u>1,083,941</u>	<u>4,620,862</u>
INCREASE (DECREASE) IN DEPOSITS AND TEMPORARY INVESTMENTS	209,540	1,597	(1,082,780)	(871,643)
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, BEGINNING OF YEAR	<u>2,492,709</u>	<u>430,336</u>	<u>3,030,757</u>	<u>5,953,802</u>
DEPOSITS AND TEMPORARY INVESTMENTS BALANCES, END OF YEAR	<u>\$ 2,702,249</u>	<u>\$ 431,933</u>	<u>\$ 1,947,977</u>	<u>\$ 5,082,159</u>

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
SCHEDULE OF TEMPORARY INVESTMENTS
SEPTEMBER 30, 2021

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Year End Balance</u>	<u>Accrued Interest Receivable</u>
GENERAL FUND				
TexPool				
No. 1012700002	Market	On demand	\$ 2,068,308	\$ 0
No. 1012700005	Market	On demand	130,201	0
TexSTAR				
No. 267191111000	Market	On demand	<u>57,888</u>	<u>0</u>
			<u>\$ 2,256,397</u>	<u>\$ 0</u>
DEBT SERVICE FUND				
TexPool				
No. 1012700001	Market	On demand	<u>\$ 218,405</u>	<u>\$ 0</u>
CAPITAL PROJECTS FUND				
TexPool				
No. 1012700003	Market	On demand	<u>\$ 1,900,914</u>	<u>\$ 0</u>
Total – All Funds			<u>\$ 4,375,716</u>	<u>\$ 0</u>

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
TAXES LEVIED AND RECEIVABLE
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Maintenance Taxes</u>	<u>Debt Service Taxes</u>
RECEIVABLE, BEGINNING OF YEAR	\$ 16,631	\$ 25,143
Additions and corrections to prior year taxes	<u>(392)</u>	<u>(604)</u>
Adjusted receivable, beginning of year	16,239	24,539
2020 ADJUSTED TAX ROLL	<u>563,122</u>	<u>790,766</u>
Total to be accounted for	579,361	815,305
Tax collections: Current tax year	(553,472)	(777,216)
Prior tax years	<u>(9,176)</u>	<u>(13,686)</u>
RECEIVABLE, END OF YEAR	<u>\$ 16,713</u>	<u>\$ 24,403</u>
RECEIVABLE, BY TAX YEAR		
2010 and prior	\$ 236	\$ 458
2011	30	61
2012	30	66
2013	4	8
2014	47	110
2015	200	440
2016	235	379
2017	1,138	1,659
2018	1,595	2,497
2019	3,548	5,175
2020	<u>9,650</u>	<u>13,550</u>
RECEIVABLE, END OF YEAR	<u>\$ 16,713</u>	<u>\$ 24,403</u>

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
TAXES LEVIED AND RECEIVABLE (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

ADJUSTED PROPERTY VALUATIONS AS OF JANUARY 1 OF TAX YEAR	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Land	\$ 35,213,055	\$ 34,900,185	\$ 35,139,527	\$ 35,129,997
Improvements	220,313,451	211,492,276	180,360,513	183,732,871
Personal property	4,328,224	4,385,268	4,077,612	4,545,509
Less exemptions	<u>(20,228,534)</u>	<u>(25,945,759)</u>	<u>(21,449,122)</u>	<u>(28,958,833)</u>
 TOTAL PROPERTY VALUATIONS	 <u>\$ 239,626,196</u>	 <u>\$ 224,831,970</u>	 <u>\$ 198,128,530</u>	 <u>\$ 194,449,544</u>
 TAX RATES PER \$100 VALUATION				
Debt service tax rates	\$ 0.33000	\$ 0.35000	\$ 0.36000	\$ 0.35000
Maintenance tax rates	<u>0.23500</u>	<u>0.24000</u>	<u>0.23000</u>	<u>0.24000</u>
 TOTAL TAX RATES PER \$100 VALUATION	 <u>\$ 0.56500</u>	 <u>\$ 0.59000</u>	 <u>\$ 0.59000</u>	 <u>\$ 0.59000</u>
 TAX ROLLS	 <u>\$ 1,353,888</u>	 <u>\$ 1,326,509</u>	 <u>\$ 1,169,142</u>	 <u>\$ 1,147,261</u>
 PERCENT OF TAXES COLLECTED TO TAXES LEVIED	 <u>98.2 %</u>	 <u>99.3 %</u>	 <u>99.6 %</u>	 <u>99.7 %</u>

*Maximum tax rate approved by voters on August 8, 1992: \$0.50

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS
SEPTEMBER 30, 2021

	Series 2010		
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	<u>\$ 215,000</u>	<u>\$ 4,300</u>	<u>\$ 219,300</u>

	Series 2012		
<u>Due During Fiscal Years Ending September 30</u>	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	<u>\$ 360,000</u>	<u>\$ 7,200</u>	<u>\$ 367,200</u>

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2015</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$	\$ 96,531	\$ 96,531
2023	175,000	93,906	268,906
2024	185,000	88,506	273,506
2025	195,000	82,806	277,806
2026	205,000	76,806	281,806
2027	215,000	70,506	285,506
2028	225,000	63,906	288,906
2029	235,000	57,006	292,006
2030	245,000	49,653	294,653
2031	260,000	41,863	301,863
2032	270,000	33,313	303,313
2033	285,000	24,294	309,294
2034	295,000	14,869	309,869
2035	310,000	5,038	315,038
TOTALS	<u>\$ 3,100,000</u>	<u>\$ 799,003</u>	<u>\$ 3,899,003</u>

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Series 2018</u>		
	<u>Principal Due March 1</u>	<u>Interest Due March 1, September 1</u>	<u>Total</u>
2022	\$	\$ 92,793	\$ 92,793
2023	210,000	89,644	299,644
2024	215,000	83,269	298,269
2025	215,000	76,819	291,819
2026	220,000	70,294	290,294
2027	225,000	63,618	288,618
2028	225,000	56,869	281,869
2029	230,000	50,044	280,044
2030	235,000	43,068	278,068
2031	235,000	36,019	271,019
2032	240,000	28,594	268,594
2033	245,000	20,713	265,713
2034	250,000	12,668	262,668
2035	255,000	4,303	259,303
TOTALS	<u>\$ 3,000,000</u>	<u>\$ 728,715</u>	<u>\$ 3,728,715</u>

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
LONG-TERM DEBT SERVICE REQUIREMENTS, BY YEARS (Continued)
SEPTEMBER 30, 2021

<u>Due During Fiscal Years Ending September 30</u>	<u>Annual Requirements for All Series</u>		
	<u>Total Principal Due</u>	<u>Total Interest Due</u>	<u>Total</u>
2022	\$ 575,000	\$ 200,824	\$ 775,824
2023	385,000	183,550	568,550
2024	400,000	171,775	571,775
2025	410,000	159,625	569,625
2026	425,000	147,100	572,100
2027	440,000	134,124	574,124
2028	450,000	120,775	570,775
2029	465,000	107,050	572,050
2030	480,000	92,721	572,721
2031	495,000	77,882	572,882
2032	510,000	61,907	571,907
2033	530,000	45,007	575,007
2034	545,000	27,537	572,537
2035	565,000	9,341	574,341
TOTALS	\$ 6,675,000	\$ 1,539,218	\$ 8,214,218

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>
Bond Series:	2010	2012	2015
Interest Rate:	4.00%	4.00%	3.00% to 3.25%
Dates Interest Payable:	March 1/ September 1	March 1/ September 1	March 1/ September 1
Maturity Dates:	March 1, 2022	March 1, 2022	March 1, 2023/2035
Bonds Outstanding at Beginning of Current Year	\$ 415,000	\$ 705,000	\$ 3,100,000
Less Retirements	<u>(200,000)</u>	<u>(345,000)</u>	<u> </u>
Bonds Outstanding at End of Current Year	<u>\$ 215,000</u>	<u>\$ 360,000</u>	<u>\$ 3,100,000</u>
Current Year Interest Paid:	<u>\$ 12,600</u>	<u>\$ 21,300</u>	<u>\$ 96,531</u>

Bond Descriptions and Original Amount of Issue

- (1) Tattor Road Municipal District Unlimited Tax Bonds, Series 2010 (\$1,845,000)
- (2) Tattor Road Municipal District Unlimited Tax Refunding Bonds, Series 2012 (\$2,915,000)
- (3) Tattor Road Municipal District Unlimited Tax Bonds, Series 2015 (\$3,100,000)

Paying Agent/Registrar

- (1) Wells Fargo Bank, Texas, Houston, Texas
- (2) The Bank of New York Mellon Trust Company, N.A., Dallas, Texas
- (3) Amegy Bank National Association, Houston, Texas

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
ANALYSIS OF CHANGES IN LONG-TERM BONDED DEBT (Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>(4)</u>	<u>Totals</u>
Bond Series:	2018	
Interest Rate:	3.00% to 3.375%	
Dates Interest Payable:	March 1/ September 1	
Maturity Dates:	March 1, 2023/2035	
Bonds Outstanding at Beginning of Current Year	\$ 3,000,000	\$ 7,220,000
Less Retirements	<u> </u>	<u>(545,000)</u>
Bonds Outstanding at End of Current Year	<u>\$ 3,000,000</u>	<u>\$ 6,675,000</u>
Current Year Interest Paid:	<u>\$ 92,794</u>	<u>\$ 223,225</u>

Bond Descriptions and Original Amount of Issue

(4) Tattor Road Municipal District Unlimited Tax Bonds, Series 2018 (\$3,000,000)

Paying Agent/Registrar

(4) ZB, N.A., dba Amegy Bank, Houston, Texas

<u>Bond Authority</u>	<u>Tax Bonds</u>	<u>Other Bonds</u>	<u>Refunding Bonds</u>
Amount Authorized by Voters:	\$ 21,500,000	\$ 0	\$ 5,000,000.00
Amount Issued:	17,600,000		197,300.30
Remaining to be Issued:	3,900,000		4,802,699.70

Net Debt Service Fund deposits and investments balances as of September 30, 2021: \$402,860
Average annual debt service payment for remaining term of all debt: 586,730

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
GENERAL FUND
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 562,648	\$ 534,496	\$ 457,194	\$ 465,027	\$ 409,241	24.4 %	24.1 %	22.0 %	22.8 %	21.7 %
Water service	394,376	384,073	357,992	371,622	368,542	17.1	17.3	17.2	18.2	19.6
Sewer and garbage service	657,787	654,883	632,076	640,239	626,939	28.4	29.5	30.3	31.5	33.2
Surface water fees	555,354	505,873	459,645	420,365	359,826	24.0	22.8	22.1	20.6	19.1
Penalty and other revenues	91,699	71,908	97,727	72,508	65,709	4.0	3.2	4.7	3.6	3.5
Tap connection and inspection fees	0	6,560	0	0	0	0.0	0.3	0.0	0.0	0.0
Sales and Use taxes	46,179	43,434	40,089	41,048	41,740	2.0	2.0	1.9	2.0	2.2
Interest on deposits and investments	1,295	16,903	37,479	25,564	13,077	0.1	0.8	1.8	1.3	0.7
TOTAL REVENUES	<u>2,309,338</u>	<u>2,218,130</u>	<u>2,082,202</u>	<u>2,036,373</u>	<u>1,885,074</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
EXPENDITURES										
Service operations:										
Purchased sewer services	195,583	223,394	203,377	171,856	208,457	8.5	10.1	9.8	8.4	11.1
Professional fees	153,627	157,820	148,234	156,764	133,907	6.7	7.1	7.1	7.7	7.1
Contracted services	155,448	139,364	141,292	143,059	129,554	6.7	6.3	6.8	7.0	6.9
Utilities	80,002	64,821	58,665	61,371	65,725	3.5	2.9	2.8	3.0	3.5
Ground water pumpage fees	555,955	517,670	473,864	459,783	376,404	24.1	23.2	22.8	22.6	19.8
Repairs, maintenance and other operating expenditures	468,172	363,168	262,663	434,301	406,694	20.2	16.4	12.6	21.3	21.6
Security service	73,610	71,139	69,165	68,326	67,150	3.2	3.2	3.3	3.4	3.6
Garbage disposal	335,963	325,331	314,156	301,578	298,771	14.5	14.7	15.1	14.8	15.8
Administrative expenditures	98,042	94,615	97,956	118,091	84,745	4.2	4.3	4.7	5.8	4.5
Capital outlay	29,388	39,508	137,750	178,307	36,821	1.3	1.8	6.6	8.8	2.0
TOTAL EXPENDITURES	<u>2,145,790</u>	<u>1,996,830</u>	<u>1,907,122</u>	<u>2,093,436</u>	<u>1,808,228</u>	<u>92.9</u>	<u>90.0</u>	<u>91.6</u>	<u>102.8</u>	<u>95.9</u>
EXCESS REVENUES (EXPENDITURES)	<u>\$ 163,548</u>	<u>\$ 221,300</u>	<u>\$ 175,080</u>	<u>\$ (57,063)</u>	<u>\$ 76,846</u>	<u>7.1 %</u>	<u>10.0 %</u>	<u>8.4 %</u>	<u>(2.8) %</u>	<u>4.1 %</u>
TOTAL ACTIVE RETAIL WATER CONNECTIONS	<u>1,567</u>	<u>1,571</u>	<u>1,572</u>	<u>1,558</u>	<u>1,560</u>					
TOTAL ACTIVE RETAIL WASTEWATER CONNECTIONS	<u>1,546</u>	<u>1,550</u>	<u>1,554</u>	<u>1,570</u>	<u>1,544</u>					

TATTOR ROAD MUNICIPAL DISTRICT
COMPARATIVE STATEMENTS OF REVENUES AND EXPENDITURES,
DEBT SERVICE FUND
FOR YEARS ENDED SEPTEMBER 30

	AMOUNT					PERCENT OF TOTAL REVENUES				
	2021	2020	2019	2018	2017	2021	2020	2019	2018	2017
REVENUES										
Property taxes	\$ 790,902	\$ 780,907	\$ 715,456	\$ 679,727	\$ 660,066	97.3 %	96.1 %	96.0 %	95.7 %	97.2 %
Penalty and interest	21,124	27,450	16,121	24,167	15,480	2.6	3.4	2.2	3.4	2.3
Accrued interest on bonds received at date of sale	0	0	2,578	0	0	0.0	0.0	0.3	0.0	0.0
Interest on deposits and investments	456	4,240	11,100	6,386	3,735	0.1	0.5	1.5	0.9	0.5
TOTAL REVENUES	812,482	812,597	745,255	710,280	679,281	100.0	100.0	100.0	100.0	100.0
EXPENDITURES										
Current:										
Professional fees	7,196	9,418	4,859	6,997	5,266	0.9	1.2	0.7	1.0	0.8
Contracted services	37,150	35,742	32,106	31,127	30,077	4.6	4.4	4.3	4.4	4.4
Other expenditures	6,718	6,080	5,891	6,031	6,231	0.8	0.7	0.8	0.8	0.9
Debt service:										
Principal retirement	545,000	525,000	500,000	485,000	460,000	67.1	64.6	67.0	68.3	67.8
Interest and fees	225,025	243,105	248,623	176,784	187,641	27.7	29.9	33.4	24.9	27.6
TOTAL EXPENDITURES	821,089	819,345	791,479	705,939	689,215	101.1	100.8	106.2	99.4	101.5
EXCESS REVENUES (EXPENDITURES)	\$ (8,607)	\$ (6,748)	\$ (46,224)	\$ 4,341	\$ (9,934)	(1.1) %	(0.8) %	(6.2) %	0.6 %	(1.5) %

TATTOR ROAD MUNICIPAL DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTSSEPTEMBER 30, 2021

Complete District Mailing Address: Tattor Road Municipal District
c/o Smith, Murdaugh, Little & Bonham, L.L.P.
2727 Allen Parkway, Suite 1100
Houston, Texas 77019

District Business Telephone No.: 713-652-6500

Submission date of the most recent District Registration Form: January 5, 2021

Limit on Fees of Office that a Director may receive during a fiscal year: \$7,200

BOARD MEMBERS

<u>Name and Address</u>	<u>Term of Office (Elected/ Appointed)</u>	<u>Fees of Office Paid</u>	<u>Expense Reimb.</u>	<u>Title at Year End</u>
Frances I. Bland c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/05/18- 5/07/22	\$ 3,750	\$ 1,815	President/ Investment Officer
Dennis L. Wright c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/05/18- 5/07/22	7,200	2,753	Vice President/ Treasurer
John T. Finger c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/02/20- 5/04/24	6,750	2,099	Secretary/ Investment Officer
Angela Freeland c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/02/20- 5/04/24	1,800	0	Director
Bruce Cameron c/o Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	Elected 5/02/20- 5/04/24	1,950	0	Director

See accompanying independent auditor's report.

TATTOR ROAD MUNICIPAL DISTRICTBOARD MEMBERS, KEY PERSONNEL AND CONSULTANTS (Continued)SEPTEMBER 30, 2021CONSULTANTS

<u>Name and Address</u>	<u>Date Hired</u>	<u>Fees and Expense Reimbursements</u>	<u>Title at Year End</u>
Smith, Murdaugh, Little & Bonham, L.L.P. 2727 Allen Parkway, Suite 1100 Houston, Texas 77019	7/03/75	\$ 112,390	Attorney
Myrtle Cruz, Inc. 3401 Louisiana, Suite 400 Houston, Texas 77002	2/25/16	24,511	Bookkeeper
H2O Innovation P.O. Box 1209 Spring, Texas 77383	12/01/08	598,376	Operator
Vogler & Spencer Engineering, Inc. 777 North Eldridge Parkway, Suite 500 Houston, Texas 77079	7/10/85	165,702	Engineer
Equi-Tax, Inc. P.O. Box 73109 Houston, Texas 77273	11/10/73	34,105	Tax Assessor- Collector
Harris County Appraisal District P.O. Box 900275 Houston, Texas 77292	Legislative Action	9,843	Central Appraisal District
Robert W. Baird & Co. 1331 Lamar, Suite 1360 Houston, Texas 77010	2/16/15	0	Financial Advisor
Mark C. Eyring, CPA, PLLC 12702 Century Drive, Suite C2 Stafford, Texas 77477	Prior to 1992	10,950	Independent Auditor

See accompanying independent auditor's report.

APPENDIX B
SPECIMEN MUNICIPAL BOND
INSURANCE POLICY



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

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

Effective Date: _____

Risk Premium: \$ _____
Member Surplus Contribution: \$ _____
Total Insurance Payment: \$ _____

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

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

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

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

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

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

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

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor

200 Liberty Street

New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

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